Ferrari N.V.
2023 ANNUAL REPORT AND FORM 20-F

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Board of Directors

Executive Chairman
John Elkann

Chief Executive Officer
Benedetto Vigna

Vice Chairman
Piero Ferrari

Directors
Delphine Arnault
Francesca Bellettini
Eddy Cue
Sergio Duca
John Galantic
Maria Patrizia Grieco
Adam Keswick
Mike Volpi

Independent Registered Public Accounting Firm

Deloitte Accountants B.V. (AFM Annual Report filing)[(1)]
Deloitte & Touche S.p.A. (Form 20-F filing)[(1)]

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(1) Refer to "Introduction—About this Report" for additional information relating to the AFM Annual Report filing and the Form 20-F filing.

Letter from the Chairman and the Chief Executive Officer

Dear Shareholders,

We are pleased to report that 2023 has been another year of growth and achievement for Ferrari.

This is reflected in the record values evinced by all financial indicators. For the first time, our net profit, up 34%, exceeded 1 billion Euro and the annual EBITDA margin rose to 38.2%. And, as we grow and evolve, we will continue to stay true to our unique approach – we are committed to preserving our brand's exclusivity and maintaining its positioning in absolute luxury.

To begin with racing, Ferrari's victory at Le Mans in June will remain etched on all our memories for years to come. It was a special result for many reasons – it saw our return to the top class of the World Endurance Championship for the first time in five decades, and it took place on the centenary of this legendary 24-hour race.

Perhaps, the most gratifying aspect of the Ferrari 499P's win is that it was a true team effort – every area of our company worked together seamlessly to contribute to our success. Of course our drivers, technicians and engineers deserve huge credit, but Sports cars and Lifestyle also played their part in making this an even richer, more unique experience.

There were promising signs for Scuderia Ferrari too, even though the last Formula 1 season was a difficult one, often short on satisfaction. We are working tirelessly to return to the competitive level that our tifosi rightly expect of us.

Everything we do at Ferrari is driven by a continuous will to progress – and the new models which we launched in 2023 truly exemplify this ethos. The Roma Spider, the SF90 XX Stradale and the SF90 XX Spider each raise the bar of technology and design still further, to meet and exceed our clients' desires in line with our plan. This extends to our most passionate racing clientele too: last October, during Finali Mondiali at the Mugello Circuit, we unveiled the 296 Challenge and the 499P Modificata, both of which will set new benchmarks in track driving thrills.

Our Ferrari community is bonded by a unique sense of belonging, which we nurture through memorable events such as Finali Mondiali and our Cavalcades, this year taking our clients to Rome, Tuscany and Morocco. Then there was the unforgettable Ferrari Gala, held in New York last October – an exclusive opportunity to celebrate the special bond between Ferrari and the United States. In an increasingly digital world, there is still little to match the power of living and sharing experiences together.

While we continue to evolve, we stay true to our heritage, as shown by the progress of our lifestyle dimension. One of Ferrari's principal brand values is of tradition and innovation – the ability to combine revolutionary technological solutions with exceptional craftsmanship. Our latest collections, presented during the Milan Fashion Weeks, demonstrated our potential in this field. Our lifestyle activities are key to building a stronger bond with fans, as shown by the record popularity of our museums, which last year saw over 700,000 visits. In parallel, our collaborations with carefully selected partners have led to the creation of many exclusive and desirable products.

One common factor underlies the success of each of our brand's souls – the people of Ferrari. They are our greatest strength, and are at the heart of our company's initiatives.

To enable our people to continue to grow and innovate, we support them in many different ways. In 2023, we became the first company in the luxury sector to achieve Equal-Salary Certification on a global level. Plus, we have provided our staff with more than 135,000 hours of training over the year. There is also the renewal of the Competitiveness Award Agreement, and our initiatives aimed at employee well-being, which pay extra attention to health and work-life balance. Last but not least, we were delighted to introduce a broad-based share ownership plan for our approximately 5,000 employees, reinvigorating their involvement in company life and inspiring the sense of belonging that makes our organisation unique.

These initiatives reflect the value we place on our people and acknowledge their boundless ability to innovate, one of the key factors that will help us attain our goal of becoming carbon neutral by 2030. This is a priority objective which we will reach by taking concrete and measurable steps via a scientific and holistic approach… and by listening to our people's ideas. Last year they submitted hundreds of valuable proposals for improvement to make our work processes even more efficient, nearly 400 of which focused on reducing our carbon footprint.

In 2023, thanks to some of these suggestions, we were able to reduce the direct emissions by 7% in the year, and we built our first prototype engine from recycled aluminum. We also installed solar panels providing an extra 2.4 megawatts peak (MWp) in capacity compared to last year. An additional 1 MWp will become available in the coming months for the Renewable Energy Community – the first ever energy community in Italy to be backed by an industrial company for the benefit of its local area.

In Maranello, the transformation and expansion of our facilities continues apace, across an area of about 100,000 square meters. Construction of the e-building, where we will also make the electric cars of the future, is on schedule.

As we expand, our historic links with our local area grow ever stronger. At the heart of this relationship is our commitment to education – a cause that was dear to our founder. We remain convinced that education is the most effective way to ensure a promising future for the younger generation.

We confirmed our support for education by adding the proceeds from the New York Gala's charity auction, allowing us to focus even more on local projects with global ambitions. This is just one example of the active role Ferrari intends to play in the years to come.

Everything we have achieved in 2023 is thanks to the invaluable support of you, our shareholders. Together, we will pursue continuous learning and improvement, providing impactful answers and concrete solutions – not only for Ferrari and the automotive world, but for our community as a whole.

February 22, 2024

John Elkann	Benedetto Vigna
Chairman	*Chief Executive Officer*

Introduction

About this report

This document, referred to hereafter as the "Annual Report and Form 20-F" or "Annual Report", constitutes both the statutory annual report in accordance with Dutch legal requirements ("AFM Annual Report") and the annual report on Form 20-F ("Form 20-F"), applicable to Foreign Private Issuers, pursuant to Section 13 or 15(d) of the United States ("U.S.") Securities Exchange Act of 1934, for Ferrari N.V. for the year ended December 31, 2023, except as noted below.

For the cross-references of the content of this document to the Form 20-F requirements please refer to the "*Form 20-F Cross Reference*" section included elsewhere in this document.

This Annual Report is filed with the Netherlands Authority for Financial Markets (*Autoriteit Financiële Markten*, the "AFM"). The following sections have been removed for our Annual Report filing with the AFM:

- Form 20-F cover page;
- Corporate Governance — Differences between Dutch Corporate Governance Practices and NYSE Listing Standards;
- Report of Independent Registered Public Accounting Firm in respect of Internal Control over Financial Reporting for the SEC filing;
- Report of Independent Registered Public Accounting Firm in respect of the PCAOB audits of the 2023 financial statements for the SEC filing;
- Exhibits; and
- Signatures.

This Annual Report and the exhibits hereto are filed with the U.S. Securities and Exchange Commission ("SEC") and unless otherwise stated, all references in this document to "Form 20-F" refer to the SEC filing. The following sections have been removed for our Form 20-F filing with the SEC:

- Letter from the Chairman and the Chief Executive Officer;
- Overview of Our Business — Procurement — Responsible Supply Chain;
- Overview of Our Business — Procurement — Conflict minerals;
- Overview of Our Business — Client Relations — Client Satisfaction;
- 2024 Outlook;
- Corporate Governance — Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers;
- Corporate Governance — Responsibilities in respect to the Annual Report;
- Non Financial Statement;
- Controls and procedures — Statement by the Board of Directors;
- Company Financial Statements;
- Other Information — Additional Information for Netherlands Corporate Governance; and
- Independent auditor's report — Report on the audit of the financial statements 2023 included in the Annual Report in respect of the AFM filing.

Documents on Display

The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including the Company, at *http://www.sec.gov*. The address of the SEC's website is provided solely for information purposes and is not intended to be an active link. Reports and other information concerning the business of Ferrari may also be inspected at the offices of the New York Stock Exchange, 11 Wall Street, New York, NY 10005, United States.

We also make our periodic reports as well as other information filed with or furnished to the SEC available, free of charge, through our website at https://www.ferrari.com/en-EN/corporate as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. The information on our website or the websites of any other entity is not incorporated by reference in this document.

This document is a PDF copy of the Annual Report of Ferrari N.V. at and for the year ended December 31, 2023 and is not presented in the ESEF-format as specified in the Regulatory Technical Standards on ESEF (Delegated Regulation (EU) 2019/815). The official Annual Report of Ferrari N.V. in ESEF single reporting package, as filed with the AFM, is available on Ferrari's website.

Certain Defined Terms and Note on Presentation

Certain Defined Terms

In this 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 “Ferrari N.V.” refer to the registrant.

Note on Presentation

This Annual Report includes the consolidated financial statements of Ferrari N.V. at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. The consolidated financial statements and the notes to the consolidated financial statements are referred to collectively as the “Consolidated Financial Statements”.

Basis of Preparation of the Consolidated Financial Statements

The Group’s financial information is presented in Euro. In some instances, information is presented in U.S. Dollars. All references in this document 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” or the “U.S.”).

The language of this Annual Report is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

The financial data in the section *“Financial Overview”* is presented in millions of Euro, while the percentages presented are calculated using the underlying figures in thousands of Euro.

Certain totals in the tables included in this document may not add due to rounding.

Except otherwise disclosed within this Annual Report, no significant change has occurred since the date of the Consolidated Financial Statements.

Forward-Looking Statements

Statements contained in this Annual Report, particularly those regarding our possible or assumed future performance, competitive strengths, costs, dividends, reserves and growth as well as industry growth and other trends and projections, 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;
- our ability to attract and retain qualified personnel;
- the success of our racing activities;
- our ability to keep up with advances in high performance car technology, to meet the challenges and costs of integrating advanced technologies, including hybrid and electric, more broadly into our car portfolio over time and to make appealing designs for our new models;
- the impact of increasingly stringent fuel economy, emissions and safety standards, including the cost of compliance, and any required changes to our products, as well as possible future bans of combustion engine cars in cities and the potential advent of self-driving technology;
- increases in costs, disruptions of supply or shortages of components and raw materials;
- our low volume strategy;
- our ability to successfully carry out our controlled growth strategy and, particularly, our ability to increase our presence in growth market countries;
- global economic conditions, macro events, pandemics and conflicts, including the ongoing conflict between Russia and Ukraine and the more recent hostilities between Israel and Hamas;
- 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, demand for which is highly volatile;
- competition in the luxury performance automobile industry;
- changes in client preferences and automotive trends;
- our ability to preserve our relationship with the automobile collector and enthusiast community;
- disruptions at our manufacturing facilities in Maranello and Modena;
- climate change and other environmental impacts, as well as an increased focus of regulators and stakeholders on environmental matters;
- 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;
- the ability of our current management team to operate and manage effectively and the reliance upon a number of key members of executive management and employees;
- the performance of our dealer network on which we depend for sales and services;
- product warranties, product recalls and liability claims;
- the sponsorship and commercial revenues and expenses of our racing activities, as well as the popularity of motor sports more broadly;
- the performance of our lifestyle activities;

- our ability to protect our intellectual property rights and to avoid infringing on the intellectual property rights of others;
- our continued compliance with customs regulations of various jurisdictions;
- labor relations and collective bargaining agreements;
- our ability to ensure that our employees, agents and representatives comply with applicable law and regulations;
- changes in tax, tariff or fiscal policies and regulatory, political and labor conditions in the jurisdictions in which we operate;
- our ability to service and refinance our debt;
- exchange rate fluctuations, interest rate changes, credit risk and other market risks;
- our ability to provide or arrange for adequate access to financing for our dealers and clients, and associated risks;
- the adequacy of our insurance coverage to protect us against potential losses;
- 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 such forward-looking statements. We do not undertake an obligation to update or revise publicly any forward-looking statements.

Additional factors which could cause actual results and developments to differ from those expressed or implied by the forward-looking statements are included in the section "*Risk Factors*" of this Annual Report. These factors may not be exhaustive and should be read in conjunction with the other cautionary statements included in this Annual Report. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

Creating Value for Our Shareholders

Ferrari is among the world's leading luxury brands with unique, world-class capabilities, and a vision built on our historic foundations and strengths.

We are fiercely protective of our brand, which is among the most iconic and recognizable in the world and is critical to our value proposition to all of our stakeholders. We strive to maintain and enhance the power of our brand and the passion we inspire in clients and the broader community of automotive enthusiasts by continuing our rigorous production and distribution model, which promotes excellence in innovation, design and uniqueness.

We also support our brand value by promoting a strong connection to our company and our brand among the community of Ferrari enthusiasts. We focus relentlessly on strengthening this connection by rewarding our most loyal clients through a range of initiatives, such as driving events and client activities in Maranello and, most importantly, by providing our most loyal and active clients with preferential access to our newest, most exclusive and highest value cars. As a result, in 2023, we sold approximately 74% of our new cars to existing Ferrari clients and 40% to clients being current owners of more than one Ferrari, which reinforces the demand for our cars and the image of luxury and exclusivity inherent in our brand.

Our commitment to excellence and our pursuit of innovation, state-of-the-art performance and distinction in design and engineering in our luxury cars is inseparable from our commitment to integrity, transparency and responsibility in conducting our business. By fully integrating environmental and social considerations with economic objectives we are able to identify potential risks and capitalize on additional opportunities, resulting in a process of continuous improvement. Sustainability is a core element of our governance model and executive management plays a direct and active role in developing and achieving our sustainability objectives under the direction of our Board of Directors. As a clear demonstration of this commitment, we have strengthened the integration of environmental topics in our strategic plan by presenting, in June 2022, a decarbonization strategy that will help us reach carbon neutrality by 2030.

The foundation of a responsible company rests on being fully attentive to the nature and extent of this interconnection and our understanding of both the potential effects of our activities and how those effects can be mitigated through responsible management.

All of the above is strictly linked to our values:

- INDIVIDUAL AND TEAM: Our talented individuals are our greatest resource. However they can only pursue the extraordinary by working together as a team. By fostering integrity, excellence and generosity, we give each of our people the possibility to express their own full potential - and to be part of something greater.
- TRADITION AND INNOVATION: Tradition and innovation drive each other. The ongoing quest for lasting firsts is what fuels the Ferrari legend. Our ability to combine revolutionary technological solutions with exceptional artisanal craftsmanship is what enables us to create icons that stay timeless in a fast-changing world.
- PASSION AND ACHIEVEMENT: Ferrari's racing spirit lives on in emotions that transcend the road and the track, ultimately becoming an authentic attitude towards life. Nothing excites us more than setting ambitious targets and expectations - and then exceeding them, to push every boundary. It is how the power of passion becomes the beauty of achievement.

Ferrari audaciously redefines the limits of possible.

To ensure tangible long-term value creation and a continuing integration of our sustainability strategy, we place particular emphasis on:

- a governance model based on transparency and integrity, fostering best practices;
- a safe and eco-friendly working environment including excellent working conditions and the utmost respect for human rights;
- continuing professional development of our employees;

- mutually beneficial relationships with business partners and the communities in which we operate;
- mitigation of environmental impacts from our production processes and the luxury cars we produce, addressing direct and indirect GHG emissions, focusing on energy and materials, in addition to our electrification journey.

The Non Financial Statement of our 2023 Annual Report addresses those aspects of our sustainability efforts that we have identified as being of greatest importance to our internal and external stakeholders.

Risk Factors

We face a variety of risks and uncertainties in our business. Those described below are not the only risks and uncertainties that we face. 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.

Risks Related to Our Business, Strategy and Operations

We may not succeed in preserving and enhancing the value of the Ferrari brand, which we depend upon to drive demand and revenues.

Our financial performance is influenced by the perception and recognition of the Ferrari brand, which, in turn, depends on many factors such as the design, performance, quality and image of our cars, the appeal of our dealerships and stores, the success of our promotional activities including public relations and marketing, as well as our general profile, including our brand's image of exclusivity. The value of our brand and our ability to achieve premium pricing for Ferrari-branded products may decline if we are unable to maintain the value and image of the Ferrari brand, including, in particular, its aura of exclusivity. Maintaining the value of our brand will depend significantly on our ability to continue to produce luxury performance cars of the highest quality. The market for luxury goods generally and for luxury automobiles in particular is intensely competitive, and we may not be successful in maintaining and strengthening the appeal of our brand. Client preferences, particularly among luxury goods, can vary over time, sometimes rapidly. We are therefore exposed to changing perceptions of our brand image, particularly as we seek to attract new generations of clients and, to that end, we continuously renovate and expand the range of our models. For example, the expansion of hybrid engine technology and electric engine technology is introducing a significant change in the overall driver experience compared to the combustion engine cars of our historical models and the customer long term response to the change, particularly with respect to fully electric models, remains unknown. Any failure to preserve and enhance the value of our brand may materially and adversely affect our ability to sell our cars, to maintain premium pricing, and to extend the value of our brand into other activities profitably or at all.

More broadly, our lifestyle strategy will significantly increase the deployment of our brand in non-car products and experiences, including a large variety of Ferrari-branded accessories and apparel. If this strategy is not successful, our brand image may be diluted or tainted. We selectively license the Ferrari brand to third parties that produce and sell Ferrari-branded luxury goods and therefore we rely on our licensing partners to preserve and enhance the value of our brand. If our licensees or the manufacturers of these products do not maintain the standards of quality and exclusivity that we believe are consistent with the Ferrari brand, or if such licensees or manufacturers otherwise misuse the Ferrari brand, our reputation and the integrity and value of our brand may be damaged and our business, operating results and financial condition may be materially and adversely affected.

In addition, given the popularity, competitiveness and demographic penetration of social media, Ferrari must maintain a presence on the principal established and emerging social media platforms. If we cannot cost effectively use these marketing tools, if we fail to promote our products and services efficiently and effectively or to properly comply with the applicable laws and regulations, or if our social media campaigns attract negative media attention or customer feedback, the value of our brand may be negatively impacted, as well as our results of operations. The popularity and reach of social media and other online platforms has also made it increasingly easier for individuals and groups to communicate and share opinions and views. Any negative or adverse publicity about us, whether or not truthful, could rapidly disseminate and harm customer and community perceptions as well as confidence in our brand and ultimately impact our business, results of operation and financial condition.

If we are not able to attract and retain qualified personnel, we may not be able to maintain our competitive position or to implement our business strategy.

Our success depends, in part, on our continuing ability to attract, recruit, develop and retain qualified talent. Failure to do so effectively would adversely affect our business. Competition to attract talented employees is intense, and there can be a limited availability of individuals with the requisite knowledge and relevant experience. In addition, we may not succeed in instilling our corporate culture and values in our personnel and we may not be able to attract, assimilate, develop or retain qualified personnel in the future. Failure to do so could adversely affect our business, including our ability to execute our global business strategy.

Our brand image depends in part on the success of our racing activities, particularly our Formula 1 team.

The prestige, identity, and appeal of the Ferrari brand depends in part on the success of our racing activities, which are a key component of our marketing strategy and may be perceived by our clients as a demonstration of the technological capabilities of our cars, which also support the appeal of other Ferrari-branded luxury goods. In particular, we are focused on improving the results of our Scuderia Ferrari racing team in the Formula 1 World Championship and restoring our historical position as the premier racing team in Formula 1, as our most recent Drivers' Championship and Constructors' Championship were in 2007 and 2008, respectively. If we are unable to attract and retain the necessary talent to succeed in international competitions or devote the capital necessary to fund successful racing activities, the value of the Ferrari brand and the appeal of our cars and other luxury goods may suffer. Even if we are able to attract such talent and adequately fund our racing activities, there is no assurance that this will lead to competitive success for our racing teams.

The success of our racing teams depends in particular on our ability to attract and retain top drivers, racing team management and engineering talent. Our primary Formula 1 drivers, team managers and other key employees of Scuderia Ferrari are critical to the success of our Scuderia Ferrari racing team and if we were to lose their services, this could have a material adverse effect on our success and correspondingly the Ferrari brand. If we are unable to find adequate replacements or to attract, retain and incentivize drivers and team managers, other key employees or new qualified personnel, the success of our racing teams may suffer. In addition, the caps on spending imposed by the Formula 1 governing body may hinder our ability to restore our racing preeminence (See *"Our revenues from Formula 1 activities may decline and our related expenses may grow"*). Because the success of our racing teams forms a large part of our brand identity, a sustained period without racing success could detract from the Ferrari brand and, as a result, from potential clients' enthusiasm for the Ferrari brand and their perception of our cars, which could have an adverse effect on our business, results of operations and financial condition.

If we are unable to keep up with advances in high performance car technology, our brand and competitive position may suffer.

Performance cars are characterized by leading-edge technology that is constantly evolving. In particular, advances in racing technology often lead to improved technology in road cars. Although we invest heavily in research and development, we may be unable to maintain our leading position in high performance car technology and, as a result, our competitive position may suffer. As technologies change, we plan to upgrade or adapt our cars and introduce new models in order to continue to provide cars with the latest technology. However, our cars may not compete effectively with our competitors' cars if we are not able to develop, source and integrate the latest technology into our cars. For example, in the next few years luxury performance cars will increasingly transition to hybrid and electric technology, albeit at a slower pace compared to mass market vehicles. See "*The introduction of electric technology in our cars is costly and its long-term success is uncertain*". We are also investing in connectivity, which requires significant investments in research and development; we expect that the future generation of cars will feature a higher degree of connectivity for purposes of infotainment, safety and regulatory compliance. These in-car features may also in the near-to-medium term be driven by advances in artificial intelligence (or AI) which may need to be sourced externally and integrated into the car technology.

Developing or acquiring and applying new automotive technologies is costly, and may become even more costly in the future as available technology advances and competition in the industry increases. If our research and development efforts do not lead to improvements in car performance relative to the competition, or if we are required to spend more to achieve comparable results, the sales of our cars or our profitability may suffer.

If our cars do not perform as expected our ability to develop, market and sell our cars could be harmed.

Our cars may contain defects in design and manufacture that may cause them not to perform as expected or that may require repair. There can be no assurance that we will be able to detect and fix any defects in the cars prior to their sale to consumers. Our cars may not perform in line with our clients' evolving expectations or in a manner that equals or exceeds the performance characteristics of other cars currently available. For example, our newer cars may not have the durability or longevity of current cars, and may not be as easy to repair as other cars currently on the market. Any product defects or any other failure of our performance cars to perform as expected could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product recalls, product liability claims, harm to our brand and reputation, and significant warranty and other expenses, and could have a material adverse impact on our business, operating results and financial condition.

If our car designs do not appeal to clients, our brand and competitive position may suffer.

Design and styling are an integral component of our models and our brand. Our cars have historically been characterized by distinctive designs combining the aerodynamics of a sports car with powerful, elegant lines. We believe our clients purchase our cars for their appearance as well as their performance. However, we will need to renew over time the style of our cars to differentiate the new models we produce from older models, and to reflect the broader evolution of aesthetics in our markets. We devote great efforts to the design of our cars and most of our current models are designed by the Ferrari Design Centre, our in-house design team. The design of our electric cars and, more generally, of our future models with increased connectivity features will depart from past designs in appearance and functionality, thereby requiring new skills and presenting new challenges. If the design of our future models fails to meet the evolving tastes and preferences of our clients and prospective clients, or the appreciation of the wider public, our brand may suffer and our sales may be adversely affected.

The introduction of electric technology in our cars is costly and its long-term success is uncertain.

We are gradually introducing electric technology in our cars and we currently plan to introduce the first full electric Ferrari in 2025. In accordance with our strategy, we believe electric technology, together with hybrid and other advanced technologies, will be key to providing continuing performance upgrades to our sports car customers, and will also help us capture the preferences of the urban, affluent car purchasers whom we are increasingly targeting, while helping us meet increasingly stricter emissions requirements.

The integration of electric technology more broadly into our car portfolio over time may present challenges and costs. We expect to continue to increase research and development spending in the medium term, particularly on electric technology-related projects. Although we expect to price our cars appropriately to recoup the investments and expenditures we are making, we cannot be certain that these expenditures will be fully recovered or that they will be recovered with our desired margins. In addition, this transformation of our car technology creates risks and uncertainties such as the impact on driver experience and the impact on the cars' residual value over time. Other manufacturers of luxury sports cars may be more successful in implementing electric technology. In the long-term, although we believe that combustion engines will continue to be fundamental to the Ferrari driver experience for the foreseeable future, hybrid and pure electric cars may become the prevalent technology for performance sports cars thereby displacing combustion engine models. See also "*If we are unable to keep up with advances in high performance car technology, our brand and competitive position may suffer.*".

Because electric technology is a core component of our strategy, and in the medium term we plan to increase the portion of our shipments that feature vehicles with electric technology, if the introduction of electric cars proves too costly or is unsuccessful in the market, our business and results of operations could be materially adversely affected.

New or changing laws, regulations or policies of governmental organizations regarding, among other things, increased fuel economy requirements, reduced greenhouse gas or pollutant emissions, or vehicle safety, may have a significant effect on our costs of operation and/or how we do business.

We are subject throughout the world to comprehensive and constantly evolving laws, regulations and policies. We expect the extent of the legal and regulatory requirements affecting our business and our costs of compliance to continue to increase significantly in the future. Failure to comply with applicable laws and regulatory requirements, in addition to the fines it may attract, may negatively impact our business, results of operation and financial condition as well as our reputation.

In Europe and the United States, for example, significant governmental regulation is driven by environmental, fuel economy, vehicle safety and noise emission concerns. Evolving regulatory requirements could significantly affect our product development plans and may limit the number and types of cars we sell and where we sell them, which may affect our revenue and profitability. Governmental regulations may increase the costs we incur to design, develop and produce our cars and may affect our product portfolio. Regulation may also result in a change in the character or performance characteristics of our cars, which may render them less appealing to our clients. We anticipate that the number and extent of these regulations, and their effect on our cost structure and product line-up, will increase significantly in the future.

In the United States, there is increasing focus on emissions and pollution regulations in light of changing policies under the current administration. New regulations are in the process of being developed, and many existing and potential regulatory initiatives are subject to review by federal or state agencies or the courts. However, the coming federal elections throw considerable uncertainty on future changes. In May 2023, the US Environmental Protection Agency (EPA) released its

2027 and later Multi-Pollutant Rulemaking proposal, introducing among other requirements, stricter emission standards (e.g. particulate matter) and a potential ban of fuel enrichment for component protection. Moreover, special provisions for SVMs have almost been completely eliminated; i.e. GHG alternative standards are removed from model year 2025 and no flexibility on exhaust emission standards are provided. Depending on the requirements included in the final rule, the costs of compliance associated with Multi-Pollutant Rulemaking may be substantial.

In addition, we are subject to legislation relating to the emission of other air pollutants such as, among others, the EU "Euro 6" standards and Real Driving Emissions (RDE) standards, the "Tier 3" Motor Vehicle Emission and Fuel Standards issued by the U.S. Environmental Protection Agency ("EPA"), and the Zero Emission Vehicle regulation in California, which are subject to similar derogations for Small Volume Manufacturers ("SVMs"). We lost our status as an SVM for the United States National Highway Traffic Safety Administration ("NHTSA") in 2019, because our global production exceeded 10,000 vehicles, but we have not lost our SVM status for EU CO2 regulations or for EPA GHG regulations in the United States. In 2021, 2022 and 2023, our global production exceeded 10,000 vehicles again and therefore we were no longer considered a SVM by the NHTSA for the model years 2021, 2022 and 2023. We purchased the fuel economy ("CAFE") credits needed to fulfill both our 2021 and 2022 deficits and we are currently evaluating the purchase of credits for 2023. We expect to continue to purchase credits in the coming years if required. We could lose our status as an SVM in the EU, the United States and other countries if we do not continue to meet all of the necessary eligibility criteria under applicable regulations as they evolve, not only in relation to volumes but also in relation to the conditions of operational independence. In order to meet these criteria we may need to modify our growth plans or other operations. Furthermore, even if we continue to benefit from derogations as an SVM, we may have a substantial impact on our financial results.

As the state of California has been granted special authority under the Clean Air Act to set its own vehicle emission standards, the California Air Resources Board ("CARB") enacted regulations under which manufacturers of vehicles for certain model years that are in compliance with the EPA greenhouse gas emissions regulations are also deemed to be in compliance with California's greenhouse gas emission regulations (the so-called "deemed to comply" provision). These regulations have evolved over time. In 2018, the CARB amended its existing regulations to clarify that the "deemed to comply" provision would not be available for certain model years if the EPA standards for those years were altered via an amendment of federal regulations and, in 2019, EPA announced a decision to withdraw California's waiver of preemption under the Clean Air Act. In this decision, the EPA also affirmed the NHTSA's authority to set nationally applicable regulatory standards under the preemption provisions of the Energy Policy and Conservation Act (EPCA). On March 9, 2022, the EPA rescinded its withdrawal of the waiver for California's light-duty vehicle GHG and zero emission vehicle (ZEV) standards. California and Section 177 states may again enforce those standards. Subsequently, CARB clarified that the compliance with CARB's GHG regulations is expected from model year 2021 for all manufacturers. Ferrari meets the requirements to be classified as an SVM based on the relevant regulations in the state of California. Therefore, in 2023, in agreement with CARB, Ferrari petitioned for SVM 2021-2025 alternative standards. No official approval has been received from CARB to date. It may be necessary also to increase the number of tests to be performed in order to follow the CARB specific procedures.

In relation to the safety legislation framework, in December 2023, NHTSA published an advanced notice of proposed rulemaking as a first regulatory step to introduce a new FMVSS regulation providing requirements for new technologies to prevent driver distraction, drowsiness, and drunk impaired driving. The costs of compliance associated with these and similar rulemaking may be substantial.

Other governments around the world, such as those in Canada, South Korea, China and certain Middle Eastern countries, are also creating new policies to address these issues which could be even more stringent than the U.S. or European requirements. As in the United States and Europe, these government policies if applied to us could significantly affect our product development plans. Under these existing regulations, as well as new or stricter rules or policies, we could be subject to sizable civil penalties or have to restrict or modify product offerings drastically to remain in compliance. We may have to incur substantial capital expenditures and research and development expenditures to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operation.

In the future, the advent of self-driving technology may result in regulatory changes that we cannot predict but may include limitations or bans on human driving in specific areas. In 2020 the European Commission issued its new digital strategy policies and in 2022 its new digital strategy, which represent a priority in the European Commission's regulatory agenda. Although no regulations have been issued in this regard, the European Commission has showed a determination to strengthen Europe's digital sovereignty and role as a standard setter, with a clear focus on data, technology, and infrastructure.

Similarly, driving bans on combustion engine vehicles could be imposed, particularly in metropolitan areas, as a result of progress in electric and hybrid technology. Several others regulations are also emerging to take into account the non-exhaust emissions such as brakes and tires particulate emissions and the environmental impact of the electric and hybrid vehicles components, with a particular focus on batteries and waste batteries.

To comply with current and future environmental rules in all markets in which we sell our cars, we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operations.

For a description of the regulations referred to in the paragraphs above please see *"Overview of Our Business—Regulatory Matters"*.

We depend on our suppliers, many of which are single source suppliers; and if these suppliers fail to deliver necessary raw materials, components, parts, systems, services or infrastructure of appropriate quality in a timely manner, our operations may be disrupted.

Our business depends on a significant number of suppliers, which provide the raw materials, components, parts, systems, services and infrastructure we require to manufacture cars and parts and to operate our business. We use a variety of raw materials in our business, including aluminum, and precious metals such as palladium and rhodium. We source materials from a limited number of suppliers. We cannot guarantee that we will be able to maintain access to these raw materials, and in some cases this access may be affected by factors outside of our control and the control of our suppliers. In addition, prices for these raw materials fluctuate and while we seek to manage this exposure, we may not be successful in mitigating these risks.

As with raw materials, we are also at risk of supply disruption and shortages in parts and components we purchase for use in our cars. We source a variety of key components from third parties, including transmissions, brakes, driving-safety systems, navigation systems, mechanical, electrical and electronic parts, plastic components as well as castings and tires, which makes us dependent upon the suppliers of such components. In coming years, we will also require a greater number of components for hybrid and electric engines as we continue to deploy hybrid and electric technology in our cars, and we expect producers of these components will be called upon to increase the levels of supply as the shift to hybrid or electric technology gathers pace in the industry. While we obtain components from multiple sources whenever possible, similar to other small volume car manufacturers, most of the key components we use in our cars are purchased by us from single source suppliers. We generally do not qualify alternative sources for most of the single-sourced components we use in our cars and we do not maintain long-term agreements with a number of our suppliers. Furthermore, we have limited ability to monitor the financial stability of our suppliers.

While we believe that we may be able to establish alternate supply relationships and can obtain or engineer replacement components for our single-sourced components, we may be unable to do so in the short term, or at all, at prices or costs that we believe are reasonable. Qualifying alternate suppliers or developing our own replacements for certain highly customized components of our cars may be time consuming, costly and may force us to make costly modifications to the designs of our cars.

Moreover, as the lifecycle of several components becomes shorter in light of the technological shift affecting the industry, a number of the components we use in our production processes may become in the near term obsolete, which will require us to implement new procurement strategies. Those strategies may not be successful and we may not be able to source new components in a timely manner or at competitive prices, and our results of operations may be adversely affected.

In the past, we have replaced certain suppliers because they failed to provide components that met our quality control standards. The loss of any single or limited source supplier or the disruption in the supply of components from these suppliers could lead to delays in car deliveries to our clients, which could adversely affect our relationships with our clients and also materially and adversely affect our operating results and financial condition. The supply of raw materials, parts and components may also be disrupted or interrupted by natural disasters, or by unexpected fluctuations in market demand and supply, such as the global shortage of semiconductors that impacted the automotive industry in particular, primarily in 2021. If any major disasters occur, such as earthquakes, fires, floods, hurricanes, wars, terrorist attacks, pandemics or other events, our supply chain may be disrupted, which may stop or delay production and shipment of our cars. The ongoing conflict between Russia and Ukraine, the recognition by Russia of the independence of the self-proclaimed republics of Donetsk and Luhansk, in the Donbas region of Ukraine and the resulting geopolitical tensions continue to have a significant impact on the global economy resulting in a sharp increase in energy prices and higher prices for certain raw materials and goods and services, which in turn is contributing to higher inflation globally. The Russian/Ukrainian conflict has continued to escalate without a resolution expected in the near future, with the short and long-term impact on financial and business conditions in Europe remaining highly uncertain. Many governments around the world, including those of the United States, the European Union and Japan, have announced the imposition of sanctions on certain industry sectors and parties in Russia and the regions of Donetsk and Luhansk, as well as enhanced export controls on certain industries and products, including luxury goods, and the exclusion of certain Russian financial institutions from the SWIFT system. On March 11, 2022, the President of the United States issued an executive order prohibiting exports to Russia of luxury goods (including luxury transportation items such as automobiles and racing cars). Shortly thereafter, on March 15, 2022, the Council of the European Union imposed new sanctions on Russia prohibiting the export of luxury goods having a value in excess of €300 per item. These and any additional sanctions and export controls, as well as any counterresponses by the governments of Russia or other jurisdictions, could adversely affect, directly or indirectly, our supply chain, with negative implications on the availability and prices of raw materials, and our customers, as well as the global financial markets and financial services industry. See also *"We are subject to risks related to pandemics or public health crises that may materially and adversely affect our business"* for a discussion of widespread public health crises which may affect our supply chain directly or indirectly.

Changes in our supply chain have in the past resulted and may in the future result in increased costs and delays in car production. We have also experienced cost increases from certain suppliers in order to meet our quality targets and development timelines and because of design changes that we have made, and we may experience similar cost increases in the future. We are negotiating with existing suppliers for cost reductions, seeking new and less expensive suppliers for certain parts, and attempting to redesign certain parts to make them less expensive to produce. If we are unsuccessful in our efforts to control and reduce supplier costs while maintaining a stable source of high quality supplies, our operating results will suffer. Additionally, cost reduction efforts may disrupt our normal production processes, thereby harming the quality or volume of our production.

Furthermore, if our suppliers fail to provide components in a timely manner or at the level of quality necessary to manufacture our cars, our clients may face longer waiting periods which could result in negative publicity, harm our reputation and relationship with clients and have a material adverse effect on our business, operating results and financial condition.

Our low volume strategy may limit potential profits, and if volumes increase our brand exclusivity may be eroded.

A key to the appeal of the Ferrari brand and our marketing strategy is the aura of exclusivity and the sense of luxury which our brand conveys. A central facet to this exclusivity is the limited number of models and cars we produce and our strategy of maintaining our car waiting lists to reach the optimal combination of exclusivity and client service. Our low volume strategy is also an important factor in the prices that our clients are willing to pay for our cars. This focus on maintaining exclusivity limits our potential sales growth and profits compared to manufacturers less reliant on the exclusivity of their products.

On the other hand, our current growth strategy contemplates a measured but significant increase in car sales above current levels as we target a larger customer base and modes of use, we increase our focus on reaching a younger customer base and creating new Ferrari collectors, and our product portfolio evolves with a broader product range. We sold 13,663 cars in 2023 compared to 11,155 cars in 2021 and 7,255 cars in 2014, the year before our initial public offering, and sales are expected to continue to increase gradually.

In pursuit of our strategy, we may be unable to maintain the exclusivity of the Ferrari brand. If we are unable to balance brand exclusivity with increased production, we may erode the desirability and ultimately the consumer demand or relative pricing for our cars. As a result, if we are unable to increase car production meaningfully or introduce new car models without eroding the image of exclusivity in our brand we may be unable to significantly increase our revenues.

The small number of car models we produce and sell may result in greater volatility in our financial results.

We depend on the sales of a small number of car models to generate our revenues. Our current product portfolio consists of eight Range models, four Special Series models and one strictly limited edition Icona model. In 2022, with the launch of the Purosangue and the 296 GTS, we met our previously announced objective of introducing 15 new models by 2022 (as announced at our Capital Markets Day in September 2018), which is unprecedented for Ferrari over a similar time frame. At our Capital Markets Day in June 2022, we announced our plan to introduce 15 new models over the period from 2023 to 2026. In 2023, we launched five new models: the Roma Spider, the SF90 XX Stradale and SF90 XX Spider (the first ever street legal XX models), the 296 Challenge and the 499P Modificata. Despite our expanded offering, a limited number of models will continue to account for a large portion of our revenues at any given time in the foreseeable future, compared to other automakers. Therefore, a single unsuccessful new model would harm us more than it would other automakers. There can be no assurance that our cars will continue to be successful in the market, or that we will be able to launch new models on a timely basis compared to our competitors. It generally takes several years from the beginning of the development phase to the start of production for a new model and the car development process is capital intensive. As a result, we would likely be unable to replace quickly the revenue lost from one of our main car models if it does not achieve market acceptance. Furthermore, our revenues and profits may also be affected by our Special Series and limited edition models (including the Icona limited editions) that we launch from time to time and which are typically priced higher than our range models. There can be no assurance that we will be successful in developing, producing and marketing additional new cars (including our Special Series and limited edition models) to sustain sales growth in the future.

Our controlled growth strategy exposes us to risks.

Our growth strategy includes a controlled expansion of our sales and operations, including the launching of new car models and expanding sales, as well as dealer operations and workshops, in targeted growth regions internationally. In particular, our growth strategy includes the opportunity for us to expand operations in regions and markets that we have identified as having relatively high growth potential. We may encounter difficulties in entering and establishing ourselves in these markets, including in establishing new successful dealership networks and facing more significant competition from competitors that are already present in those regions.

Our growth depends on the continued success of our existing cars, as well as the successful introduction of new cars. Our ability to create new cars and to sustain existing car models is affected by whether we can successfully anticipate and respond to consumer preferences and car trends. The failure to develop successful new cars or delays in their launch that could result in others bringing new products and leading-edge technologies to the market first, could compromise our competitive position and hinder the growth of our business. As part of our growth strategy, we broadened the range of our models to capture additional customer demand for different types of vehicles and modes of utilization. In 2022, with the launch of the Purosangue and the 296 GTS, we met our previously announced objective of introducing 15 new models by 2022 (as announced at our Capital Markets Day in September 2018), which is unprecedented for Ferrari over a similar time frame. At our Capital Markets Day in June 2022, we announced our plan to introduce 15 new models over the period from 2023 to 2026. In 2023, we launched five new models: the Roma Spider, the SF90 XX Stradale and SF90 XX Spider (the first ever street legal XX models), the 296 Challenge and the 499P Modificata. In addition, we are gradually but rapidly expanding the use of hybrid and electric technology in our road cars as we broaden and expand our product portfolio. In 2023, hybrid cars represented 44% of our shipments. While we will seek to ensure that these changes remain fully consistent with the Ferrari car identity, we cannot be certain that they will prove profitable and commercially successful.

Our controlled growth strategy may expose us to new business risks that we may not have the expertise, capability or the systems to manage. This strategy will also place significant demands on us by requiring us to continuously evolve and improve our operational, financial and internal controls. Continued expansion also increases the challenges involved in maintaining high levels of quality, management and client satisfaction, recruiting, training and retaining sufficiently skilled management, technical and marketing personnel. If we are unable to manage these risks or meet these demands, our growth prospects and our business, results of operations and financial condition could be adversely affected.

We continuously improve our international network footprint and skill set. We also plan to open additional retail stores in international markets. We do not yet have significant experience directly operating in many of these markets, and in many of them we face established competitors. Many of these countries have different operational characteristics, including but not limited to employment and labor, transportation, logistics, real estate, environmental regulations and local reporting or legal requirements.

Consumer demand and behavior, as well as tastes and purchasing trends may differ in these markets, and as a result, sales of our products may not be successful, or the margins on those sales may not be in line with those we currently anticipate. Furthermore, such markets will have upfront short-term investment costs that may not be accompanied by sufficient revenues to achieve typical or expected operational and financial performance and therefore may be dilutive to us in the short-term. In many of these countries, there is significant competition to attract and retain experienced and talented employees.

Consequently, if our international expansion plans are unsuccessful, our business, results of operations and financial condition could be materially adversely affected.

Global economic conditions and macro events may adversely affect us.

Our sales volumes and revenues may be affected by overall general economic conditions within the various countries in which we operate. Deteriorating general economic conditions may affect disposable incomes and reduce consumer wealth impacting client demand, particularly for luxury goods, which may negatively impact our profitability and put downward pressure on our prices and volumes. Furthermore, during recessionary periods, social acceptability of luxury purchases may decrease and higher taxes may be more likely to be imposed on certain luxury goods including our cars, which may affect our sales. Adverse economic conditions may also affect the financial health and performance of our dealers in a manner that will affect sales of our cars or their ability to meet their commitments to us.

The luxury performance car market is generally affected by global macroeconomic conditions and many factors affect the level of consumer spending in the luxury performance car industry, including the state of the economy as a whole, stock market performance, interest and exchange rates, inflation, political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. In general, although our sales have historically been comparatively resilient in periods of economic turmoil, sales of luxury goods tend to decline during recessionary periods when the level of disposable income tends to be lower or when consumer confidence is low. Global economic growth slowed sharply in the recent years and a recovery in 2024 is uncertain. In addition, significant inflationary pressures appeared in 2021 in many of the markets in which we operate and this trend was exacerbated in 2022. While inflation recorded in 2023 was more moderate than in 2022, if inflation remains elevated or increases in the future we could face further increases in the costs we incur for raw materials, utilities or services, which could adversely affect our business and results of operations if we are not able to pass on the increased costs to our customers or successfully implement other mitigating actions. Following the rise in inflation, several main central banks raised interest rates rapidly over the course of 2022 and part of 2023. While certain central banks now appear to follow a softer monetary stance, a higher cost of borrowing compared to recent historical periods may persist in the market. Such increases could impact our ability to obtain affordable financing or could make our cars less affordable to clients, which could cause consumers to delay the purchase of our cars or to purchase less expensive cars.

We distribute our products internationally and we may be affected by downturns in general economic conditions or uncertainties regarding future economic prospects that may impact the countries in which we sell a significant portion of our products. In particular, the majority of our current sales are in the EU and in the United States; if we are unable to expand in other growth markets, a downturn in mature economies such as the EU and the United States may negatively affect our financial performance. In addition, uncertainties regarding future trade arrangements and industrial policies in various countries or regions create additional macroeconomic risk. In the United States, any policy to discourage import into the United States of vehicles produced elsewhere could adversely affect our operations. Any new policies may have an adverse effect on our business, financial condition and results of operations. In general, the banking, economic and monetary crisis, as well as the escalating energy prices triggered by the ongoing conflict between Russia and Ukraine, as well as conflicts elsewhere in the world (including the conflict between Israel and Hamas which has the potential for escalation in the region), may reduce customers' interest for, and financial ability to buy, luxury products. Although Mainland China, Hong Kong and Taiwan only represented 10 percent of our net revenues in 2023 and is expected to represent a limited proportion of our growth in the short term, slowing economic conditions in Mainland China, Hong Kong and Taiwan may adversely affect our revenues in that region. A significant decline in the EU, the global economy or in the specific economies of our markets, or in consumers' confidence, could have a material adverse effect on our business. See also *"Developments in China and other growth markets may adversely affect our business"*.

Additionally, sanctions and export controls which could be introduced as a result of geopolitical tensions and conflicts could adversely affect, directly or indirectly, our supply chain and customers, as well as the global financial markets and financial services industry. See also *"We depend on our suppliers, many of which are single source suppliers; and if these suppliers fail to deliver necessary raw materials, systems, components and parts of appropriate quality in a timely manner, our operations may be disrupted"*.

We are subject to risks related to epidemics, pandemics or other public health crises that may materially and adversely affect our business.

Public health crises such as epidemics, pandemics or similar outbreaks could adversely impact our business. From 2020 to 2022, the global spread of COVID-19, including variants thereof, led to governments around the world mandating increasingly 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. The COVID-19 pandemic caused significant disruption to the global economy, including changes in consumer spending and behavior, disruption to supply chains and financial markets, as well as restrictions on business and individual activities, leading to a global economic slowdown and a severe recession in several of the markets in which we operate, which may reverberate after all restrictions are lifted. Our operations were also profoundly disrupted, with our production suspended at our two plants for several months in 2020, and our suppliers and dealers were similarly affected. Governmental restrictions were lifted and partly reintroduced reflecting developments in the pandemic. Future pandemics may have similar, or worse, impacts on our operations.

Furthermore, pandemics or other widespread public health crises may lead to financial distress for our suppliers or dealers, as a result of which they may have to permanently discontinue or substantially reduce their operations.

Any of the foregoing could limit customer demand or our capacity to meet customer demand and have a material adverse effect on our business, results of operations and financial condition.

Pandemics or other widespread public health crises may also exacerbate other risks disclosed in this section, including, but not limited to, our competitiveness, demand for our products, shifting consumer preferences, exchange rate fluctuations, customers’ and dealers’ access to affordable financing, and credit market conditions affecting the availability of capital and financial resources.

We face competition in the luxury performance car industry.

We face competition in all product categories and markets in which we operate. We compete with other international luxury performance car manufacturers which own and operate well-known brands of high-quality cars, some of which form part of larger automotive groups and may have greater financial resources and bargaining power with suppliers than we do, particularly in light of our policy to maintain low volumes in order to preserve and enhance the exclusivity of our cars. In addition, several other manufacturers have recently entered or are attempting to enter the upper end of the luxury performance car market, including with advanced electric technology, thereby increasing competition. We believe that we compete primarily on the basis of our brand image, the performance and design of our cars, our reputation for quality and the driving experience for our customers. If we are unable to compete successfully, our business, results of operations and financial condition could be adversely affected.

Our business is subject to changes in client preferences and trends in the automotive and luxury industries.

Our continued success depends in part on our ability to originate and define products and trends in the automotive and luxury industries, as well as to anticipate and respond promptly to changing consumer demands and automotive trends in the design, styling, technology, production, merchandising and pricing of our products. Our products must appeal to a client base whose preferences cannot be predicted with certainty and are subject to rapid change. Evaluating and responding to client preferences has become even more complex in recent years, due to our expansion in new geographical markets. The introduction of hybrid and electric technology and the associated changes in customer preferences that may follow are also a challenge we will face in future periods. See also “*If we are unable to keep up with advances in high performance car technology, our brand and competitive position may suffer*” and “*The introduction of electric technology in our cars is costly and its long-term success is uncertain*”. In addition, there can be no assurance that we will be able to produce, distribute and market new products efficiently or that any product category that we may expand or introduce will achieve sales levels sufficient to generate profits. Furthermore this risk is particularly pronounced as we expand in accordance with our strategy into adjacent segments of the luxury industry, where we do not have a level of experience and market presence comparable to the one we have in the automotive industry. Any of these risks could have a material adverse effect on our business, results of operations and financial condition.

Demand for luxury goods, including luxury performance cars, is volatile, which may adversely affect our operating results.

Volatility of demand for luxury goods, in particular luxury performance cars, may adversely affect our business, operating results and financial condition. The market in which we sell our cars is subject to volatility in demand. Demand for luxury automobiles depends to a large extent on general, economic, political and social conditions in a given market as well as the introduction of new vehicles and technologies. Global economic growth slowed sharply in 2022, stabilized in 2023 and the outlook for 2024 is uncertain. As a luxury performance car manufacturer and low volume producer, we compete with larger automobile manufacturers many of which have greater financial resources in order to withstand changes in the market and disruptions in demand. Demand for our cars may also be affected by factors directly impacting the cost of purchasing and operating automobiles, such as the availability and cost of financing, prices of raw materials and parts and components, fuel costs and governmental regulations, including tariffs, import regulation and other taxes, including taxes on luxury goods, resulting in limitations to the use of high performance sports cars or luxury goods more generally. Volatility in demand may lead to lower car unit sales, which may result in downward price pressure and adversely affect our business, operating results and financial condition. The impact of a luxury market downturn may be particularly pronounced for the most expensive among our car models, which generate a more than proportionate amount of our profits, therefore exacerbating the impact on our results. In addition, these effects may have a more pronounced impact on us given our low volume strategy and relatively smaller scale as compared to large global mass-market automobile manufacturers.

The value of our brand depends in part on the automobile collector and enthusiast community.

An important factor in the connection of clients to the Ferrari brand is our strong relationship with the global community of automotive collectors and enthusiasts, particularly collectors and enthusiasts of Ferrari automobiles. This is influenced by our close ties to the automotive collectors' community and our support of related events (such as car shows and driving events) at our headquarters in Maranello and through our dealers, the Ferrari museums and affiliations with regional Ferrari clubs. The support of this community also depends upon the perception of our cars as collectibles, which we also support through our Ferrari Classiche services, and the active resale market for our automobiles which encourages interest over the long-term. The increase in the number of cars we produce relative to the number of automotive collectors and purchasers in the secondary market may adversely affect our cars' value as collectible items and in the secondary market more broadly.

If there is a change in collector appetite or damage to the Ferrari brand, our ties to, and the support we receive from, this community may be diminished. Such a loss of enthusiasm for our cars from the automotive collectors' community could harm the perception of the Ferrari brand and adversely impact our sales and profitability.

We depend on our manufacturing facilities in Maranello and Modena.

We assemble all of the cars that we sell and manufacture, and all of the engines we use in our cars, at our production facility in Maranello, Italy, where we also have our corporate headquarters. We manufacture all of our car chassis in a nearby facility in Modena, Italy. Our Maranello or Modena plants could become unavailable either permanently or temporarily for a number of reasons, including contamination, power shortage or labor unrest. Alternatively, changes in law and regulation, including export, tax and employment laws and regulations, or economic conditions, including wage inflation, could make it uneconomic for us to continue manufacturing our cars in Italy. In the event that we were unable to continue production at either of these facilities or it became uneconomic for us to continue to do so, we would need to seek alternative manufacturing arrangements which would take time and reduce our ability to produce sufficient cars to meet demand. Moving manufacturing to other locations may also affect the perception of our brand and car quality among our clients. Such a transfer would materially reduce our revenues and could require significant investment, which as a result could have a material adverse effect on our business, results of operations and financial condition.

Maranello and Modena are located in the Emilia-Romagna region of Italy which has the potential for seismic activity. For instance, in 2012 a major earthquake struck the region, causing production at our facilities to be temporarily suspended for one day. If major disasters such as earthquakes, fires, floods, hurricanes, wars, terrorist attacks, pandemics or other events occur, our headquarters and production facilities may be seriously damaged, or we may stop or delay production and shipment of our cars. Such damage from disasters or unpredictable events could have a material adverse impact on our business, results from operations and financial condition.

We are subject to risks associated with climate change and other environmental impacts, as well as an increased focus of regulators and stakeholders on environmental matters.

Global climate change is resulting, and is expected to continue to result, in natural disasters and extreme weather, such as drought, wildfires, storms, sea-level rise, flooding, heat waves and cold waves, occurring more frequently or with greater intensity. Such extreme events are driving changes in market dynamics, stakeholder expectations, local, national and international climate change policies and regulations.

We are subject to climate-related risks where we conduct our business. Physical impacts of climate change, including natural disasters and adverse weather, could result in disruptions to us, our suppliers, vendors, customers and logistics hubs. These risks may also exacerbate other risks disclosed in this "*Risk Factors*" section, including but not limited to, our competitiveness, demand for our products, shifting consumer preferences, availability and price of raw materials, and concentration of our production activities in Maranello and Modena.

The global automotive industry in particular is currently experiencing significant developments due to an increased focus on climate change and evolving regulatory requirements relating to fuel efficiency, electrification and greenhouse gas emissions, among others. These evolving requirements and technological changes have caused us, and are expected to continue to cause us, to adapt and change certain aspects of our operations, our future plans and strategies and the allocation of our resources. Failure to effectively manage these aspects may result in increased costs, reputational risks, limits in our ability to manufacture or market certain of our products, or otherwise negatively impact our business, results of operations, profitability and competitive position.

Additionally, our stakeholders, including our customers, employees, suppliers and investors, are increasingly focused on environment, social and governance ("ESG") matters. From time to time, in alignment with our sustainability strategy, we establish and publicly announce goals and commitments to improve our environmental performance and we have been taking deliberate actions to achieve carbon neutrality by 2030. There can be no assurance that our stakeholders will agree with our sustainability strategy or will be satisfied with our actions in relation to these matters. Additionally, if we fail (or are perceived to fail) to execute our sustainability strategy or achieve our environmental goals, if our sustainability strategy or environmental goals do not meet the expectations and standards of our stakeholders, or if we improperly report our progress in the execution of our sustainability strategy or the achievement of our environmental goals, our reputation could be negatively impacted, causing our customers, employees, suppliers and investors to lose confidence in us and our brand, which could negatively impact our business, access to capital or have an adverse effect on our revenues and profitability.

A disruption in our information technology, including as a result of cybercrimes, could compromise confidential, proprietary and sensitive information.

We depend on our information technology and data processing systems to operate our business, and a significant malfunction or disruption in the operation of our systems, human error, interruption to power supply, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt our business and adversely impact our ability to compete. A leak of proprietary technical information relating to our cars and our production processes, for example, could cause significant competitive harm. Our ability to keep our business operating effectively depends on the functional and efficient operation by us and our third party service providers of our information, data processing and telecommunications systems, including our car design, manufacturing, inventory tracking and billing and payment systems. We rely on these systems to enable a number of business processes and help us make a variety of day-to-day business decisions as well as to track transactions, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency, especially considering that such cyber incidents may remain undetected for long periods of time. For example, in March 2023 we were the subject of a ransomware attack. Ferrari decided not to pay the ransomware, and rejection of the ransom request led to the leak of a significant amount of customers' personal identifiable information and we were provided evidence of such leak with respect to several hundred customers. We notified our customers of the potential data exposure and the nature of the incident and we have worked with third party experts to further reinforce our systems. Future breaches may adversely affect our operations and reputation.

Additionally, a significant portion of our office personnel moved to a "remote work" model in response to the COVID-19 pandemic and part-time remote work arrangements are currently in place for our personnel. Remote work relies heavily on the use of remote networking and online conferencing services, which expose us to additional cybersecurity risks. For any of these reasons, we may experience system malfunctions or interruptions.

Although our systems are diversified, including multiple server locations, several layers of cybersecurity countermeasures and controls, a range of software applications for different regions and functions, and we periodically assess and implement actions to reduce risks to our systems and disruptions to our information technology systems and business continuity, a significant or large scale malfunction or interruption of our systems could adversely affect our ability to manage and keep our operations running efficiently, and damage our reputation if we are unable to track transactions and deliver products to our dealers and clients. A malfunction that results in a wider or sustained disruption to our business could have a material adverse effect on our business, results of operations and financial condition. In addition to supporting our operations, we use our systems to collect and store confidential and sensitive data, including information about our business, our clients and our employees.

As our technology continues to evolve, we anticipate that we will collect and store even more data in the future, and that our systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. Much of our value is derived from our confidential business information, including car design, proprietary technology and trade secrets, and to the extent the confidentiality of such information is compromised, we may lose our competitive advantage and our car sales may suffer. We also collect, retain and use certain personal information, including data we gather from clients for product development and marketing purposes, and data we obtain from employees. Therefore we are subject to a variety of ever-changing data protection and privacy laws on a global basis, including the EU General Data Protection Regulation.

We expect that future generations of cars will feature an increasing degree of connectivity for purposes of infotainment, safety and regulatory compliance, and the increased demand for a “connected car” has led to increased digitization of car systems, the wide application of software, and the creation of new, fully digital mobility services. This technology is capable of transmitting and storing an increasing amount of personal information belonging to our customers. These new features may increase the cyber security risk of our cars. Any unauthorized access to in-vehicle information technology systems may compromise the car security or the privacy of our customers’ information and expose us to claims as well as reputational damage. In addition, third parties with which we contract could also be subject to external cyber-attacks. Should the third party be connected to our system, the cyber attacker could potentially penetrate our information technology systems. Although we prioritize cybersecurity on all of our cars and when processing personal data, any significant compromise in the integrity of our data security could have a material adverse effect on our business.

Cybersecurity is the object of increasing regulatory updates and we will be required to keep our internal systems updated to comply with the new rules that may come into force. For instance, pursuant to the UN-ECE regulations, we will be required to maintain over time, and to periodically renew, the Cyber Security Management System (“CSMS”) to register and sell our cars, as well as to demonstrate that we are able to deal with, and aware of, potential cyber risks, both for our cars and for our enterprise. Failure to maintain the Cyber Security Management System Certification could result, for the countries where the regulations are applicable, in impossibility to homologate and sell new vehicles.

Our success depends largely on the ability of our current management team to operate and manage effectively.

Our success depends on the ability of our senior executives and other members of management to effectively manage our business as a whole and individual areas of the business. Most of our senior executives and employees, including many highly skilled engineers, technicians and artisans, are required to work from our offices and production facilities in and around Maranello, Italy. If we were to lose the services of any of these senior executives or key employees, this could have a material adverse effect on our business, operating results and financial condition. We have developed incentive plans aimed at retaining and incentivizing our senior executives and employees, as well as management succession plans that we believe are appropriate in the circumstances, although it is difficult to predict with any certainty that we will replace these individuals with persons of equivalent experience and capabilities. If we are unable to find adequate replacements or to attract, retain and incentivize senior executives, other key employees or new qualified personnel, our business, results of operations and financial condition may suffer.

We rely on our dealer network to provide sales and services.

We do not own our Ferrari dealers and virtually all of our sales are made through our network of dealerships located throughout the world. If our dealers are unable to provide sales or service quality that our clients expect or do not otherwise adequately project the Ferrari image and its aura of luxury and exclusivity, the Ferrari brand may be negatively affected. We depend on the quality of our dealership network and our business, operating results and financial condition could be adversely affected if our dealers suffer financial difficulties or otherwise are unable to perform to our expectations. Furthermore, we may experience disagreements or disputes in the course of our relationship with our dealers or upon termination which may lead to financial costs, disruptions and reputational harm.

Our growth strategy also depends on our ability to attract quality new dealers to sell our products in new areas. We may face competition from other luxury performance car manufacturers in attracting quality new dealers, based on, among other things, dealer margin, incentives and the performance of other dealers in the region. If we are unable to attract new dealers in targeted growth areas, our prospects could be materially adversely affected.

We are exposed to risks in connection with product warranties as well as the provision of services.

A number of our contractual and legal requirements oblige us to provide extensive warranties to our clients, dealers and national distributors. There is a risk that, relative to the guarantees and warranties granted, the calculated product prices and the provisions for our guarantee and warranty risks have been set or will in the future be set too low. There is also a risk that we will be required to extend the guarantee or warranty originally granted in certain markets for legal reasons, or provide services as a courtesy or for reasons of reputation where we are not legally obliged to do so, and for which we will generally not be able to recover from suppliers or insurers.

Car recalls may be costly and may harm our reputation.

We have in the past and we may from time to time in the future be required to recall our products to address performance, compliance or safety-related issues. We may incur costs for these recalls, including replacement parts and labor to remove and replace the defective parts. In addition, regulatory oversight of recalls, particularly in the vehicle safety, has increased recently. Any product recalls can harm our reputation with clients, particularly if consumers call into question the safety, reliability or performance of our cars. Any such recalls could harm our reputation and result in adverse publicity, lost revenue, delivery delays, product liability claims and other expenses, and could have a material adverse impact on our business, operating results and financial condition.

We may become subject to product liability claims, which could harm our financial condition and liquidity if we are not able to successfully defend or insure against such claims.

We may become subject to product liability claims, which could harm our business, operating results and financial condition. The automobile industry experiences significant product liability claims and we have inherent risk of exposure to claims in the event our cars do not perform as expected or malfunction resulting in personal injury or death. A successful product liability claim against us could require us to pay a substantial monetary award. Moreover, a product liability claim could generate substantial negative publicity about our cars and business, adversely affecting our reputation and inhibiting or preventing commercialization of future cars, which could have a material adverse effect on our brand, business, operating results and financial condition. While we seek to insure against product liability risks, insurance may be insufficient to protect against any monetary claims we may face and will not mitigate any reputational harm. Any lawsuit seeking significant monetary damages may have a material adverse effect on our reputation, business and financial condition. We may not be able to secure additional product liability insurance coverage on commercially acceptable terms or at reasonable costs when needed, particularly if we face liability for our products and are forced to make a claim under such a policy.

Our revenues from Formula 1 activities may decline and our related expenses may grow.

Revenues from our Formula 1 activities depend principally on the income from our sponsorship agreements and on our share of Formula 1 revenues from broadcasting and other sources. See "*Overview of Our Business—Racing—Formula 1*". If we are unable to renew our existing sponsorship agreements or if we enter into new or renewed sponsorship agreements with less favorable terms, our revenues would decline. In addition, our share of profits related to Formula 1 activities may decline if either our team's performance worsens compared to other competing teams, or if the overall Formula 1 business suffers, including potentially as a result of increasing popularity of other racing events. Furthermore, in order to compete effectively on track we have been investing significant resources in research and development and to competitively compensate the best available drivers and other racing team members. These expenses also vary based on changes in Formula 1 regulations that require modification to our racing engines and cars. These expenses are expected to continue, and may grow further, including as a result of any changes in Formula 1 regulations, which would negatively affect our results of operations.

Compliance with the FIA Formula One regulations, which are periodically amended by the Formula One Commission and then approved by the FIA World Motorsport Council, requires significant changes to our racing cars, processes and operations. If we are unable to effectively adapt our cars to comply with changes in FIA Formula One regulations, our performance in races may suffer. These changes may result in adverse effects on our revenues and results of operations.

Starting from 2021, new FIA Formula One financial regulations have been introduced. These provide for a cap on spending for all chassis costs and expenses (excluding, among others, the activities to enable the supply of the current power units, marketing costs, drivers' salaries and the top three personnel at each team) and a similar cap was introduced also for the development of the power units that will be used in the 2026 season and is applicable for spending starting in 2023. The budget cap for the 2023 Formula 1 season was €140 million in relation to the development and manufacturing of the racing car chassis and $90 million relating to the power units that will be used in the 2026 season. The aforementioned budget caps on spending are defined for each season based on several factors, including the number of races and inflation. The budget cap for the 2024 season is currently in the process of being defined but is expected to be higher than in 2023. The cap on expenses affects the amount of resources that we are allowed to allocate to Formula 1 activities, with potential adverse effects on our team's performance if we are not able to optimize such resources. Because Formula 1 is key to our brand marketing, the FIA spending cap may also adversely affect our ability to support our brand through renewed racing success.

We rely on our licensing and franchising partners to preserve the value of our licenses and the failure to maintain such partners could harm our business.

We currently have multi-year agreements with licensing partners for various Ferrari-branded products in the sports, lifestyle and luxury retail segments. We also have multi-year agreements with franchising partners for our Ferrari stores and theme park. In the future, we may enter into additional licensing or franchising arrangements. Many of the risks associated with our own products, including risks relating to the image of the Ferrari brand and its aura of exclusivity, as well as to the demand for luxury goods, also apply to our licensed products and franchised stores. In addition, there are problems that our licensing or franchising partners may experience, including risks associated with each licensing partner's ability to obtain capital, manage its labor relations, maintain relationships with its suppliers, manage its credit and bankruptcy risks, and maintain client relationships. While we maintain significant control over the products produced for us by our licensing partners and the franchisees running our Ferrari stores and theme parks, any of the foregoing risks, or the inability of any of our licensing or franchising partners to execute on the expected design and quality of the licensed products, Ferrari stores and theme park, or otherwise exercise operational and financial control over its business, may result in loss of revenue and competitive harm to our operations in the product categories where we have entered into such licensing or franchising arrangements. While we select our licensing and franchising partners with care, any negative publicity surrounding such partners could have a negative effect on licensed products, the Ferrari stores and theme parks or the Ferrari brand. Further, while we believe that we could replace our existing licensing or franchising partners if required, our inability to do so for any period of time could materially adversely affect our revenues and harm our business.

In connection with our new lifestyle strategy, we continue to streamline our existing arrangements with licensing partners. This may adversely affect our results from brand activities, particularly in the short to medium term while our broader lifestyle strategy is carried out.

We depend on the strength of our trademarks and other intellectual property rights.

Given the importance of our brand's recognition on our financial performance and strategy, we believe that our trademarks and other intellectual property rights are fundamental to our success and market position. Therefore, our business depends on our ability to protect and promote our trademarks and other intellectual property rights. Accordingly, we devote substantial efforts to the establishment and protection of our trademarks and other intellectual property rights such as registered designs and patents on a worldwide basis. We believe that our trademarks and other intellectual property rights are adequately supported by applications for registrations, existing registrations and other legal protections in our principal markets. However, we cannot exclude the possibility that our intellectual property rights may be challenged by others, or that we may be unable to register our trademarks or otherwise adequately protect them in some jurisdictions, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do the United States, Japan and European countries. If a third party were to register our trademarks, or similar trademarks, in a country where we have not successfully registered such trademarks, it could create a barrier to our commencing trade under those marks in that country.

We may fail to adequately protect our intellectual and industrial property rights against infringement or misappropriation by third parties.

Our success and competitive positioning depend on, among other factors, our registered intellectual property rights, as well as other industrial or intellectual property rights, including confidential know-how, trade secrets, database rights and copyrights. To protect our intellectual property, we rely on intellectual property laws, agreements for the protection of trade secrets, confidentiality and non-disclosure agreements, and other contractual means. Such measures, however, may be inadequate and our intellectual property rights may be infringed or challenged by third parties, and our confidential know-how or trade secrets could be misappropriated or disclosed to the public without our consent. Consultants, vendors and current and former employees, for example, could violate their confidentiality obligations and restrictions on the use of Ferrari's intellectual property. Ferrari may not be able to prevent such infringements, misappropriations or disclosures, with potential adverse effects on our brand, reputation and business. In particular, our components may be subject to product piracy, where our components are counterfeited, which may result in reputational risk for Ferrari. The risks described above arise particularly in our Brand activities (see "*Overview of Our Business—Lifestyle*").

If we fail to adequately protect our intellectual property rights, this may adversely affect our results of operations and financial condition, as other manufacturers may be able to manufacture similar products at lower cost, with adverse effects on our competitive position. In addition, counterfeited products, or products illegally branded as "Ferrari", may damage our brand. In addition, we may incur high costs in reacting to infringements or misappropriations of our intellectual property rights.

Third parties may claim that we infringe their intellectual property rights.

We believe that we hold all the rights required for our business operations (including intellectual property rights and third-party licenses). However, we are exposed to potential claims from third parties alleging that we infringe their intellectual property rights, since many competitors and suppliers also submit patent applications for their inventions and secure patent protection or other intellectual property rights. If we are unsuccessful in defending against any such claim, we may be required to pay damages or comply with injunctions which may disrupt our operations. We may also as a result be forced to enter into royalty or licensing agreements on unfavorable terms or to redesign products to comply with third parties' intellectual property rights.

We face risks associated with our international operations, including unfavorable regulatory, political, tax and labor conditions and establishing ourselves in new markets, all of which could harm our business.

We currently have international operations and subsidiaries in various countries and jurisdictions in Europe, North America and Asia that are subject to the legal, political, regulatory, tax and social requirements and economic conditions in these jurisdictions. Additionally, as part of our growth strategy, we will continue to expand our sales, maintenance, and repair services internationally. However, such expansion requires us to make significant expenditures, including the establishment of local operating entities, hiring of local employees and establishing facilities in advance of generating any revenue. We are subject to a number of risks associated with international business activities that may increase our costs, impact our ability to sell our cars and require significant management attention. These risks include:

- conforming our cars to various international regulatory and safety requirements where our cars are sold, or homologated;
- difficulty in establishing, staffing and managing foreign operations;
- difficulties attracting clients in new jurisdictions;
- foreign government taxes, regulations and permit requirements, including foreign taxes that we may not be able to offset against taxes imposed upon us in Italy;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any interest rate swap or other hedging activities we undertake;

- our ability to enforce our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as do the United States, Japan and European countries, which increases the risk of unauthorized, and uncompensated, use of our technology;
- European Union and foreign government trade restrictions, customs regulations, tariffs and price or exchange controls;
- foreign labor laws, regulations and restrictions;
- preferences of foreign nations for domestically produced cars;
- changes in diplomatic and trade relationships;
- political instability, natural disasters, pandemics or other widespread public health crises, war or events of terrorism; and
- the strength of international economies.

If we fail to successfully address these risks, many of which we cannot control, our business, operating results and financial condition could be materially harmed.

Developments in growth markets may adversely affect our business.

We operate in a number of growth markets, both directly and through our dealers, and our exposure to those markets may increase as we may pursue expanded sales in those regions. We believe we have potential for further success in these markets, in particular in Asia, recognizing the increasing personal wealth of consumers. While demand in these markets has increased in recent years due to sustained economic growth and growth in personal income and wealth, we are unable to foresee the extent to which economic growth will be sustained. For example, rising geopolitical and social tensions, pandemics or similar public health crises, or slowdowns in the rate of growth in these markets could limit the opportunity for us to increase unit sales and revenues in those regions in the near term.

Furthermore, in certain markets in which we or our dealers operate, required government approvals may limit our ability to act quickly in making decisions on our operations in those markets. Other government actions may also impact the market for luxury goods in these markets, such as tax changes or the active discouragement of luxury purchases. Consumer spending habits in these markets may also change due to other factors that are outside of our control. For instance, since August 2021 the President of the People's Republic of China has repeatedly signaled the government's intention to regulate the spending patterns of individuals and families with ultra-high incomes. Resulting regulatory action or similar statements by governmental authorities may affect the social acceptability of spending on luxury goods.

Maintaining and strengthening our position in these growth markets is a component of our global growth strategy. However, initiatives from several global luxury automotive manufacturers have increased competitive pressures for luxury cars in several growth markets. As these markets continue to grow, we anticipate that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in pricing pressures, reduced margins and our inability to gain or hold market share, which could have a material adverse effect on our results of operations and financial condition. See also "*Global economic conditions, pandemics and macro events may adversely affect us*".

Labor laws and collective bargaining agreements with our labor unions could impact our ability to operate efficiently.

The majority of our employees are represented by trade unions, are covered by collective bargaining agreements and/or are protected by applicable labor relations regulations that may restrict our ability to modify operations and reduce costs quickly in response to changes in market conditions. These regulations and the provisions in our collective bargaining agreements may impede our ability to organize our business successfully to compete more efficiently and effectively, which could have a material adverse effect on our results of operations and financial condition.

Improper conduct of employees, agents, or other representatives could adversely affect our reputation and our business, operating results, and financial condition.

Our compliance controls, policies, and procedures may not in every instance protect us from acts committed by our employees, agents, contractors, or collaborators that would violate the laws or regulations of the jurisdictions in which we operate, including employment, foreign corrupt practices, environmental, competition, and other laws and regulations. Such improper actions could subject us to civil or criminal investigations, and monetary and injunctive penalties. In particular, our business activities may be subject to anti-corruption laws, regulations or rules of other countries in which we operate. If we fail to comply with any of these regulations, it could adversely impact our operating results and our financial condition. In addition, actual or alleged violations could damage our reputation and our ability to conduct business. Furthermore, detecting, investigating, and resolving any actual or alleged violation is expensive and can consume significant time and attention of our executive management.

Changes in tax, tariff or fiscal policies could adversely affect demand for our products.

Imposition of any additional taxes and levies designed to limit the use of automobiles could adversely affect the demand for our vehicles and our results of operations. Changes in corporate and other taxation policies, including those relating to the Patent Box tax regime in Italy, as well as changes in export and other incentives given by various governments, or import or tariff policies, could also adversely affect our results of operations. See also "*We currently benefit or seek to benefit from certain special tax regimes, which may not be available in the future*". The impact of any such tariffs on our operations and results is uncertain and could be significant, and we can provide no assurance that any strategies we implement to mitigate the impact of such tariffs or other trade actions will be successful. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design phase of a new product. The imposition of any additional taxes and levies or change in government policy designed to limit the use of high performance sports cars or automobiles more generally, or any decisions by policymakers to implement taxes on luxury automobiles, could also adversely affect the demand for our cars. The occurrence of the above may have a material adverse effect on our business, results of operations and financial condition.

If we were to lose our Authorized Economic Operator certificate, we may be required to modify our current business practices and to incur increased costs, as well as experience shipment delays.

Because we ship and sell our cars in numerous countries, the customs regulations of various jurisdictions are important to our business and operations. To expedite customs procedure, we obtained the European Union's Authorized Economic Operator ("AEO") certificate. The AEO certificate is granted to operators that meet certain requirements regarding supply chain security and the safety and compliance with law of the operator's customs controls and procedures. Operators are audited periodically for continued compliance with the requirements. The AEO certificate allows us to benefit from special expedited customs treatment, which significantly facilitates the shipment of our cars in the various markets where we operate. If we were to lose the AEO status, including for failure to meet one of the certification's requirements, we would be required to change our business practices and to adopt standard customs procedures for the shipment of our cars. This could result in increased costs and shipment delays, which, in turn, could negatively affect our results of operations.

Our debt could adversely affect our operations and we may face difficulties in servicing or refinancing our debt.

As of December 31, 2023, our debt was €2,477 million (which includes our financial services). See "*Financial Overview—Non-GAAP Financial Measures—Net Debt and Net Industrial Debt*" for additional information. Our current and long-term debt, of which 58 percent and 42 percent bore floating rates of interest at December 31, 2023 and 2022, respectively, requires us to dedicate a portion of our cash flow to service interest and principal payments and, if interest rates rise, this amount may increase. In addition, our existing debt may limit our ability to raise further capital or incur additional indebtedness to execute our growth strategy or otherwise may place us at a competitive disadvantage relative to competitors that have less debt. To the extent we become more leveraged, the risks described above would increase. We may also have difficulty refinancing our existing debt or incurring new debt on terms that we would consider to be commercially reasonable, if at all.

We are subject to risks associated with exchange rate fluctuations, interest rate changes, credit risk and other market risks.

We operate in numerous markets worldwide and are exposed to market risks stemming from fluctuations in currency and interest rates. In particular, changes in exchange rates between the Euro and the main foreign currencies in which we operate affect our revenues and results of operations. The exposure to currency risk is mainly linked to the differences in geographic distribution of our sourcing and manufacturing activities from those in our commercial activities, as a result of which our cash flows from sales are denominated in currencies different from those connected to purchases or production activities. For example, we incur a large portion of our capital and operating expenses in Euro while we receive the majority of our revenues in currencies other than Euro. In addition, foreign exchange movements might also negatively affect the relative purchasing power of our clients which could also have an adverse effect on our results of operations. In 2023, the U.S. Dollar depreciated against the Euro (going from 1.0666 U.S. Dollars for 1 Euro at December 31, 2022 to 1.1050 at December 31, 2023), the Pound Sterling recovered while the Japanese Yen continued to depreciate against the Euro over the course of the year. To date in early 2024 the Euro has not experienced any significant appreciation or depreciation versus the currencies to which Ferrari is exposed, with the exception of the Japanese Yen, which has continued to depreciate against the Euro. If the U.S. Dollar or some other currencies were to depreciate against the Euro, we expect that it would adversely impact our revenues and results of operations. The extent of adverse impacts from exchange rate fluctuations could increase if the portion of our business in countries outside of Eurozone increases. See "*Financial Overview—Trends, Uncertainties and Opportunities*".

We seek to manage risks associated with fluctuations in currency through financial hedging instruments. Although we seek to manage our foreign currency risk in order to minimize any negative effects caused by rate fluctuations, including through hedging activities, there can be no assurance that we will be able to do so successfully, and our business, results of operations and financial condition could nevertheless be adversely affected by fluctuations in market rates, particularly if these conditions persist. Moreover, the valuation of hedging instruments is influenced by the market dynamics of several financial factors, such as exchange rates, interest rates and implied volatility, that can negatively impact our cost of hedging and the valuation of our outstanding hedging transactions at fair value.

Additionally, changes in interest rates impact the interest costs we incur on our debt. See also *"Our debt could adversely affect our operations and we may face difficulties in servicing or refinancing our debt" and "Car sales depend in part on the availability of affordable financing"*.

Our financial services activities are also subject to the risk of insolvency of dealers and retail clients, as well as unfavorable economic conditions in markets where these activities are carried out. Despite our efforts to mitigate such risks through the credit approval policies applied to dealers and retail clients, there can be no assurances that we will be able to successfully mitigate such risks, particularly with respect to a general change in economic conditions.

Car sales depend in part on the availability of affordable financing.

In certain regions, financing for new car sales has been available at relatively low interest rates for several years due to, among other things, expansive government monetary policies. To the extent that interest rates may rise generally based on governmental monetary policies or actions of central banks, market rates for new car financing are expected to rise as well, which may make our cars less affordable to clients or cause consumers to purchase less expensive cars, adversely affecting our results of operations and financial condition. Economies around the world have recently experienced significant inflationary pressures, with inflation measures in the United States, Europe and the United Kingdom reaching levels not recorded for several decades. In response, monetary authorities have taken anti-inflationary measures including rapid increases in interest rates which are gradually transferring to market credit rates. If consumer interest rates increase substantially or if financial service providers tighten lending standards or restrict their lending to certain classes of credit, our clients may choose not to, or may not be able to, obtain financing to purchase our cars.

We may not be able to provide adequate access to financing for our dealers and clients, and our financial services operations may be disrupted.

Our dealers enter into wholesale financing arrangements to purchase cars from us to hold in inventory or to use in showrooms and facilitate retail sales, and retail clients use a variety of finance and lease programs to acquire cars.

In most markets, we rely either on controlled or associated finance companies or on commercial relationships with third parties, including third party financial institutions, to provide financing to our dealers and retail clients. Finance companies are subject to various risks that could negatively affect their ability to provide financing services at competitive rates, including:

- the performance of loans and leases in their portfolio, which could be materially affected by delinquencies or defaults;

- higher than expected car return rates and the residual value performance of cars they lease; and
- fluctuations in interest rates and currency exchange rates.

Furthermore, to help fund our retail and wholesale financing business, our financial services companies in the United States also access forms of funding available from the banking system in each market, including sales or securitization of receivables either in negotiated sales or through asset-backed financing programs. At December 31, 2023, an amount of $1,289 million was outstanding under revolving securitizations carried out by Ferrari Financial Services Inc. See "*Financial Overview—Non-GAAP Financial Measures—Net Debt and Net Industrial Debt*" for additional information. Should we lose the ability to access the securitization market at advantageous terms or at all, the funding of our controlled or associated finance companies would become more difficult and expensive and our financial condition may therefore be adversely affected.

Any financial services provider, including our controlled finance companies, will face other demands on its capital, as well as liquidity issues relating to other investments or to developments in the credit markets. Furthermore, they may be subject to regulatory changes that may increase their costs, which may impair their ability to provide competitive financing products to our dealers and retail clients. To the extent that a financial services provider is unable or unwilling to provide sufficient financing at competitive rates to our dealers and retail clients, such dealers and retail clients may not have sufficient access to financing to purchase or lease our cars. As a result, our car sales and market share may suffer, which would adversely affect our results of operations and financial condition.

Our dealer and retail customer financing in Europe are mainly provided through Ferrari Financial Services GmbH, our partnership with CA Auto Bank S.p.A. ("CA Auto Bank"), which is a fully owned subsidiary of Crédit Agricole Consumer Finance S.A. ("CACF") and was formerly FCA Bank S.p.A. ("FCA Bank") and a joint venture between CACF and FCA Italy S.p.A. (a subsidiary of Stellantis N.V. (hereinafter also "Stellantis" and together with its subsidiaries, the "Stellantis Group")). If we fail to maintain our partnership with CA Auto Bank, we may not be able to find a suitable alternative partner with similar resources and experience and continue to offer financing services to support the sales of Ferrari cars in key European markets, which could adversely affect our results of operations and financial condition. Following the change of control that lead to the creation of CA Auto Bank through CACF's acquisition of the 50 percent ownership interest in the former FCA Bank previously owned by the Stellantis Group, Ferrari and CA Auto Bank are currently discussing future developments in relation to their partnership.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business.

We maintain insurance coverage that we believe is adequate to cover normal risks associated with the operation of our business. However, there can be no assurance that any claim under our insurance policies will be honored fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by insurance or which exceeds our insurance coverage, or have to pay higher insurance premiums, our financial condition may be affected.

Risks Related to our Common Shares

The market price and trading volume of our common shares may be volatile, which could result in rapid and substantial losses for our shareholders.

The market price of our common shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume of our common shares may fluctuate and cause significant price variations to occur. If the market price of our common shares declines significantly, a shareholder may be unable to sell their common shares at or above their purchase price, if at all. The market price of our common shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common shares, or result in fluctuations in the price or trading volume of our common shares, include:

- variations in our operating results, or failure to meet the market's earnings expectations;
- publication of research reports about us, the automotive industry or the luxury industry, or the failure of securities analysts to cover our common shares;
- departures of any members of our management team or additions or departures of other key personnel;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- actions by shareholders;
- changes in market valuations of similar companies;
- changes or proposed changes in laws or regulations, or differing interpretations thereof, affecting our business, or enforcement of these laws and regulations, or announcements relating to these matters;
- adverse publicity about the automotive industry or the luxury industry generally, or particularly scandals relating to those industries, specifically;
- litigation and governmental investigations; and
- general market and economic conditions.

The loyalty voting program may affect the liquidity of our common shares and reduce our common share price.

The implementation of our loyalty voting program could reduce the trading liquidity and adversely affect the trading prices of our common shares. The loyalty voting program is intended to reward our shareholders for maintaining long-term share ownership by granting initial shareholders and persons holding our common shares continuously for at least three years the option to elect to receive special voting shares. Special voting shares cannot be traded and, if common shares participating in the loyalty voting program are sold they must be deregistered from the loyalty register and any corresponding special voting shares transferred to us for no consideration (*om niet*). This loyalty voting program is designed to encourage a stable shareholder base and, conversely, it may deter trading by shareholders that may be interested in participating in our loyalty voting program. Therefore, the loyalty voting program may reduce liquidity in our common shares and adversely affect their trading price.

The interests of our largest shareholders may differ from the interests of other shareholders.

Exor N.V. ("Exor") is our largest shareholder, holding approximately 24.65 percent of our outstanding common shares and approximately 36.48 percent of our voting power (as of February 9, 2024). Therefore, Exor has a significant influence over matters submitted to a vote of our shareholders, including matters such as adoption of the annual financial statements, declarations of annual dividends, the election and removal of the members of our board of directors (the "Board of Directors"), capital increases and amendments to our articles of association. In addition, as of February 9, 2024, Trust Piero Ferrari, a Jersey trust established by Piero Ferrari, the Vice Chairman of Ferrari, holds approximately 10.48 percent of our outstanding common shares. Piero Ferrari holds the usufruct over such shares including the right to exercise the voting rights of such shares, corresponding to approximately 15.51 percent of voting interest in us (as of February 9, 2024). The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares. As a result, Piero Ferrari also has influence in matters submitted to a vote of our shareholders. Exor and Piero Ferrari informed us that they have entered into a shareholder agreement, recently amended to reflect adherence by Trust Piero Ferrari, pursuant to which they have undertaken to consult for the purpose of forming, where possible, a common view on the items on the agenda of shareholders meetings. See "*Major Shareholders—Shareholders' Agreement*". The interests of Exor and Piero Ferrari may in certain cases differ from those of other shareholders. In addition, the sale of substantial amounts of our common shares in the public market by Trust Piero Ferrari or the perception that such a sale could occur could adversely affect the prevailing market price of the common shares.

We may have potential conflicts of interest with Stellantis and Exor and its related companies.

Questions relating to conflicts of interest may arise between us and Fiat Chrysler Automobiles N.V., our former largest shareholder, renamed Stellantis N.V., in a number of areas relating to common shareholdings and management, as well as our past and ongoing relationships. There are certain overlaps among the directors and officers of us and Stellantis. For example, Mr. John Elkann, our Executive Chairman, is the Chairman and an executive director of Stellantis and Chairman and Chief Executive Officer of Exor. Certain of our other directors and officers may also be directors or officers of Stellantis or Exor, our and Stellantis's largest shareholder. These individuals owe duties both to us and to the other companies that they serve as officers and/or directors, which may create conflicts as, for example, these individuals review opportunities that may be appropriate or suitable for both us and such other companies, or we pursue business transactions in which both we and such other companies have an interest. Exor holds approximately 24.65 percent of our outstanding common shares and approximately 36.48 percent of the voting power in us (as of February 9, 2024), while it holds approximately 14.90 percent of the outstanding common shares in Stellantis (based on SEC filings). The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares. Exor also owns a controlling interest in CNH Industrial N.V. and Iveco Group N.V., which were part of the former Fiat Group before being spun-off several years ago. These ownership interests could create actual, perceived or potential conflicts of interest when these parties or our common directors and officers are faced with decisions that could have different implications for us and Stellantis or Exor, as applicable.

Our loyalty voting program may make it more difficult for shareholders to acquire a controlling interest in Ferrari, change our management or strategy or otherwise exercise influence over us, which may affect the market price of our common shares.

The provisions of our articles of association which establish the loyalty voting program may make it more difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change of control were considered favorably by shareholders holding a majority of our common shares. As a result of the loyalty voting program, a relatively large proportion of the voting power of Ferrari could be concentrated in a relatively small number of shareholders who would have significant influence over us. As of February 9, 2024, Exor had approximately 24.65 percent of our outstanding common shares and a voting interest in Ferrari of approximately 36.48 percent. As of February 9, 2024, Trust Piero Ferrari, a Jersey trust established by Piero Ferrari held voting rights relating to approximately 10.48 percent of our outstanding common shares. Piero Ferrari holds the usufruct over such shares including the right to exercise the voting rights of such shares, corresponding to, as a result of the loyalty voting mechanism, approximately 15.51 percent of the voting power in our shares. The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares. In addition, Exor and Piero Ferrari informed us that they have entered into a shareholder agreement, recently amended to reflect adherence by Trust Piero Ferrari, summarized under "*Major Shareholders—Shareholders' Agreement*". As a result, Exor and Piero Ferrari may exercise significant influence on matters involving our shareholders. Exor and Piero Ferrari and other shareholders participating in the loyalty voting program may have the power effectively to prevent or delay change of control or other transactions that may otherwise benefit our shareholders. The loyalty voting program may also prevent or discourage shareholder initiatives aimed at changing Ferrari's management or strategy or otherwise exerting influence over Ferrari. See "*Corporate Governance—Loyalty Voting Program*".

We are a Dutch public company with limited liability, and our shareholders may have rights different to those of shareholders of companies organized in the United States.

The rights of our shareholders may be different from the rights of shareholders governed by the laws of U.S. jurisdictions. We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of our shareholders and the responsibilities of members of our Board of Directors may be different from the rights of shareholders and the responsibilities of members of board of directors in companies governed by the laws of other jurisdictions including the United States. In the performance of its duties, our Board of Directors is required by Dutch law to consider our interests and the interests of our shareholders, our employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a shareholder.

We expect to maintain our status as a "foreign private issuer" under the rules and regulations of the SEC and, thus, are exempt from a number of rules under the Exchange Act of 1934 and are permitted to file less information with the SEC than a company incorporated in the United States.

As a "foreign private issuer," we are exempt from rules under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, Directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our common shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor are we required to comply with Regulation FD, which restricts the selective disclosure of material information. Accordingly, there may be less publicly available information concerning us than there is for U.S. public companies.

Our ability to pay dividends on our common shares may be limited and the level of future dividends is subject to change.

Our payment of dividends on our common shares in the future will be subject to business conditions, financial conditions, earnings, cash balances, commitments, strategic plans and other factors that our Board of Directors may deem relevant at the time it recommends approval of the dividend. Our dividend policy is subject to change in the future based on changes in statutory requirements, market trends, strategic developments, capital requirements and a number of other factors. In addition, under our articles of association and Dutch law, dividends may be declared on our common shares only if the amount of equity exceeds the paid up and called up capital plus the reserves that have to be maintained pursuant to Dutch law or the articles of association. Further, even if we are permitted under our articles of association and Dutch law to pay cash dividends on our common shares, we may not have sufficient cash to pay dividends in cash on our common shares. We are a holding company and our operations are conducted through our subsidiaries. As a result, our ability to pay dividends primarily depends on the ability of our subsidiaries, particularly Ferrari S.p.A., to generate earnings and to provide us with the necessary financial resources.

Our maintenance of two exchange listings may adversely affect liquidity in the market for our common shares and could result in pricing differentials of our common shares between the two exchanges.

Our shares are listed on both the New York Stock Exchange ("NYSE") and the Euronext Milan. The dual listing of our common shares may split trading between the NYSE and the Euronext Milan, adversely affect the liquidity of the shares and the development of an active trading market for our common shares in one or both markets and may result in price differentials between the exchanges. Differences in the trading schedules, as well as volatility in the exchange rate of the two trading currencies, among other factors, may result in different trading prices for our common shares on the two exchanges.

It may be difficult to enforce U.S. judgments against us.

We are organized under the laws of the Netherlands, and a substantial portion of our assets are outside of the United States. Most of our Directors and senior management and our independent registered public accounting firm are resident outside the United States, and all or a substantial portion of their respective assets may be located outside the United States. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon these persons. It may also be difficult for U.S. investors to enforce within the United States judgments against us predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts outside the United States would recognize or enforce judgments of U.S. courts obtained against us or our Directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against us, our Directors and officers and our independent registered public accounting firm.

Risks Related to Taxation

Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our results of operations and financial condition.

Our business is subject to various taxes in different jurisdictions (mainly Italy), which include, among others, the Italian corporate income tax ("IRES"), regional trade tax ("IRAP"), value added tax ("VAT"), excise duty, registration tax and other indirect taxes. We are exposed to the risk that our overall tax burden may increase in the future.

Changes in tax laws or regulations or in the position of the relevant Italian and non-Italian authorities regarding the application, administration or interpretation of these laws or regulations, particularly if applied retrospectively, could have negative effects on our current business model and have a material adverse effect on our business, operating results and financial condition.

In order to reduce future potential disputes with tax authorities, in June 2023 we entered into an advance pricing agreement (APA) with the tax authorities for transfer pricing on intercompany transactions between Ferrari S.p.A. and its foreign subsidiaries. The APA covers the next 5 fiscal years and may be renewed for an additional period with the consent of both parties.

We were admitted to the Cooperative Compliance Regime in Italy by the Italian Revenue Agency, which provides for constant and preventive discussions between the taxpayer and the Italian tax authorities on the most significant transactions. This admission is effective as of 2022 (the year in which the application was filed), and was preceded by the adoption and validation by Italian tax authorities of an internal tax risk control system, referred to as the Tax Control Framework (TCF).

In addition, tax laws are complex and subject to subjective valuations and interpretive decisions, and we will periodically be subject to tax audits aimed at assessing our compliance with direct and indirect taxes. The tax authorities may not agree with our interpretations of, or the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions. In case of challenges by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of penalties and have a material adverse effect on our operating results, business and financial condition.

There may be potential "Passive Foreign Investment Company" tax considerations for U.S. holders.

Shares of our stock would be stock of a "passive foreign investment company," or a PFIC, for U.S. federal income tax purposes with respect to a U.S. holder if for any taxable year in which such U.S. holder held shares of our stock, after the application of applicable "look-through rules" (i) 75 percent or more of our gross income for the taxable year consists of "passive income" (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50 percent of our assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of "passive income". U.S. persons who own shares of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the dividends they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC.

While we believe that shares of our stock are not stock of a PFIC for U.S. federal income tax purposes, this conclusion is based on a factual determination made annually and thus is subject to change. Moreover, our common shares may become stock of a PFIC in future taxable years if there were to be changes in our assets, income or operations.

The consequences of the loyalty voting program are uncertain.

No statutory, judicial or administrative authority directly discusses how the receipt, ownership, or disposition of special voting shares should be treated for Italian or U.S. tax purposes and as a result, the tax consequences in those jurisdictions are uncertain.

The fair market value of the special voting shares, which may be relevant to the tax consequences, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, our special voting shares are not transferable (other than, in very limited circumstances, together with the associated common shares) and a shareholder will receive amounts in respect of the special voting shares only if we are liquidated, we believe and intend to take the position that the fair market value of each special voting share is minimal. However, the relevant tax authorities could assert that the value of the special voting shares as determined by us is incorrect.

The tax treatment of the loyalty voting program is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of special voting shares.

We currently benefit or seek to benefit from certain special tax regimes, which may not be available in the future.

Italian Law no. 190/2014, as subsequently amended and supplemented, introduced an optional Patent Box regime in the Italian tax system. The Patent Box regime is a tax exemption related to, *inter alia*, the use of intellectual property assets. Business income derived from the use of each qualified intangible asset is partially exempted from taxation for both IRES and IRAP purposes. We are currently applying the Patent Box tax regime for the period from 2020 to 2024, in line with applicable tax regulations in Italy. Law Decree No. 146 as amended by the 2022 Italian budget law, replaced the former Patent Box regime (which allowed taxpayers to exempt from corporate income tax (IRES) and regional income tax (IRAP) up to 50% of their income derived from the direct or indirect exploitation of intangibles) by introducing a new Patent Box regime with a 110% "super tax deduction" for research and development expenses related to eligible intangible assets registered starting from 2021. The decree provides for a specific transitional procedure between the two regimes. The amount of the related tax benefits (if any) that the Group may receive from the Patent Box or other tax regimes remains subject to uncertainty.

In addition, we benefit from the measures introduced in Italy by art. 110 of Law Decree no. 104/2020, converted into Law no.126/2020, which reopened the voluntary step up of tangible and intangible assets, with the application of a three-percent substitutive tax rate.

Furthermore, we currently calculate taxes due in Italy based, among other things, on certain tax breaks recognized by Italian tax regulations for R&D expenses and for the investments on manufacturing equipment, the Allowance for Corporate Equity (ACE) and tax credits for energy costs, which result in tax savings. 2023 was the last year in which both ACE and tax credits for energy costs were permitted.

These measures continue to mitigate the tax burden in Italy. Significant changes in regulations or interpretation might adversely affect the availability of such exemptions and result in higher tax charges. See also "*Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our results of operations and financial condition*.".

Overview

Ferrari is among the world's leading luxury brands, focused on the design, engineering, production and sale of the world's most recognizable luxury performance sports cars. Our brand symbolizes exclusivity, innovation, state-of-the-art sporting performance and Italian design and engineering heritage. Our name and history and the image enjoyed by our cars are closely associated with our Formula 1 racing team, Scuderia Ferrari, the most successful racing team in the history of Formula 1. From the inaugural year of Formula 1 in 1950 through the present, Scuderia Ferrari has won 243 Grand Prix races, 16 Constructors' World titles and 15 Drivers' World titles. We are the only team which has taken part in all the editions of the Championship, racing in more than 1,000 Formula 1 Grand Prix races.

We design, engineer and produce our cars in Maranello, Italy, and sell them in over 52 markets worldwide through a network of 178 authorized dealers operating 196 points of sale as of the end of 2023.

We believe that our cars are the epitome of design, performance and driving thrills. Our product offering comprises four main pillars: Range, Special Series, Icona and Supercar. Our current product portfolio (including cars presented in 2023, for which shipments will commence in future years) is comprised of nine Range models (three V8 internal combustion engine ("ICE") models: Portofino M, Roma and Roma Spider; two V12 ICE models: 812 GTS and Purosangue; two V6 hybrid models: 296 GTB and 296 GTS; two V8 hybrid models: SF90 Stradale and SF90 Spider), four Special Series models (812 Competizione, 812 Competizione A, SF90 XX Stradale and SF90 XX Spider), and our latest Icona (Daytona SP3). In 2023, we launched five new models: the Roma Spider, the SF90 XX Stradale and SF90 XX Spider, the first ever street legal XX models, the 296 Challenge and the 499P Modificata, and we completed the shipments of the F8 Tributo and the F8 Spider, while the Portofino M is approaching the end of its lifecycle in early 2024.

We also from time to time produce limited edition Supercars and One-Off cars. Our most recent Supercar model, the LaFerrari Aperta, the spider version of the LaFerrari, was launched in 2016 to celebrate our 70th anniversary.

In 2023, we shipped 13,663 cars and recorded net revenues of €5,970 million, Operating profit (EBIT) of €1,617 million, net profit of €1,257 million and net profit before income tax expense, financial expenses, net and amortization and depreciation (EBITDA) of €2,279 million. For additional information regarding EBITDA, including a reconciliation of EBITDA to net profit, as well as other non-GAAP financial measures we present, see "*Financial Overview—Non-GAAP Financial Measures*".

Whilst broadening our product portfolio to target a larger customer base, we continue to pursue a low volume production strategy in order to maintain a reputation for exclusivity and scarcity among purchasers of our cars and we carefully manage our production volumes and delivery waiting lists to promote this reputation. We divide our regional markets into (i) Europe, Middle East and Africa ("EMEA"), (ii) Americas, (iii) Mainland China, Hong Kong and Taiwan, and (iv) Rest of Asia-Pacific ("APAC"), which represented respectively 44.4 percent, 27.9 percent, 10.9 percent and 16.8 percent of units shipped in 2023. The geographic allocation of our shipments and their mix by product reflects our deliberate allocation strategy over the lifecycle of the individual models and is generally impacted by the phase-in/phase-out pace of the models, as well as the length of waiting lists and other market-specific factors and conditions, including our commercial strategy and the potential for future growth.

We focus our marketing and promotion efforts on the investments we make in our racing activities and in particular, our participation in the FIA Formula 1 World Championship with Scuderia Ferrari and the FIA World Endurance Championship with the Ferrari Endurance Team, the former being the pinnacle of motorsport and one of the most watched annual sports series in the world, with 3.1 billion website and social media page views for the 2023 season and an average television audience of 66.6 million viewers per Grand Prix *(Source: Formula 1)*. Although our most recent Formula 1 world title was in 2007, we continuously enhance our focus on Formula 1 activities with the goal of improving racing results and restoring our historical position as the premier racing team in Formula 1. We believe that these activities support the strength and awareness of our brand among motor enthusiasts, clients and the general public. Beyond Formula 1, we engage in several other competitive motorsport events and in 2023 we recorded victories in some of the world's prominent endurance races, including the centenary 24 Hours of Le Mans.

Ferrari's presence in the broader luxury landscape is a unique opportunity to ensure brand relevance across present and future generations and to amplify the cultural relevance of our brand. As one of the world's primary luxury brands, we operate in carefully selected luxury and lifestyle categories - personal luxury goods, collectibles and experiences, the role of which is to fuel long-term growth by broadening our customer base and expanding our unique value proposition beyond our core business, while preserving the brand's DNA, its heritage and values. See below *"Overview of Our Business—Lifestyle"*.

As part of our lifestyle activities, we launched our own Ferrari fashion collections with dedicated fashion shows in June 2021 and we have continued with successive showcases culminating in the latest displays in February 2023 and September 2023. We also license the Ferrari brand to a limited number of producers and retailers of luxury and lifestyle sectors, including theme parks that, we believe, enhance the brand experience of our loyal clients and Ferrari enthusiasts. The world of Ferrari can also be experienced in our Ferrari Museum in Maranello and in the Enzo Ferrari Museum in Modena.

Our international network of Ferrari Stores consisted of 14 Ferrari-owned directly operated stores and 2 franchised stores as of December 31, 2023, where visitors can find our fashion collection, as well as on our website and in selected multi-brand points of sale.

We will continue focusing our efforts on protecting and enhancing the value of our brand to preserve our strong financial profile and fuel long term growth in existing and emerging markets, while expanding the Ferrari brand to carefully selected lifestyle categories.

History of the Company

Ferrari N.V. was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on September 4, 2015 with an indefinite duration. Our official seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and our corporate address and principal place of business are located at Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy. Ferrari is registered with the Dutch Trade Register of the Chamber of Commerce under number 64060977. Its telephone number is +39-0536-949111. The name and address of the Company's agent in the United States is: Ferrari North America, Inc., 250 Sylvan Avenue, Englewood Cliffs, NJ 07632. Its telephone number is +1 (201) 816 2600.

Our company is named after our founder Enzo Ferrari. An Alfa Romeo driver since 1924, Enzo Ferrari founded his own racing team, Scuderia Ferrari, in Modena in 1929 initially to race Alfa Romeo cars. In 1939 he set up his own company, initially called Auto Avio Costruzioni. In late 1943, Enzo Ferrari moved his headquarters from Modena to Maranello, which remains our headquarters to this day.

In 1947, we produced our first racing car, the 125 S. The 125 S's powerful 12 cylinder engine would go on to become synonymous with the Ferrari brand. In 1948, the first road car, the Ferrari 166 Inter, was produced. Styling quickly became an integral part of the Ferrari brand.

In 1950, we began our participation in the Formula 1 World Championship, racing in the world's second Grand Prix in Monaco, which makes Scuderia Ferrari the longest running Formula 1 team. We won our first Constructor World Title in 1952. Our success on the world's tracks and roads extends beyond Formula 1, including victories in some of the most important car races such as the 24 Hours of Le Mans, the world's oldest endurance automobile race, and the 24 Hours of Daytona.

The Fiat group acquired a 50 percent stake in Ferrari S.p.A. in 1969 and increased its stake to 90 percent in 1988 following the death of Enzo Ferrari, with the remaining 10 percent held by Enzo Ferrari's son, Piero Ferrari.

Ferrari became an independent, publicly traded company following its separation from FCA (following the merger with Peugeot S.A. in January 2021, Stellantis), which was completed on January 3, 2016 (the "Separation") and occurred through a series of transactions including (i) an intragroup restructuring which resulted in the Company's acquisition of the assets and business of Ferrari North Europe Limited and the transfer by FCA of its 90 percent shareholding in Ferrari S.p.A. to the Company, (ii) the transfer of Piero Ferrari's 10 percent shareholding in Ferrari S.p.A. to the Company, (iii) the initial public offering of common shares of the Company on the New York Stock Exchange in October 2015 under the ticker symbol RACE, and (iv) the distribution, following the initial public offering, of FCA's remaining interest in the Company to FCA's shareholders. On January 4, 2016, the Company also completed the listing of its common shares on the Mercato Telematico Azionario ("MTA", subsequently renamed Euronext Milan), under the ticker symbol RACE.

Industry Overview

Within the luxury goods market, as of 2023, we define our target market for luxury performance cars powered by engines producing more than 500 hp and selling at a retail price in excess of Euro 180,000 (Italian market price including VAT has been used as reference). The luxury performance car market historically has followed relatively closely growth patterns in the broader luxury market. The luxury performance car market is generally affected by global macroeconomic conditions and, although we and certain other manufacturers have proven relatively resilient, general downturns can have a disproportionate impact on sales of luxury goods in light of the discretionary nature of consumer spending in this market. Furthermore, because of the emotional nature of the purchasing decision, economic confidence and factors such as expectations regarding future income streams as well as the social acceptability of luxury goods may impact sales.

Following the sharp recession of 2008-2009, the luxury performance car market has been resilient to further economic downturns and stagnation in the broader economy, driven by an increase in new product launches. A sustained period of wealth creation in several Asian countries and, to a lesser extent, in the Americas, has led to an expanding population of potential consumers of luxury goods. Developing consumer preferences in the Asian markets, where the newly affluent are increasingly embracing western brands of luxury products, have also led to higher demand for cars in our segment, which are primarily produced by established European manufacturers. In turn, the changing demographic of customers and potential customers is driving an evolution towards luxury performance cars also suited to an urban and more frequent use. Additionally, the growing appetite of younger affluent purchasers for luxury performance cars has led to new entrants to the industry, which in turn has resulted in higher sales overall in the market.

After the challenges brought by the onset of the COVID-19 pandemic in 2020, which depressed industry volumes, the luxury performance car market experienced a V-shaped recovery in 2021; in 2022 it surpassed 2019 pre-pandemic levels, growing again in 2023. Ferrari shipments surpassed the 2019 pre-pandemic levels in 2021 (a year earlier than the luxury performance car market), benefiting from actions implemented by the group to mitigate the impact of the COVID-19 pandemic and to maintain production capacity. Ferrari continued with strong growth in shipments again in both 2022 and 2023, in line with plans.

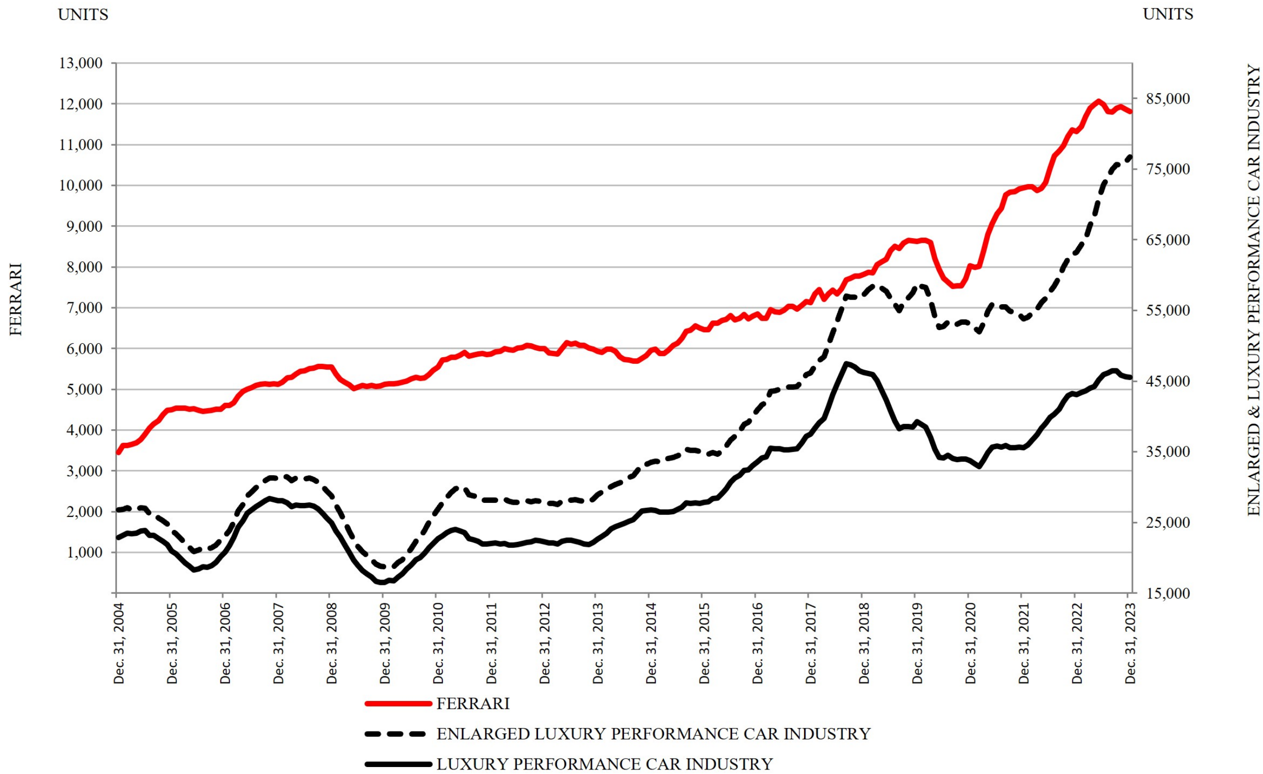
As of 2023, Ferrari commenced deliveries of the Purosangue: the first four-door, four wheel-drive and four-seater Ferrari. Given this broadening of Ferrari's car production, the reference Luxury Performance Car Industry in which Ferrari competes has been enlarged to include also high-riding four-door luxury performance cars offering more than 500 hp and priced in excess of Euro 180,000 (Italian market price including VAT as reference).

Unlike in other segments of the broader luxury market, in the Luxury Performance Car Industry, a significant portion of demand is driven by new product launches. The market share of individual producers fluctuates over time reflecting the timing of product launches. New launches tend to drive sales volumes even in difficult market environments because the novelty, exclusivity and excitement of a new product is capable of creating and capturing its own demand from clients. The luxury performance car market also experienced an increased demand for personalization and digital connectivity, with several industry players introducing customized solutions to serve local markets.

In line with the characteristics of the market as noted above, one of the key elements driving the positive performance of the Luxury Performance Car Industry in 2021, 2022 and 2023 was the renewed product offering by several competitors, despite several adverse global events like supply chain issues, the semi-conductor crisis, rising inflation and the ongoing conflicts between Russia-Ukraine and Israel-Hamas. Most of the producers in the Luxury Performance Car Industry managed to navigate through these difficulties by adjusting their supply chain policies and by revising their pricing strategies, as well as through the aforementioned renewal of their product offerings.

Growing environmental concerns are leading to the implementation of increasingly stringent emissions regulations and an increase in demand for both hybrid and electric vehicles. Cost and limited charging infrastructure are currently limiting factors in the demand for electric vehicles, but advancements in battery technology in coming years are expected to boost sales of hybrid and electric high-performance luxury vehicles, although at a slower pace compared to mass market vehicles. The ability to combine driving experience with hybrid and electric technology will be key for the commercial success of high performance luxury vehicles.

As shown in the chart below, our volumes have historically proven less volatile than our competitors'. We believe this is due to our strategy of maintaining low volumes compared to demand, as well as to the higher number of models in our product portfolio and our more frequent product launches compared to our competitors.

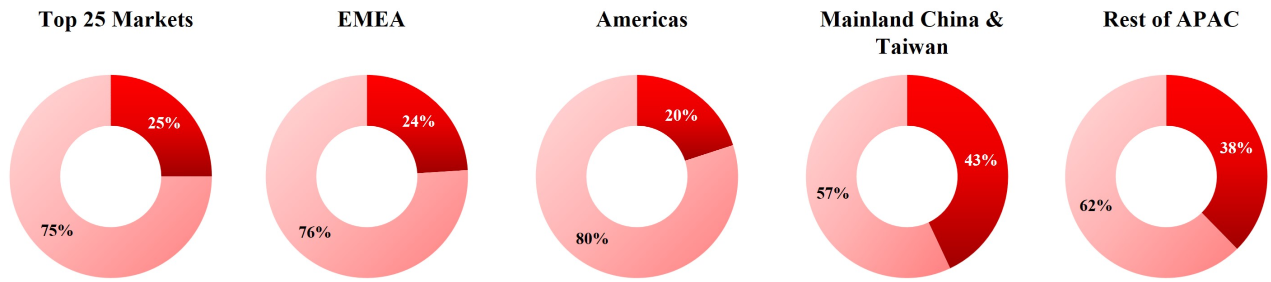


- Ferrari, Luxury Performance Car Industry & Enlarged Luxury Performance Car Industry data are updated to December 31, 2023. Data is based on units registered (in Brazil, Japan, Taiwan, United Kingdom, Germany, France, Switzerland, Italy, Poland, Hungary, Czech Republic, Spain, Sweden, Netherlands, Belgium and Austria) or sold (in USA, Canada, South Korea, Mainland China, Russia, Australia, New Zealand, Singapore and Indonesia). Source: USA-US Maker Data Club; Brazil-JATO; Canada-JATO; Austria-OSZ; Belgium-FEBIAC; France-SIV; Germany-KBA; UK-SMMT; Italy-UNRAE; Netherlands-VWE; Poland-CEPiK; Hungary-Ministry of the Interior; Czech Republic-Cars Importers Association; Spain-TRAFICO; Sweden-BranschData; Switzerland-ASTRA; Mainland China-China Automobile Industry Association-DataClub; Russia-AEBRUS; Taiwan-Ministry of Transportation and Communications; Australia-VFACTS-S; Japan-JAIA; Indonesia-GAIKINDO; New Zealand-VFACTS; Singapore-LTA, MTA (Land Transport Authority, Motor Trader Associations); South Korea-KAIDA.
- We identify the Luxury Performance Car Industry to include all two-door luxury sports cars with power above 500 hp, and retail price above Euro 180,000 (Italian market price including VAT as reference) sold by Aston Martin, Audi, Bentley, BMW, Ferrari, Ford, Honda/Acura, Lamborghini, Maserati, McLaren, Mercedes Benz, Porsche and Rolls-Royce.
- With the Purosangue, Ferrari entered a new segment of four-door and four-wheel drive high performance vehicles. As a result, in addition to the "Luxury Performance Car Industry" historically considered, we also identified the "**Enlarged Luxury Performance Car Industry**": a broader market segment which also includes high-riding four door luxury performance cars offering more than 500 hp and priced in excess of Euro 180,000 (Italian market price including VAT as reference), mostly sold by the same aforementioned competitors with the addition of Land Rover.
- Ferrari data based on internal information for the 25 Top Countries (excluding Middle East countries) for Ferrari annual registrations and sales (which accounted for approximately 91% of the total Ferrari shipments in 2023).

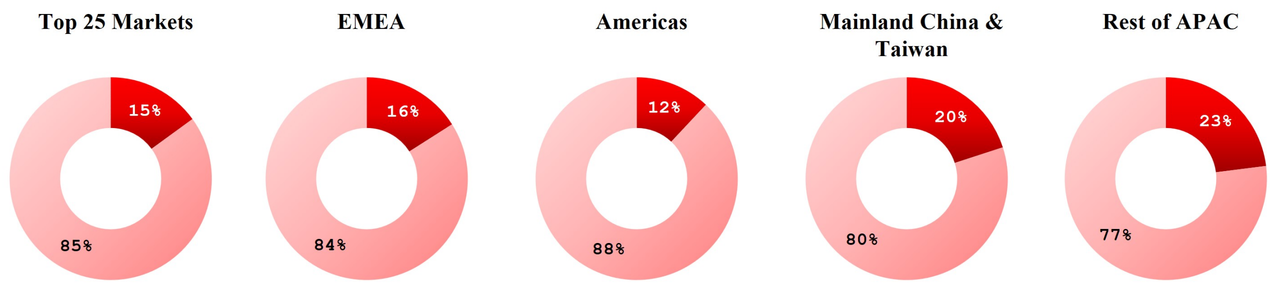
In 2023, Ferrari's volumes in the largest 25 markets increased compared to 2022, primarily driven by the contribution from our enlarged product range.

The charts below set forth our market shares in 2023 based on volumes in our largest 25 markets by geographical area.

- In 2023, we had a market share of 25% in the **Luxury Performance Car Industry**, which is our historic reference market.



- In 2023, we had a market share of 15% in the **Enlarged Luxury Performance Car Industry**, in which also high riding four-door luxury performance cars are included.



- Ferrari, Luxury Performance Car Industry & Enlarged Luxury Performance Car Industry data are updated to December 31, 2023. Data is based on units registered (in Brazil, Japan, Taiwan, United Kingdom, France, Switzerland, Italy, Poland, Hungary, Czech Republic, Spain, Sweden, Netherlands, Belgium and Austria) or sold (in USA, Canada, South Korea, Mainland China, Russia, Australia, New Zealand, Singapore and Indonesia). Source: USA-US Maker Data Club; Brazil-JATO; Canada-JATO; Austria-OSZ; Belgium-FEBIAC; France-SIV; Germany-KBA; UK-SMMT; Italy-UNRAE; Netherlands-VWE; Poland-CEPiK; Hungary- Ministry of the Interior; Czech Republic-Cars Importers Association; Spain-TRAFICO; Sweden-BranschData; Switzerland-ASTRA; Mainland China-China Automobile Industry Association-DataClub; Russia-AEBRUS; Taiwan-Ministry of Transportation and Communications; Australia-VFACTS-S; Japan-JAIA; Indonesia-GAIKINDO; New Zealand-VFACTS; Singapore-LTA, MTA (Land Transport Authority, Motor Trader Associations); South Korea-KAIDA
- We identify the "**Luxury Performance Car Industry**" to include all two-door luxury sports cars with power above 500 hp, and retail price above Euro 180,000 (Italian market price including VAT as reference) sold by Aston Martin, Audi, Bentley, BMW, Ferrari, Ford, Honda/ Acura, Lamborghini, Maserati, McLaren, Mercedes Benz, Porsche and Rolls-Royce. Ferrari is market leader in several countries, including Italy, Japan, Mainland China, Taiwan, Singapore and South Korea among others.
- With the Purosangue, Ferrari entered in a new segment of four-door and four-wheel drive high performance vehicles. As a result, in addition to the "Luxury Performance Car Industry" historically considered, we also identified the "**Enlarged Luxury Performance Car Industry**": a broader market segment which also includes high-riding four-door luxury performance cars offering more than 500 hp and priced in excess of Euro 180,000 (Italian market price including VAT as reference), mostly sold by the same aforementioned competitors with the addition of Land Rover. With respect to the Enlarged perimeter, Ferrari maintains its leadership in Italy, Taiwan, Singapore and Japan among others.
- Ferrari data based on internal information for the 25 Top Countries (excluding Middle East countries) for Ferrari annual registrations and sales (which accounted for approximately 91% of the total Ferrari shipments in 2023).
- .

While we monitor our market share as an indicator of our brand appeal, we do not regard market share as particularly relevant as compared to other segments of the automotive industry. We are not focused on market share as a performance metric. Instead, we deliberately manage our supply relative to demand, to defend and promote our brand exclusivity and premium pricing.

Competition

Competition in the luxury performance car market is concentrated in a fairly small number of producers, including both large automotive companies that own luxury brands as well as small producers exclusively focused on luxury cars, like us. Our main competitors are Lamborghini, McLaren, Aston Martin, Rolls-Royce and Bentley, as well as Porsche, Mercedes, Audi, BMW and Land Rover in certain segments of the market, and may vary based on the technical characteristics and target customer segment for each model.

Competition in the luxury performance car market is primarily driven by the strength of the brand and the appeal of the products in terms of performance, driving thrills, styling and innovation as well as by the manufacturers' ability to regularly renew their product offerings to continue to stimulate customer demand.

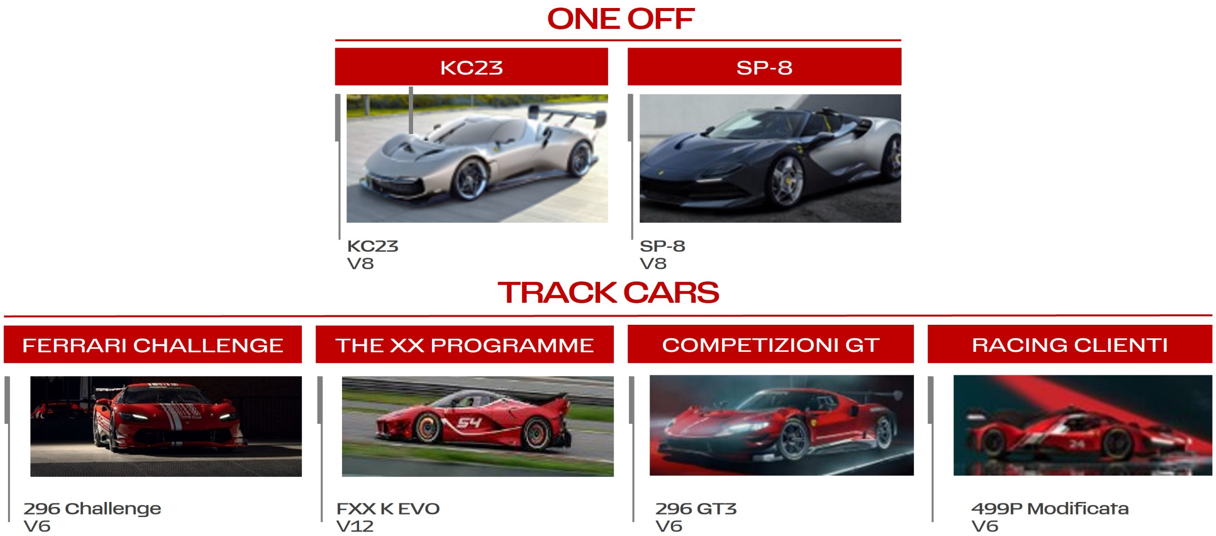
Competition among similarly positioned luxury performance cars is also driven by price and total cost of ownership. Resilience of the car value after a period of ownership is an important competitive dimension among similarly positioned luxury cars, because higher resilience decreases the total cost of ownership and promotes repeat purchases: we believe this is a strong competitive advantage of Ferrari cars.

Overview of Our Business

Sports Car Line-Up

Our product offering comprises four main pillars: Range, Special Series, Icona and Supercar. Our current product portfolio includes nine Range models (three V8 internal combustion engine ("ICE") models: Portofino M, Roma and Roma Spider; two V12 ICE models: 812 GTS and Purosangue; two V6 hybrid models: 296 GTB and 296 GTS; two V8 hybrid models: SF90 Stradale and SF90 Spider), four Special Series models (812 Competizione, 812 Competizione A, SF90 XX Stradale and SF90 XX Spider), and one limited edition Icona model (Daytona SP3). We also from time to time produce limited edition Supercars and One-Off cars. Our most recent Supercar model, the LaFerrari Aperta, was launched in 2016 to celebrate our 70th anniversary. In 2023, we launched five models (the Roma Spider, SF90 XX Stradale and SF90 XX Spider, the 296 Challenge and the 499P Modificata) and we completed the shipments of the F8 Tributo and F8 Spider, while the Portofino M is approaching the end of its lifecycle in early 2024.

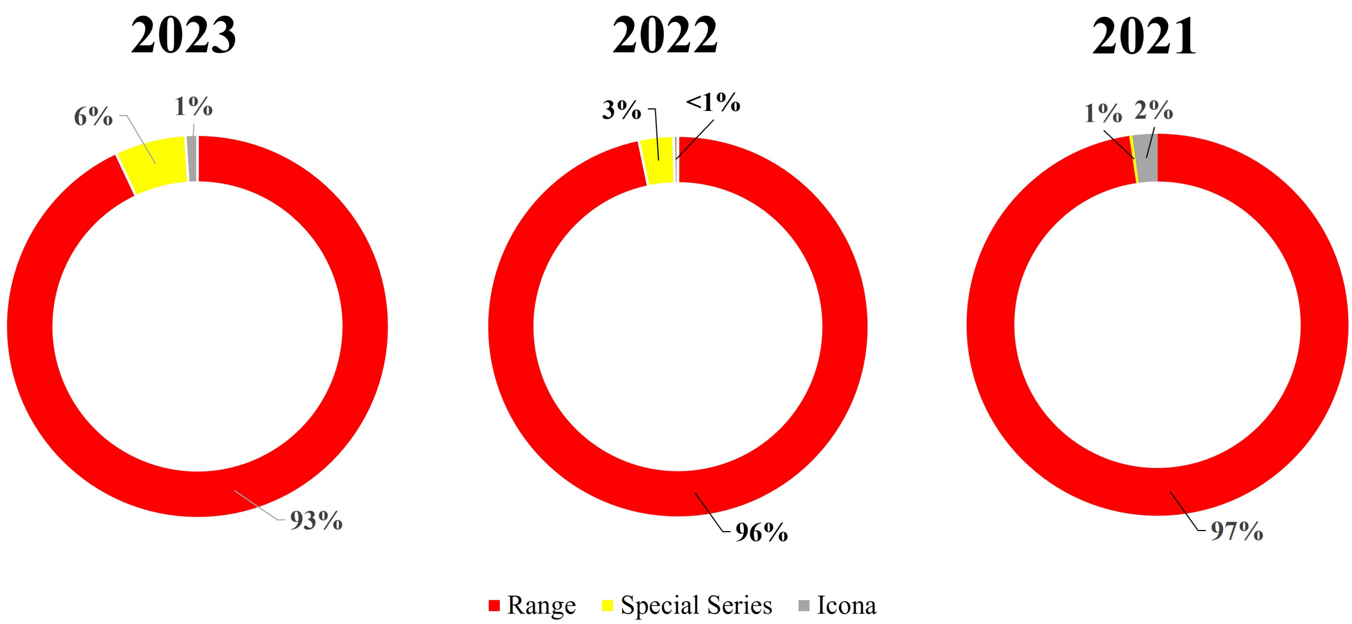
Our diversified product offering may include different architectures (such as front-engine and mid-rear engine), engine sizes (V6, V8 and V12), technologies (natural aspirated, turbo-charged, hybrid), body styles (such as coupes, spiders, targa and 4-doors) and seats (2 seaters, 2+ seaters, 4 seaters).



We target end clients seeking high performance cars with distinctive design and state-of-the-art technology. Our broad product portfolio is designed to fulfill the strategy of "different Ferrari for different Ferraristi, different Ferrari for different moments", which means being able to offer a highly differentiated product line-up that can meet the varying needs of current and new customer segments (in terms of sportiness, comfort, on-board space and design, amongst others) and that can allow our existing clients to use a Ferrari in various moments of their lives. We believe that our target end clients can be divided into two main categories: on the one hand, the "Sports Car Driver", a client looking for an elegant and understated design, who likes driving their car in a variety of locations and conditions, alone or with passengers, and who uses their Ferrari for longer journeys; on the other hand, the "Pilot", a client looking for a high performing and extreme sports car, who intends to drive their car on track and on challenging roads, and who is looking for an exciting driving experience.

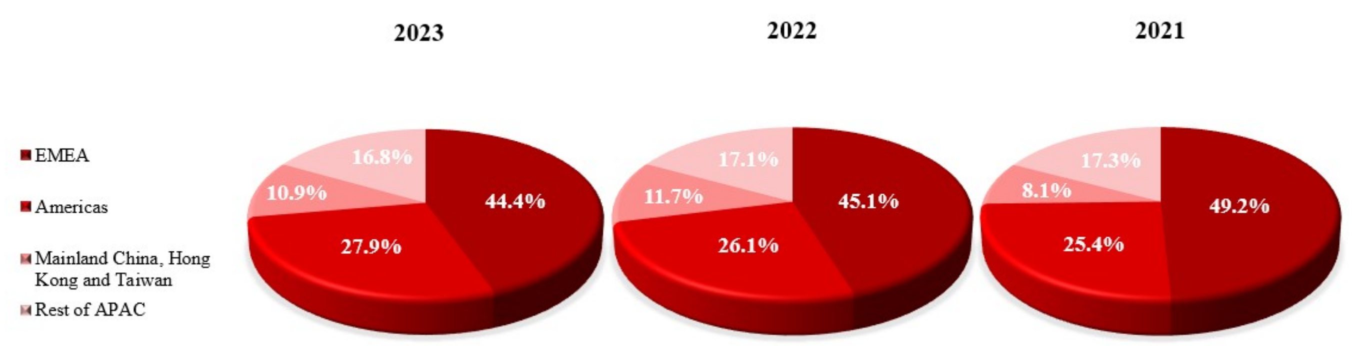
We are also actively engaged in after sales activities driven, among other things, by the objective of preserving and extending the market value of the cars we sell. We believe our cars' performance in terms of value preservation after a period of ownership significantly exceeds that of any other brand in the luxury car segment. High residual value is important to the primary market because clients, when purchasing our cars, take into account the expected resale value of the car in assessing the overall cost of ownership. Furthermore, a higher residual value potentially lowers the cost for the owner to switch to a new model thereby supporting client loyalty and promoting repeat purchase.

The following chart shows the percentage of our unit shipments[1] by pillar[2] for the years ended December 31, 2023, 2022 and 2021:



(1) Excluding the XX Programme, racing cars, one-off and pre-owned cars.
(2) There were no shipments of Supercars during the period from 2021 to 2023.

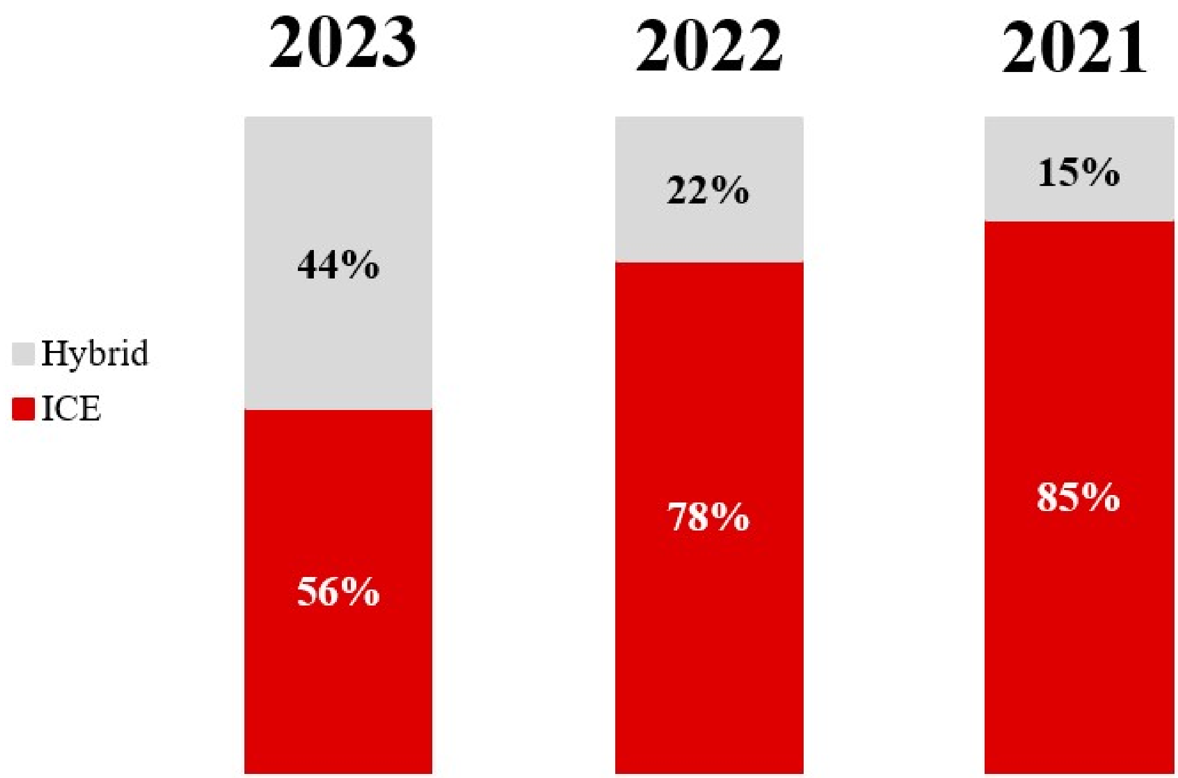
The following chart shows the percentage of our unit shipments[1] by geographic market for the years ended December 31, 2023, 2022 and 2021:



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

See also "*Financial Overview—Trends, Uncertainties and Opportunities—Shipments*".

The following chart shows the percentage of our unit shipments(1) by engine type for the years ended December 31, 2023, 2022 and 2021:



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

Range

Our Range line comprises products designed for both our Pilot and our Sports Car Driver clients.

Range models designed for Pilot clients are characterized by compact bodies, a design guided by performance and aerodynamics, that often benefit from technologies initially developed for our Formula 1 single-seaters or other racing activities. They favor performance over comfort, seeking to provide the driver with an immediate response and superior handling, leveraging state-of-the-art vehicle dynamics, components and controls. We currently offer five such models: the SF90 Stradale and the SF90 Spider, our first series production cars which feature PHEV technology that combines a V8 engine (780 hp) with three electric motors allowing the car to reach 1,000 hp; the 812 GTS, equipped with a front V12 engine (800 hp); the 296 GTB and the 296 GTS, which also feature PHEV technology and are powered by the first 6-cylinder engine installed on a Ferrari road car, producing 830 hp of total power output delivered by the new 120° V6 engine (663 hp), coupled with an electric motor capable of delivering a further 122 kW (167 hp) – an unprecedented performance for a V6 car.

Range models designed for Sports Car Driver clients, which also exhibit the performance expected of a Ferrari, are characterized by more refined interiors with a higher focus on comfort and on-board life quality. We currently offer three such models: two models equipped with our V8 engine; the Roma (620 hp) and the Roma Spider (620 hp), and one model equipped with our V12 naturally aspirated engine, the Purosangue (725 hp) launched in September 2022. In 2023 we also offered the Portofino M (620 hp), which is equiped with our V8 engine and is approaching the end of its lifecycle in early 2024.

Special Series

From time to time, we also design, engineer and produce Special Series cars which can be limited in time or volume and are usually based on some of our Range models but introduce novel product concepts. These cars are characterized by significant modifications designed to enhance performance and driving thrills. Our Special Series cars are particularly targeted to collectors and, from a commercial and product development standpoint, they facilitate the transition from existing to new Range models. In 2021, we launched the 812 Competizione, shipments of which commenced in 2022, and the 812 Competizione A, for which shipments commenced in 2023. The 812 Competizione and the 812 Competizione A, respectively a coupe and targa, both feature 830 hp engines with an extraordinary weight to power ratio of 1.79 kg/hp, which puts them at the top of our V12 car category, reaching 0-100 km/h in 2.85 seconds and 0-200 km/h in 7.7 seconds. In 2023, we launched the SF90 XX Stradale and SF90 XX Spider, the new pinnacle of performance and technological content, and the first XX street legal cars. The coupè reaches 0-100 km/h in 2.3 seconds and 0-200 km/h in 6.5 seconds, and set the Fiorano lap time record for street legal cars with 1 minute and 17.3 seconds. Shipments of these cars are expected to start in 2024.

Icona

In September 2018, we introduced a new pillar of our product portfolio: the Icona, a unique concept that takes inspiration from the iconic concepts of our history and reinterprets them in a modern fashion, pairing timeless design with state-of-the-art materials and technology. The first example of this strictly limited-edition product line-up is the Ferrari Monza SP1/SP2, which is inspired by the classic collectible barchetta cars, the 750 Monza and 860 Monza, and currently out of production. In 2021, the Daytona SP3 was unveiled. This limited-edition targa takes inspiration from legendary Ferrari sports prototypes of the 1960s and sports a naturally aspirated V12 engine, mid-rear-mounted in typical racing car style. The most iconic of all Ferrari's engines, this power unit delivers 840 hp – along with 697 Nm of torque and maximum revs of 9500 RPM – making it the most powerful naturally aspirated road engine ever built by Ferrari.

Supercars

In line with our tradition of Supercars starting with the GTO (288 GTO) in 1984, and including the F40 in 1987, the F50 in 1995, the Enzo in 2002, the LaFerrari in 2013 and the LaFerrari Aperta, our latest supercar launched in 2016, we also produce limited edition Supercars. These are the highest expression of Ferrari road car performance at the time and are often the forerunners of technological innovations for future Range models, with innovative features and futuristic design.

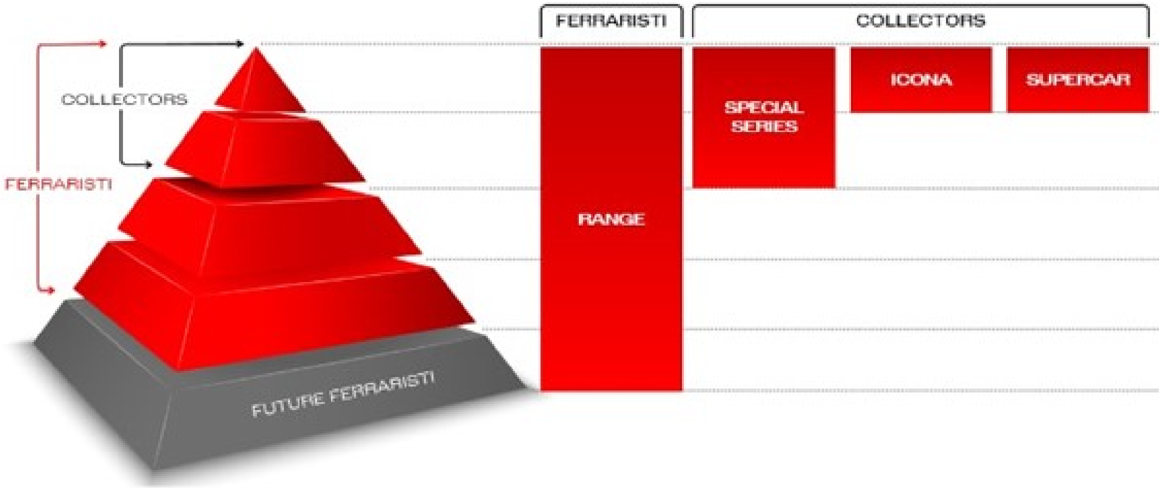
Track cars

We also develop special track racing cars that are based on our range and special series models. These cars are not registered for use on the road and may only be used on track in competitive and non-competitive race events, including for our XX Programme, Endurance and Racing Clienti activities.

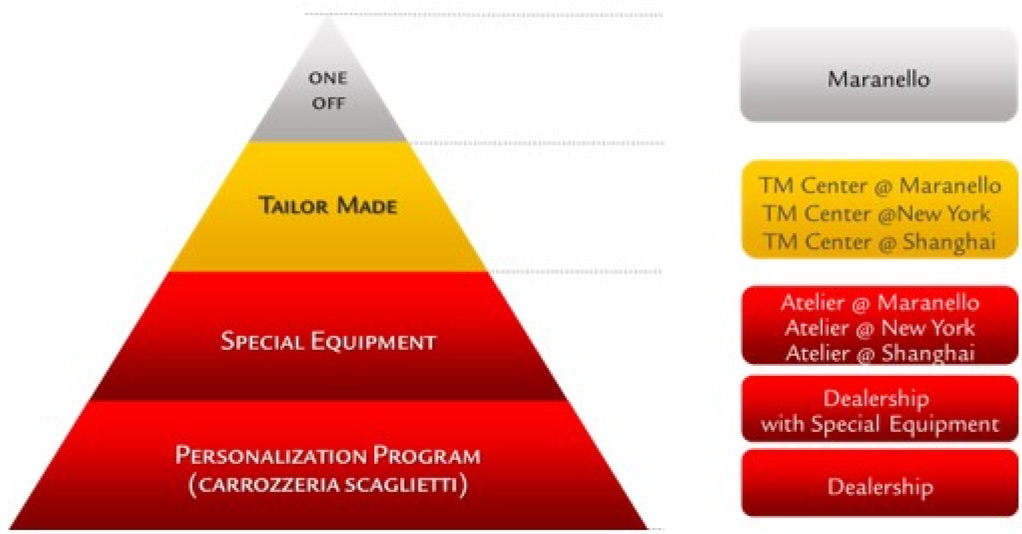
One-Offs

In order to meet the varying needs of our most loyal and discerning clients, we also produce a very limited number of One-Off models. While based on the chassis and equipped with engines of one of the current models for homologation and registration purposes, these cars reflect the exact exterior and interior design specifications requested by the clients, and are produced as a single, unique car. Some of the most iconic models emerged from our One-Off program include the SP12 EC (inspired by the 512 BB and created in 2011), the F12 TRS (a radical two-seat roadster created on the platform of the F12 Berlinetta in 2014), the Ferrari SP38 (a superlative mid-rear V8 turbo taking inspiration from the legendary Ferrari F40), the 458MM Speciale (the last mid rear model with a V8 naturally aspirated engine in 2016), the Ferrari P80/C, a real track car taking inspiration from past Ferrari Sport Prototipo models, and the Ferrari Omologata, based on the 812 Superfast V12 platform. The last models include the BR20, a very elegant V12 based on the GTC4 Lusso and produced in 2021, and the SP48 Unica, based on the F8 Tributo, and SP51, based on the 812 Superfast but with an open-air configuration, both launched in 2022. In 2023, we produced the KC23, a non-homologated car based on the 488 GT3 and featuring a futuristic design, as well as the SP-8, which is based on the F8 Tributo and features a particular targa design and visible carbon fiber in the front part of the car.

The following chart shows our product offering's strategic pillars in terms of their appeal to Ferraristi and collectors respectively.



Personalization Offer



All of our models feature highly customizable interior and exterior options, which are included in our personalization catalogue. Some of these options include performance contents like carbon fiber parts, carbon fiber wheels, titanium exhaust systems, alternative brake caliper colors, parking cameras, MagnaRide dual mode suspension, various door panel configurations, steering wheel inserts and state-of-the-art custom high fidelity sound systems. Starting with the SF90 Stradale and the SF90 Spider, we have also introduced the "Assetto Fiorano" configuration, which provides numerous exclusive features for those who seek extreme performance and design. This specific configuration is also available for the 296 GTB and 296 GTS. For models launched in 2023, we added new personalization features for our clients to choose from, including the possibility to have the soft top in different fabrics/colors (Roma Spider) or the body of the car in natural carbon-fiber with a clear lacquer finish (Daytona SP3 and SF90 XX).

With our "Special Equipment & Atelier" program, we offer clients additional customization choices for their cars. Our specialists are able to guide clients in creating a highly personalized car through a wide catalogue of special items such as different types of rare leathers, custom stitching, special paints, special carbon fiber, and personalized luggage sets designed to match the car's interior. In 2023, we also launched a dedicated livery celebrating the participation in the WEC series (crowned by Ferrari's victory at Le Mans).

The “Tailor Made” program provides an additional level of personalization to meet the increased expectations of our clients. A dedicated Ferrari designer assists clients in selecting and applying virtually any specific design element of their choice. Our clients benefit from a large selection of finishes and accessories in an array of different materials (ranging from cashmere to denim), treatments and hues. To assist our clients’ choice, we also offer three collections inspired by Ferrari’s own tradition: *Scuderia* (taking its lead from our sporting history), *Classica* (bringing a modern twist to the styling cues of our signature Range models) and *Inedita* (highlighting more experimental and innovation-led personalization). In 2023, we developed several innovative projects, including one which supported a charity event in New York.

The “One-off” program is the maximum level of personalization and exclusivity. See “*—One-Offs*” above for additional details.

Design

Design is a fundamental and distinctive aspect of our products and our brand. The design of a Ferrari is a structural part of our innovation process, and everything we do to develop the lines of our cars is functional to increase their performance and driving thrills. Our designers, modelers and engineers work together to create car bodies that incorporate the most innovative aerodynamic solutions in the sleek and powerful lines typical of our cars. The interiors of our cars seek to balance functionality, aesthetics and comfort. Cockpits are designed to maximize the driving experience, tending towards more sporty or more comfortable depending on the model. The interiors of our vehicles boast elegant and sophisticated trims and details that enhance the ergonomic layout of all main controls, many of which are clustered on the steering wheel. A guiding principle of our design is that each new model represents a clear departure from prior models and introduces new and distinctive aesthetic elements, delivering constant innovation within the furrow of tradition.

For the design of our cars we have relied historically on Italian coachbuilders such as Carrozzeria Touring, Vignale, Scaglietti and Pininfarina. These partnerships helped Ferrari in defining its design language at the forefront of design advance. Throughout the years this area of excellence has been recognized repeatedly by a long series of awards being bestowed upon Ferrari cars.

In 2010 we established the Ferrari Design Centre, our in-house design department, with the objective of improving control over the entire design process and ensuring long-term continuity of the Ferrari style. The mission of the Ferrari Design Centre is to define and evolve the stylistic direction of the marque, imprinting all new products with a modern stamp, according to a futuristic, uncompromised vision. The name and logo “Ferrari Design” denotes all concepts and works of the Ferrari Design Centre (see “*—Intellectual Property*”). The Ferrari Design Centre handles all aspects of automotive styling for the Ferrari road cars product range, encompassing the styling of all bodywork, external components and interior trim, applied to series production models for the Range, Special Series, Supercars, Icona, One-Offs, concept cars and some track-only models. The Ferrari Design Centre also includes a Color & Trim unit which manages the choice of materials and finishes for both exterior and interior trim and, in addition, is responsible for the Tailor Made program in conjunction with the Product Marketing department. The Ferrari Design Centre is also often involved in the styling and conceptual definition of Ferrari branded products produced by our licensees (see “*—Lifestyle*”). In 2019, we created the Advanced Design team, a laboratory that aims at defining the brand’s design vision, developing new concepts and formal languages through so far unexplored methods and tools, and trying to achieve simplification and formal purity while staying true to the Ferrari DNA which has characterized its history.

The Ferrari Design Centre is organized as an integrated automotive design studio, employing a total workforce of approximately 60 employees (including designers, 3D surfacing operators, physical modelers and graphic artists), as well as contractors. It operates a modeling studio fully equipped with 5-axis milling machines with the capacity to develop various full-scale models (interior and exterior) in parallel.

In September 2018, we opened a new building for the Ferrari Design Centre, which is our first facility fully dedicated to our in-house design department. The new building hosts two Ateliers and the Tailor Made department to engage clients with Ferrari's rich personalization services. The Ferrari Design Centre has designed our most recent cars, including our entire current line-up.

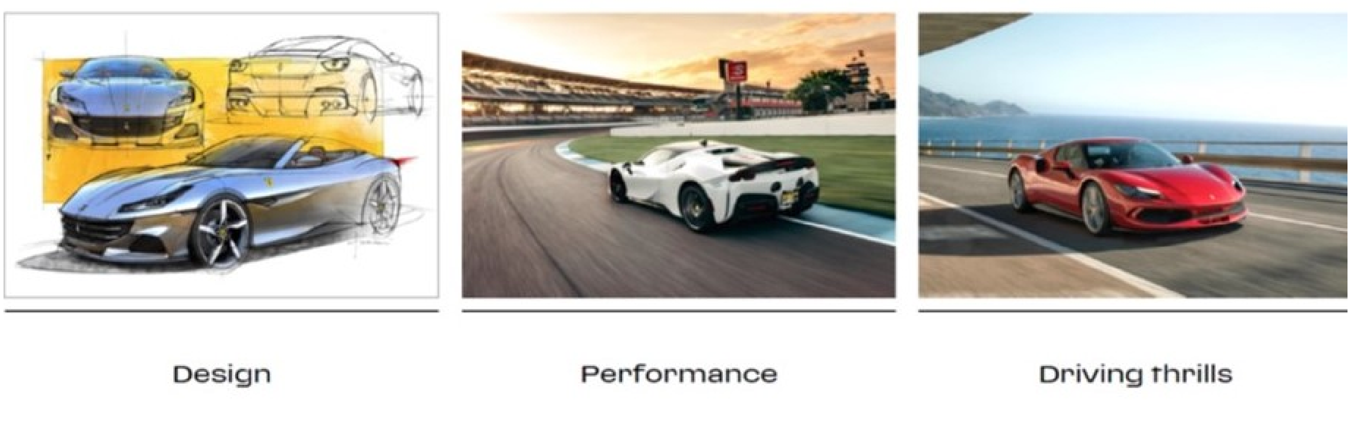
During its 14 year history, the Ferrari Design Centre has received many prestigious design awards for the cars it designed, including the following in the last 2 years:

- Ferrari Purosangue: Car Design Award (2023); Red Dot Best of The Best Award (2023); iF Design Award (2023); EyesOn Design Award - Best Production Vehicle (2023); AUTONIS Award- Auto Motor und Sport (2023);
- Ferrari Vision Gran Turismo: Red Dot Best of The Best Award (2023);
- Ferrari 296 GTS: Red Dot Design Award (2023);
- Ferrari Daytona: iF Design Award (2023);
- Ferrari Roma Spider: AUTONIS Award- Auto Motor und Sport (2023); Sunday Times - Dream Car Award (2023);
- Ferrari Design Centre: Car Design Award 2023 – Ferrari brand design language (2023);
- Ferrari Daytona SP3: Red Dot Best of The Best (2022); EyesOn Design Award (2022); Grand Prix du Design-Automobile Awards (2022);
- Ferrari 296 GTB: iF Design Award (2022); Red Dot Design Award (2022); Car Design Award (2022); AUTONIS - Auto Motor und Sport - Best Design Innovation (2022); Supercar Of The Year – Top Gear Awards (2022);
- Ferrari 812 Competizione: iF Design Award (2022); Red Dot Design Award (2022);
- Ferrari 812 Competizione A: iF Design Award (2022); Red Dot Design Award (2022).

The multi-year collaboration with the creative collective LoveFrom, which started in September 2021, continues today and the partnership brings together Ferrari's legendary performance and excellence and LoveFrom's experience and creativity that has defined extraordinary world changing products.

Product Development and Technological Innovation

Our development efforts take into account the three pillars of competitive advantage of Ferrari cars: design, performance and driving thrills.



Design – sight is the first sense to enjoy a Ferrari and the design of a Ferrari is a structural part of our innovation process. Everything we do to develop the design of our cars is functional to increase their performance and driving thrills.

Performance – features such as power, aerodynamics, weight, driveline and mechatronics all contribute to determine the lap time on track. We strive to ensure that every Ferrari is the best performing car in its segment.

Driving thrills – a key differentiator of Ferrari cars. There are five main elements to driving thrills: longitudinal acceleration, lateral acceleration, braking, gear change and sound.

Innovation Principles

Our goal with innovation is to enhance the performance and driving thrills of our cars. The unique Ferrari way of developing a car involves the following main elements:

- leveraging on Formula 1 and racing-specific know-how;
- prioritizing innovations in core hardware and software, including through open innovation;
- tailoring existing solutions available on the market; and
- developing distinctive and iconic components.

In addition to these internally driven factors, regulation is key in determining the direction of innovation.

Furthermore, being prepared for change is part of our DNA, and climate change is a further stimulus for us to innovate. In the near future, we expect Ferrari's innovation program to be focused not only on electric transition but also on innovative materials, alternative fuels, lubricants and coolants, as well as on aerodynamics.

In this regard, we have placed significant focus on introducing new materials, such as recycled aluminum, for which CO2 emissions could be reduced by up to 90%, and we are working with partners on the use of alternative fuels, such as hydrogen, E-Fuels, coolants and lubricants which would allow us to reduce emissions while continuing to use internal combustion engines that preserve our heritage.

Our goal is to find technological solutions that will allow us to be compliant with applicable regulations, without penalizing the performance and driving thrills of our cars.

Key Features of our Offer

Three Powertrains with Distinctive Driving Emotions

Ferrari engines are characterized by prime performance in a key parameter for cars' engines: specific power (power for displacement and power for mass/weight). We intend to broaden the powertrain offering to include full electric, hydrogen and other technologies as well as the internal combustion engine (ICE) which continues to represent Ferrari's heritage.

Ferrari targets a well-diversified product portfolio, composed of ICE, hybrid engines and full electric engines, each one delivering distinctive driving emotions.

- ICE – Ferrari will continue to pursue the internal combustion engine evolution and, with the support of partners, will develop solutions in energy efficiency and alternative fuels to build on an essential part of the Company's heritage.
- Hybrid – our cars have shown that hybrid is the right technology for increasing pure performance, and we have taken advantage of the technology transfer from the racing world. Ferrari firmly believes that the hybrid powertrain can further increase performance, as evidenced by the four hybrid cars currently in our product portfolio.
- Electric – leveraging strong commonalities with the internal combustion engine, including technology transfer from the racing world, precision mechanics, fluid-dynamics and performance software, electric technology will also provide unique elements, driving emotions and the thrills of a true Ferrari.

The worlds of electric and combustion engines have many similarities, including:

- the racing world - Formula 1 and other racing competitions were and will be the starting point for the development and test of new contents to use on our range cars. For instance, the architecture of our electric engine is racing derived; but the challenge has been to industrialize that engine, in order to move from unitary production to that of thousands of units. A challenge that we have met thanks to the precision mechanics know-how already existing in Maranello;

- the fluid dynamics - cooling systems are key to, among other things, the performance and durability of electric engines. We use our know-how on combustion engine cooling systems to develop the best and most efficient solutions for our future electric engines; and
- the performance software - the performance software, as we apply everything we have learned over the years in the combustion world to the new challenges of the electrification era.

Ferrari Dynamic and Sensors

Sensors and the relevant know-how built over decades contribute to the driving thrills and performance, as well as reliability and car safety.

Our first sensor, a position sensor, was adopted in 1980 on the Ferrari 308GTBi. Now, a Ferrari car can have hundreds of sensors, including accelerometers, gyroscopes, microphones, and others, which improve vehicle dynamics as well as performance and driving thrills.

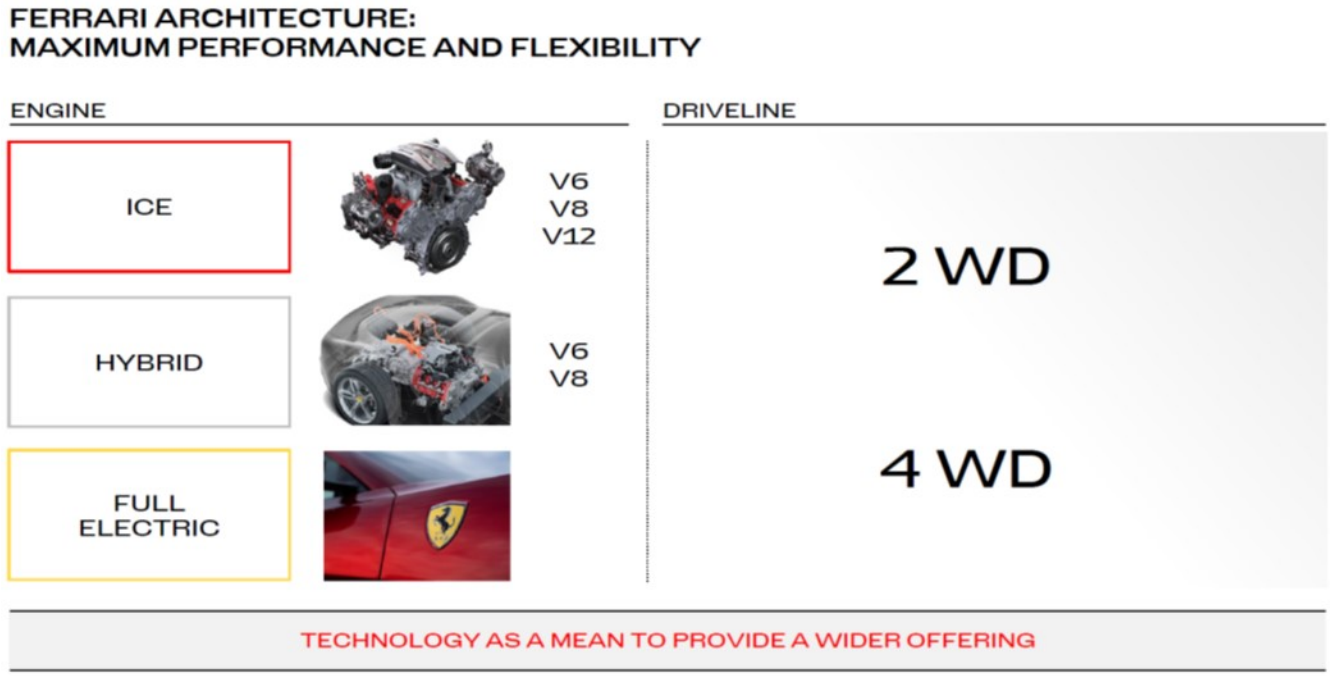
In the near future, our cars will be equipped with new sensors that will allow us to further improve the existing features and enable new functions, and that will play a fundamental role on battery management, increasing the life of the battery as well as the safety of our cars. Longer term, new sensors technology will allow for new applications and a step-up in performance.

By combining sensors and software, it will be possible to further improve the performance and driving thrills of our cars. For example, comparing a Ferrari with a 6D sensor and one without it, we have reduced our braking distance by approximately 10% thanks to the information collected through accelerometers, gyroscopes, and the deep control vehicle software know-how. Another example is the FAST ("Ferrari Active Suspension Technology"), a technology first introduced on the Purosangue that enables our cars to apply the best suspension for every driving condition by keeping the vehicle body at the best elevation for riding. FAST controls body roll in corners as well as the tire contact patch over high-frequency bumps.

Architecture

The other principal technical area we are focusing on is architecture. Our architecture covers all principal technical specifications of future Ferrari models. We expect that innovation requirements will arise principally from: the evolution of engine families; the level of hybridization and electrification; modes of traction; the number of seats up to a real four-seater; and the body style, which will vary much more significantly than in the past.

We expect that our core architectures will be the rear-mid-engine architecture and the front-mid-engine architecture, each comprising several variants.



Autonomous driving and connectivity

While we do not intend to develop self-driving cars, we will adopt certain features of autonomous driving technology in response to regulatory developments and customer preferences, especially in the Range segment. For example, in 2018 we launched initial functionalities for Advanced Driving Assistant Systems (ADAS) such as predictive braking and automatic cruise control on current models, and further innovations will be introduced in future models.

Ferrari is carefully monitoring the evolution of autonomous driving technologies, including sensors, new chips, artificial intelligence and connectivity, and we will select and customize those innovations compatible with the Ferrari experience and the highest security standards. These technologies combined with the hybridization and the incoming cybersecurity requirements will also have an important impact on the electronic architecture of our cars and we are presently developing our future electrical and electronic architecture to take into account these requirements.

"Make or buy" approach

Ferrari will continue to develop and produce its core components in-house with a strong focus on innovation, while co-developing and tailoring best-in-class existing solutions with selected partners. Strategic partnerships in non-core hardware and software areas will provide access to state-of-the-art technologies, helping to maintain a disciplined approach towards investment whilst enhancing design, performance and driving thrills.

Manufacturing

Our production facilities are located in Maranello and in Modena, Italy (see "—*Properties*"). Our production processes include supply chain management, production and distribution logistics of cars in our Range models and Special Series, as well as assembly of prototypes and avanseries.

Notwithstanding the low volumes of cars produced, our production process requires a great variety of inputs (over 70,000 product identifier codes sourced from approximately 500 total suppliers) entailing complex supply chain management to ensure continuity of production. Our stock of supplies is warehoused in or near Maranello, and its management is outsourced to a third party logistics company.

Production of our cars starts with the aluminum bodyworks at our plant in Modena (Carrozzeria Scaglietti) and the remainder of the manufacturing process takes place at our plant in Maranello, including aluminum alloy casting in our foundry, engine construction, mechanical machining, painting, car assembly and bench testing. All parts and components not produced in house at Ferrari are sourced from our panel of suppliers (see "—*Procurement*").

In recent years we have made significant investments in our manufacturing facilities. Equipment may require substantial investment with the introduction of new models or to maintain state-of-the-art technology, particularly in the case of shell tools for the foundry, tools for machining, feature tools for body welding and special mounting equipment for the assembly. Since 2021 we have been acquiring additional resources and production equipment, mainly in relation to Battery Electric Vehicles ("BEVs"), to successfully manage the new technological advancements and related challenges resulting from the transition to electrification. Our BEVs and related components will be produced in our e-building, a strategic asset that is expected to be inaugurated in June 2024. For additional information relating to our e-building see "—*Properties*")

As at December 31, 2023, our production processes employed 1,701 engineers, technicians and other personnel (177 white collar employees and 1,524 blue collar, of which 475 were agency production workers). We have a flexible production organization, which allows us to adjust production capacity to accommodate our expected production requirements. This is primarily due to the low volume of cars we produce per year and to our highly skilled and flexible employee base that can be deployed across various production areas. In addition, we can adjust our make-or-buy strategies to address fluctuations in the level of demand on our internal production resources. Our facilities can accommodate an increase in production compared to current output with the increase of weekend shifts to address special peaks in demand. Since 2021 we have increased production with the introduction of a second shift on car assembly lines in addition to the single shift operated on the V8 assembly line. We constantly work to increase the utilization rate and reduce the internal scrap rate and we closely monitor an index of our production efficiency. We are also committed to continually improving the reliability of our cars, reducing defects, and optimize finishing.

Unlike most low volume car producers, we operate our own foundry and machining department producing several of the main components of our engines, such as engine blocks, cylinder heads and crankshafts. We believe this accelerates product development and results in components that meet our specifications more closely.

Engine Production

Our engines are produced according to a vertical structure, from the casting of aluminum in our foundry up to the final assembly and testing of the engine. Several of the main components of our engines, such as blocks and cylinder heads are produced at our foundry in Maranello. For this purpose, we use a special aluminum alloy that includes seven percent silicon and a trace of iron, which improves mechanical integrity, as well as our own shell and sand casting molds. Once all components are ready, engines are assembled on different lines for our V12 engines, our V8 and V6 engines, and the V6 engines for Maserati. The assembly process is a combination of automatic and manual operations. At the start of the assembly process, each engine is identified with a barcode and operations are recorded electronically. Every engine goes to the test benches to ensure it delivers the expected performance: approximately 90 to 95 percent of engines are cold tested and approximately 5 to 10 percent of engines are also hot tested and measured for power and torque. In 2023, we produced an average of approximately 89 engines per day, including 16 V12 engines on two-shifts and 52 V8/V6 engines (including 5 V8 turbo engines for Maserati), as well as 21 V6 engines for Maserati. The production of engines for Maserati stopped at the end of 2023 (see "*—Manufacturing—Engines for Maserati*").

Body Assembly

In parallel with the assembly of our engines, we prepare our body-shells at our body shop Carrozzeria Scaglietti in Modena. At Carrozzeria Scaglietti we have two different production lines dedicated to the assembly of our V6, V8 and V12 aluminum bodies and two dedicated lines respectively for the assembly of the Purosangue and the special carbon fiber body for the Daytona SP3. The main components of the body-shells are not produced internally but are sourced from manufacturers of chassis, bodies and carbon fiber parts. We carefully assemble and check the geometric alignment of the various parts with electronic templates and gauges. We then carry out aesthetic controls on the surface of the aluminum panels in order to eliminate any imperfections by either filing or panel beating. Our highly qualified specialists manage specific phases of body-shell manufacturing, such as the completely manual execution of the "aesthetic welding", a unique joint weld between flank and roof of certain models, including the Roma, giving the impression that the body is one single piece.

Painting

When transferred to our paint shop, the bodies are mounted on a loading bay, immersed in the cataphoresis tanks and subsequently transferred to a fixing gas fired oven at 180°C. After the cataphoresis, the sealing phase of the body is largely automated. Primers are then applied and fixed at 190°C until the completely grey body-shell is ready for painting. All body-shells are cleaned with automatic pressure blowers (to avoid the electrostatic effect) and carefully brushed with emu feathers (because of their natural electrostatic properties) to clean off any dirt particles or impurities before painting. The painting process is automated for larger surfaces, while it is done by hand for some other localized areas. In 2019, we replaced the robot which performs the application of the base coat. The whole car is painted at the same time to ensure color harmony. The bodies are finally polished with lacquer to fix the paint and give the bodies their final finish. In 2018, we substituted our clear coat with a new generation 2K (bi-component) transparent coat that allows us to decrease the temperature of the oven from 140°C to 90°C; this is a very innovative process that allows us to simultaneously paint aluminum and carbon fiber parts. At the end of the process "aesthetic blacks" are realized by painting any gaps in the car matte black finish.

Assembly Line and Final Checks

The final assembly of our cars takes place in Maranello. We have three different lines placed at ground level and the first floor of the building. For each model, the initial assembly operations take place simultaneously on different lines and sections to maximize efficiency so while the body is assembled on the main line, the powertrain, as well as the cockpit and the doors, are prepared on a separate sub-line. In 2018, the line on the first floor increased from one shift to two shifts. On the first floor there is also the assembly line for the Daytona SP3; since April 2021 the line on the ground floor also increased to two shifts.

Personalization and Road Tests

During the assembly process of our cars we manage the fitting of all bespoke interiors, components and special equipment options that our clients choose as part of our personalization program (see "*—Sports Car Line-Up—Personalization Offer*"). After the assembly phase, every car completes a 40-kilometer road test-drive.

Finishing and Cleaning

After the road test all cars go to the finishing department. There, we thoroughly clean interior and exterior, perform a comprehensive review of the whole car, and polish and finish the bodies to give them their final appearance.

Engines for Maserati

We produced engines for Maserati from 2003 until December 2023, when the contract pursuant to which such engines were produced expired. In 2023, we sold approximately 5,600 engines to Maserati.

The engines we produced for Maserati include both engines produced as variants of engines produced for Ferrari cars, such as the V8 engines, which were mounted on Maserati's highest performing models, such as the Quattroporte and Levante (turbo engines), the GranTurismo and the GranCabrio (aspirated engines) and engines produced exclusively for Maserati, mainly the F160 3.0-liter V6 Turbo engines, to be installed on the Quattroporte and Ghibli, and the F161 engines, to be installed on the Levante, Maserati's SUV.

The facilities that were used for the production of Maserati engines have been reallocated to other production activities of the Group.

Procurement

We source a variety of components, raw materials, supplies, utilities, logistics and other services from numerous suppliers. We recognize the contribution of our suppliers to our success in pursuing excellence in terms of luxury and performance, therefore we carefully select suppliers that are able to meet our high standards.

For the sourcing of certain key components with highly technological specifications, we have developed strongly synergic relationships with some of our suppliers, which we consider "key strategic innovation partners". We currently rely on selected key strategic innovation partners, including for the supply of transmissions and brakes. We have also developed strong relationships with other industrial partners for bodyworks and chassis manufacturing and for powertrain and transmissions, among other things. Pursuant to our make-or-buy strategy, we generally retain production in-house whenever we have an interest in preserving or developing technological know-how or when we believe that outsourcing would impair the efficiency and flexibility of our production process. Therefore, we continue to invest in the skills and processes required for low-volume production of components that we believe improve product quality.

For the year ended December 31, 2023, the purchases from our ten largest suppliers by value accounted for approximately 20 percent of total procurement costs, and no supplier accounted for more than 10 percent of our total procurement costs.

Responsible Supply Chain

Our focus on excellence, in terms of luxury, quality, aesthetics and performance, requires us to implement a responsible and efficient supply chain management in order to select suppliers and partners that are able to meet our high standards. Notwithstanding the low volume of cars manufactured, our production process requires a great variety of inputs entailing a complex supply chain management to ensure continuity of production. We source a variety of components (among which transmissions, brakes, driving-safety systems and others), raw materials (such as aluminum or special steel), supplies, utilities, logistics and other services from numerous suppliers.

We encourage the adoption and sharing of sustainable practices among our business partners, suppliers and dealers. All suppliers must respect the Ferrari Code of Conduct, which includes the set of values recognized, adhered to and promoted by our Company. The Code of Conduct was updated to include specific guidelines relating to the respect of human rights, environmental protection, ethical and integrity principles also considering the value chain.

The Group make its best effort to ensure that the Code of Conduct is regarded as a best practice of business conduct and is followed by third parties, including long lasting relationships and business partners such as suppliers, dealers, advisors and agents.

The selection of suppliers is based not only on the quality and competitiveness of their products and services, but also their adherence to social, ethical and environmental principles. Strategic suppliers are assessed through a risk analysis that aims at identifying critical suppliers, thanks to a mix of financial-compliance and industrial assessments. Their growth capability is analyzed to identify where we need to support the development of our business partners to help them meet the requests of the Group. Furthermore, we have strengthen our suppliers' qualification and selection processes in order to verify not only their technical capability and financial solidity, but also - through a screening methodology - their reliability in terms of ethics, integrity and reputation (the so-called "Compliance Evaluation").

Since 2021, we quantify our CO2eq emissions along the whole value chain. Indirect upstream GHG emissions, which accounts for about 55% of our total emissions, relates mainly to our supply chain procurement process. In particular, the majority of this stream comes from raw material extraction and component production. For this reason, we are developing engagement activities and partnerships with our suppliers to identify effective solutions to reduce GHG emissions and to drive the low-carbon transition.

In 2023, we identified and engaged 177 suppliers who were among the most impactful in terms of GHG emissions in relation to our activities through the CDP Supply Chain questionnaire. In addition, we continue a structured engagement of our supplier base (both Tier 1 and Tier 2 suppliers) to collect qualitative and quantitative information regarding the climate change impacts of their activities, specifically through Life Cycle Assessments, and to investigate their maturity on environmental issues through the definition of a rating. The information collected allows us to identify the activities to be implemented to raise awareness among our suppliers. In particular, most of the direct suppliers were involved to identify emission hotspots on which to focus improvement efforts. Moreover, we are carrying out targeted tier-n engagement activities for all major raw materials suppliers (aluminum, steel, platinum-group metals, plastics, carbon fiber), particularly on small- and medium-sized suppliers, in order to search for sustainable and low-carbon solutions.

In 2022, we started a due diligence process, which was strengthened by joining Drive Sustainability[1] in 2023. With this partnership, we were able to engage a selected base of our suppliers (approximately 50% of active suppliers of direct materials, accounting for more than 90% of our Annual Purchase Value, and about 15% of active suppliers of indirect materials) and to collect comprehensive information on their ESG performance through a structured questionnaire. Suppliers were selected based on risk criteria (strategic relevance, geographical location, company size, supplier strategy, product category or service).

These initiatives are the starting point of a structured ESG due diligence activity, which will be extended to all suppliers in the coming years. Before engaging a new supplier[2], the competent departments of the Ferrari Group conduct an adequate Compliance Evaluation on the potential supplier to examine its ethical reliability and reputation, its involvement in a legitimate and lawful business, and its commitment to share Ferrari's values of integrity, fairness and compliance. The Compliance Evaluation is capable of identifying potential risks for Ferrari under different perspectives, such as: anticorruption, trade sanctions, money-laundering, conflict of interests, ethics and reputation.

To further monitor and promote a responsible supply chain, we have appointed a Financial Supplier Risk Manager, who convenes a dedicated committee, the Supplier Risk Committee ("SRC"), every three months. The SRC committee is composed of, among others: Group CFO; Head of Purchasing; representatives of the Internal Audit, Risk and Compliance Department; Group Chief Accounting Officer; Financial Supplier Risk team; Group Treasurer; Purchasing Controller. Other entities otherwise involved, or needed for information or advice, are involved and invited to participate to the committee's meetings as necessary. The SRC's aim is to convey management lines on financially critical suppliers, approving current action plans and mitigating actions, requesting further action plans to mitigate risks that could come from supply relationships or existing critical situations.

Conflict minerals

Ferrari supports the goal of preventing the exploitation of minerals violating human rights, with specific reference to tantalum, tin, tungsten and gold (collectively, "**3TG**" or "**Conflict Minerals**") originated from high-risk or conflict affected countries ("**Covered Countries**"), that may be included in our cars and/or products. As part of Ferrari's commitment to respect and promote human rights and the sustainability of its operations, Ferrari selects suppliers based not only on the

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[1] Drive Sustainability is an automotive partnership between leading automotive companies. The mission of the partnership is to work together to improve the social, ethical and environmental performance of automotive supply chains.
[2] In 2023, 100% of Ferrari S.p.A. new suppliers were evaluated with this screening methodology.

quality and competitiveness of their products and services, but also on their adherence to social, ethical and environmental principles, as outlined in Ferrari's Code of Conduct.

Therefore, we place a high priority on responsible sourcing and the integrity of our suppliers, and we strive to ensure that the livelihoods of individuals in Covered Countries are not harmed by our efforts.

In particular, Ferrari has developed actions and strategies aimed at complying with the applicable Conflict Minerals National and International rules and regulations, such as by way of example Section 1502 of the Dodd-Frank Act and the subsequent rules promulgated by the U.S. Securities and Exchange Commission, requiring companies to determine whether 3TG in their supply chain originated from the Democratic Republic of Congo and its adjoining countries, and whether the procurement of those minerals supported the armed conflict.

Due to the complexity of our supply chain, we are dependent upon suppliers to provide the information necessary to correctly identify the smelters and refiners that produce the 3TG contained in our products and take appropriate action to determine that these smelters and refiners source responsibly. In accordance with the *Organization for Economic Co-operation and Development* ("OECD") Due Diligence *Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas*, we have established an internal management system in relation to the supply of Conflict Minerals with the objective, *inter alia*, of:

(1) minimizing the trade in Conflict Minerals that directly or indirectly finance or benefit armed groups anywhere in the world; and

(2) enabling legitimate minerals from conflict and high-risk regions to enter Ferrari's global supply chain, thereby supporting the economies and the local communities that depend on the export of such minerals.

Specifically, we:

- expect our suppliers to assure that the 3TG in their products do not directly or indirectly finance or benefit armed groups in the Covered Countries; and
- require all of our 3TG suppliers to conduct the necessary due diligence and provide us with adequate information on the country of origin and source of the materials used in the products they supply to us.

With reference to 2022, 95% of Ferrari's direct suppliers by purchased value submitted responses to our survey. We are strongly committed to increasing the coverage of our analysis and the response rate through targeted actions.

Sales and After-Sales

Our commercial team is organized in four geographic areas, covering our principal regional end markets: (i) EMEA, (ii) Americas, (iii) Mainland China, Hong Kong and Taiwan, and (iv) Rest of APAC.

Dealer Network

We sell our cars exclusively through a network of authorized dealers (with the exception of one-offs and track cars which we sell directly to end clients). In our larger markets we act as importer either through wholly owned subsidiaries or, in China, through a subsidiary partly owned by a local partner, and we sell the cars to dealers for resale to end clients. In smaller markets we generally sell the cars to a single importer/dealer. We regularly assess the composition of our dealer network in order to maintain the highest level of quality. At December 31, 2023, our network comprised 178 dealers operating 196 points of sale.

We do not presently own dealerships and, while our strategy does not structurally contemplate owning dealerships, we retain flexibility to adapt to evolving market requirements over time.

We believe that our careful and strict selection of the dealers that sell our cars is a key factor for promoting the integrity and success of our brand. Our selection criteria are based on the candidates' reputation, financial stability and proven track records. We are also intent on selecting dealers who are able to provide a purchase and after-sales experience aimed at exceeding our clients' high expectations. Furthermore, our dealers are committed to promoting and marketing our cars in a manner intended to preserve the Ferrari brand integrity and to ensure the highest level of client satisfaction.

While dealers may hold multiple franchises, we enjoy a high degree of prominence and level of representation at each point of sale, where the great majority of the client interface and retail experience is exclusive to Ferrari. Our network and business development team works with all dealers to ensure our operating standards are met. Our rigorous design, layout and corporate identity guidelines guarantee uniformity of the Ferrari image and client interface.

Our dealer network has consistently and proactively invested in its facilities in recent years and the majority of our dealer network's worldwide facilities have been upgraded with the latest Ferrari corporate identity guidelines, in order to provide clients with a superior experience while delivering a unique luxury environment and digital touchpoints to complement the physical space.

Furthermore, at the end of 2023, Ferrari presented to its dealer network the Company's vision on the new Ferrari point of sale, which will be implemented starting in 2024, continuing to invest in a strategy aimed at delivering a superior client experience and to foster the relationship between Ferrari and its client community to an even higher level.

Ferrari also uses an omni-touchpoint strategy and continues to engage with dealers and clients at different levels. The client engagement typically takes place at the dealerships, whose ability to promote the client-community life has been reinforced via a new corporate identity implemented in recent years, but also through digital touchpoints such as the MyFerrari App, and through a plan of exclusive experiences organized at our headquarters in Maranello, as well as at a regional or dealer level. Client engagement activities typically feature various car driving opportunities, both on track and on the road. We have also developed and implemented several engagement activities aimed at gathering the client community and promoting the discovery of our brand, including through experience touchpoints. The Casa Ferrari hospitality has been proposed for several years and 2023 saw the second application of the Universo Ferrari brand exhibition take place in Seoul, South Korea, after the first edition outside of Maranello was held in Sydney, Australia, in November 2022. Other important formats of client engagement were launched in 2023, with a special focus on driving events, where two new international formats were inaugurated:

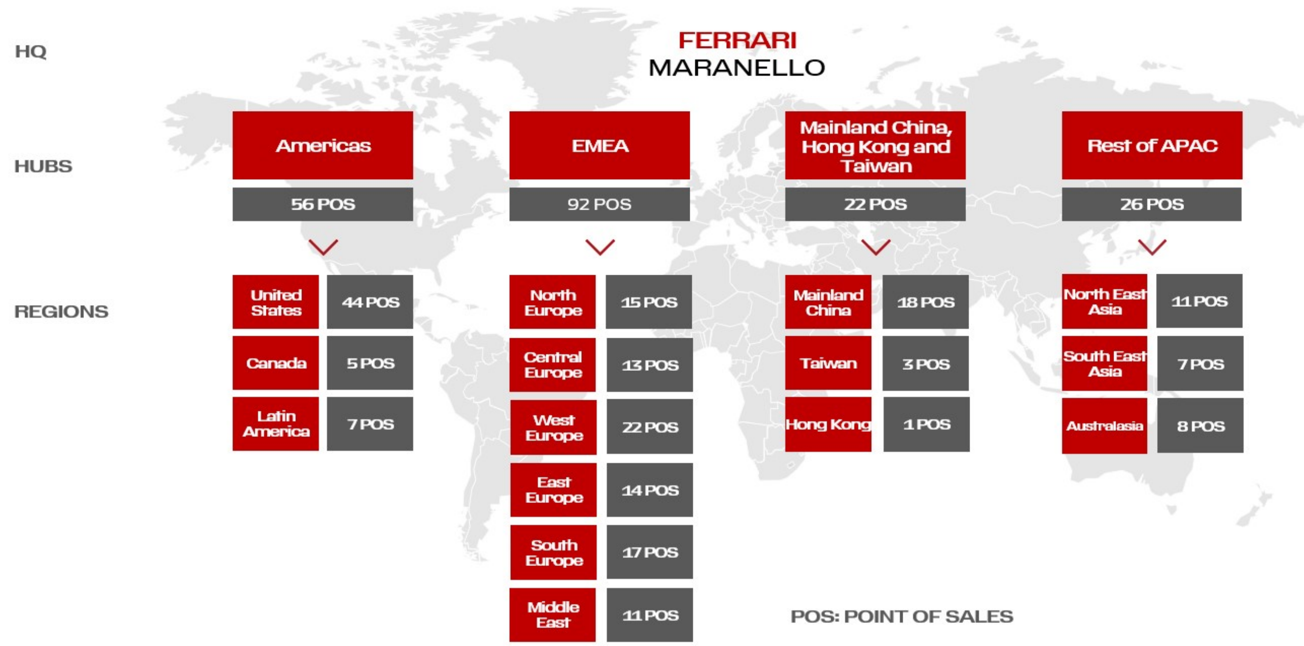
- the Tribute to Le Mans, a tour of modern Ferraris driven by our clients to Le Mans on the occasion of Ferrari's participation in the 24 Hours race in June 2023; and
- the first Ferrari Legacy Tour, a tour that will be dedicated each year to an iconic model of the Company's history, and open only to such models driven by their current owners. The inaugural 2023 edition was dedicated to the Ferrari F40, while the 2024 edition will be dedicated to the GTO, also commonly referred to as 288GTO.

Competence building and training are also key to the implementation of our strategy. Through our in-house Ferrari Academy we provide training to dealers for sales, after-sales and technical activities. This ensures that our dealer network delivers a consistent level of market leading standards across diverse cultural environments. In recent years we have adapted our training strategy by introducing and enhancing virtual-training solutions, including as a result of COVID-19-related restrictions, while continuing to foster expertise in the network at the highest level. We also introduced new courses in areas such as digital commercial execution and luxury experience management, as well as design applied to the personalization experience for clients, with the aim of delivering the best possible client experience.

We collect and observe data relating to dealer profitability and financial health to prevent or mitigate any adverse experience for clients arising from a dealer ceasing to do business or experiencing financial difficulties. Our regional executives visit dealerships regularly to monitor and measure performance and compliance with our operating standards. We have the right to terminate dealer relationships in a variety of circumstances, including failure to meet performance or financial standards, or failure to comply with our guidelines. Dealer turnover is relatively low, reflecting the strength of the franchise and our selection processes, but is sufficient to guarantee an orderly renewal over time and to stimulate the network's health and performance.

We provide a suggested retail price or a maximum retail price for all of our cars, but each dealer is free to negotiate different prices with clients and to provide financing. Although many of our clients in certain markets purchase our cars from dealers without financing, we offer direct or indirect finance and leasing services to retail clients and to dealers. (See *"—Financial Services"*).

The total number of our dealers as well as their geographical distribution tends to closely reflect the development or expected development of sales volumes to end clients in our various markets over time. The chart below sets forth the geographic distribution of our 196 points of sale at December 31, 2023:



Our sales are diversified across our dealer network, with the largest dealer representing approximately 2.9% of our shipments, and our 15 largest dealers representing approximately 23% of our shipments in 2023.

As part of our supply and demand management, we determine allocations based on various metrics including expected developments in the relevant market, the number of cars sold historically by the various dealers, current order book of dealers and the average waiting time of the end client in the relevant market. Our order reporting system allows us to collect and monitor information regarding end client orders and is able to assist us in production planning, allocation and dealer management.

Parts

We supply parts for current and older models of Ferrari to our authorized dealer network. In addition to substitution of spare parts during the life of the car, sales are driven by clients' demand for parts to customize their cars and maximize performance, particularly after a change in ownership, as well as parts required to compete in the Ferrari Challenge and other client races. We also supply parts to Ferrari models currently out of production, with stocks dating back to 1995. The stock of parts for even older models is currently owned and managed by a third party which in some cases also manufactures out-of-stock parts based on our designs. The sale of parts is a profitable component of our product mix and is expected to benefit from the increase in the number of Ferrari cars in circulation.

After-Sales

Dealers provide after-sales services to clients, either at facilities adjacent to showrooms or in stand-alone service points across 247 facilities worldwide at December 31, 2023. After-sales activities are very important for our business to ensure the client's continued enjoyment of the car and the experience. Therefore, we enforce a strict quality control on our dealers' services activities and we provide continued training and support to the dealers' service personnel. This includes our team of "flying doctors," Ferrari engineers who regularly travel to service centers to address difficult technical issues for our clients.

We sell cars together with a scheduled program of recommended maintenance services in order to ensure that these cars are maintained to the highest standards to meet our strict requirements for performance and safety.

Our 7 Year Maintenance Program (free of charge for customers since 2011 on any new cars) is offered to further strengthen customer retention in the official network and has been coupled with the possibility to extend the statutory warranty term of our standard warranty terms through the Power warranty coverage program up to the 15th year of life of the car. For certain strictly limited series cars (for example, the LaFerrari and the LaFerrari Aperta) we introduced a Full Warranty Coverage Extension that can be applied after the 36-month commercial contractual warranty.

After the 7th year of life, a car (if in perfect maintenance condition) can be included in the Main Power warranty coverage program (Maintenance and Power) through to the car's 15th year of life. Between the 15th year of life and the *Classiche* eligibility (20 year old car) Ferrari provides its customers, in addition to standard maintenance items, also certain specific maintenance kits (Ferrari Premium) to preserve car performance and safety systems. When a car follows the full maintenance program up to the 20th year of life, it automatically obtains the *Ferrari Classiche* certification.

While we do not have any direct involvement in pre-owned car sales, we seek to support a healthy secondary market in order to promote the value of our brand, benefit our clients and facilitate sales of new cars. Our dealers provide an inspection service for clients seeking to sell their car which involves detailed checks on the car and a certification on which the client can rely, covering, among other things, the authenticity of the car, the conformity to original technical specifications, and the state of repair. Furthermore, we offer owners of classic Ferrari cars maintenance and restoration services through the 73 *Officina Ferrari Classiche* workshops that form part of our service network.

In addition, owners of our classic cars can seek assistance in car and engine restorations at our *Ferrari Classiche* department in Maranello.

Financial Services

We offer retail client financing for the purchase of our cars through the operations of Ferrari Financial Services ("FFS"):

- directly in the United States through our fully owned subsidiary Ferrari Financial Services Inc. ("FFS Inc");
- through Ferrari Financial Services GmbH (in partnership with CA Auto Bank) in certain markets in EMEA (primarily the UK, Germany and Switzerland); and
- through various partnerships in other European countries and other major international markets, such as Japan and Mainland China (which may also provide financing to our dealers).

Through FFS, we offer a range of flexible, bespoke financial and ancillary services to clients (both current and new) interested in purchasing a wide range of cars, from our current product range to older pre-owned and classic models. FFS also provides special financing arrangements to a selected group of our most valuable and loyal customers.

At December 31, 2023, the consolidated financial services portfolio was €1,451 million and entirely originated in the United States.

Client Relations

Our clients are the backbone of our business together with our brand and our technology. We do not promote our brand or our cars through general advertising. Our main brand marketing and promotional activities have two principal targets.

Firstly, we target the general public. Our most significant effort in this respect is centered on our racing activities and the resonance of Scuderia Ferrari (see "*—Racing—Formula 1*"). We also reach the general public through the activities of our lifestyle division, through the sale of luxury goods at our stores and online, the brand's experience parks and museums, and collectibles. We also engage in other brand-promotional activities through digital platforms such as eSports, and our official social media channels.

Secondly, we target existing and prospective clients on both new car and preowned car sales, seeking to promote clients' knowledge of our products, and their enjoyment of our cars both on road and on track, and to foster long-term relationships with our clients, which is key to our success. In 2023, almost 74% of our new cars were sold to existing Ferrari owners. In recent years, we have pursued a carefully designed enlargement and rejuvenation of our client base, while always respecting the principle of exclusivity.

From January 2022 to January 2023, we have continued to grow our active client base by 10%, rejuvenated our loyal client base with 40% of new clients below 40 years old, and nurtured our best collectors who have increased the average number of Ferrari cars they own by 10%.

By purchasing our cars, clients become part of a select community sharing a primary association with the Ferrari image and we foster this sense of fellowship with a number of initiatives. We strive to maximize the experience of our clients throughout their period of interaction with Ferrari – from first contact, through purchasing decision process, to waiting-time management and car delivery and enjoyment.

Recognizing the importance of digital touchpoints to enhance the overall client experience, Ferrari continues to develop the MyFerrari App, available exclusively for Ferrari clients to enhance and foster their connection to the Ferrari world through the direct distribution of tailored content. This channel enables clients to directly access features and services, strengthening their relationship with the brand and their preferred official Ferrari dealer. Moreover, Ferrari dedicates specific attention to Ferrari clients who have ordered a new car by enriching their waiting time with dedicated digital content to reinforce their engagement and connection with the Ferrari world.

Client and Brand Events

These events are a key aspect and attraction for loyal clients to feel the sense of belonging to the Ferrari community.

In March 2023, the Ferrari Roma Spider was presented to clients with an exclusive event at the El Badi Palace in Marrakesh.

June 2023 was the busiest month for our event calendar. At the beginning of the month, the second Universo Ferrari brand exhibition outside of Maranello was held in Seoul, South Korea. Guests were offered the opportunity to enjoy various aspects of the Ferrari experience with special models on display as well as the Regional Premiere of the Purosangue.

At the end of the month, we launched from the Endurance Racing & Corse Clienti building in Fiorano the SF90 XX Stradale and SF90 XX Spider.

In October 2023, we held a the three-day exhibition at the Hudson Yards complex in New York City that culminated with an exclusive charity auction on October 17th, aimed at supporting the Company's belief in providing education within communities and offering opportunities for students from all walks of life.

Throughout 2023, the Esperienza Ferrari program based in Fiorano offered clients the opportunity to have a full brand experience at Maranello and to test drive our newest models, the Ferrari Purosangue and the 296 GTB. Clients also had the opportunity to benefit from the exclusive and dedicated Casa Ferrari hospitality around the world in selected venues, including Formula 1 race weekends in Melbourne, Miami, Silverstone, Singapore and Abu Dhabi, as well as important automotive gatherings like Goodwood Festival of Speed in England and Pebble Beach in Monterey, California.

Client Experience on Road

Driving events serve the dual objective of allowing clients to enjoy the best emotions of driving a Ferrari, and to foster client loyalty and repeat purchases by creating enhanced opportunities to experience new Ferrari cars. The Ferrari community is a passionate group supported by a wide array of experiences tailored to the dreams of modern car owners, classic car connoisseurs, and racetrack enthusiasts.

We see nurturing our clients' passion for driving as a key asset for our future commercial success, particularly in markets where racing traditions are less pronounced. We offer our prospective and existing clients interested in new Ferrari models our Esperienza Ferrari program, which consists of driving sessions with a team of highly qualified and skilled Ferrari instructors and technicians. In addition, we also offer to our clients on-track driving courses (*Corso Pilota*), catering to different levels of skill and experience and teaching essential driving skills for high performance cars. In selected markets, such as China, we also offer complimentary driving courses on-track to any new car buyer.

In addition to on-track activities, we organize various on-the-road driving events for Ferrari owners, both under proprietary formats (*Ferrari Cavalcade*, including the *Cavalcade Classiche* that are dedicated to our collectors) and with our own branded presence within established driving events. For example, in the *Ferrari Tribute to Mille Miglia* and the *Ferrari Tribute to Targa Florio*, modern Ferrari cars take part in their own dedicated competition before the start of the main racing. There is also a calendar of Ferrari tours organized in various countries allowing all Ferrari owners to enjoy their cars on specially curated road journeys.

The Ferrari Roma Spider World Premiere event was also part of the experience lived by the participants of the International Cavalcade 2023, which comprised over 80 Ferrari vehicles travelling through Morocco along a 1,000 kilometer route. We held this event, which brought together collectors and clients from all over the world, in Marrakesh, in the Agafay desert and along the Atlantic coast. Models such as LaFerrari and LaFerrari Aperta, Ferrari Monza SP1 and SP2, Daytona, F50 and the one-off P540 Superfast Aperta paraded before the eyes of passers-by in Marrakesh, Essaouira and Aït Benhaddou.

Also in 2023, Ferrari organized its own very special tribute to celebrate Le Mans' centenary: some of Maranello's greatest cars, driven by their owners, undertook a five-day tour that culminated in watching the 499P Hypercar storm to victory in the famous 24-hour race. The tribute Le Mans programme included a Ferrari parade around the legendary La Sarthe circuit on the Saturday morning before the race.

Finally, this year we launched a new driving event format dedicated to *Classich*e and their owners: the Legacy Tour. This year's, and the first edition of the Legacy Tour ended at Fiorano on September 30, after an epic three-day journey on some of Italy's finest roads and was dedicated to the F40, one of the Prancing Horses most celebrated models.

Another exclusive driving experience is the *Corso Pilota Classich*e course, led by experts of the *Ferrari Classiche* team and aimed at classic car enthusiasts and clients interested in learning more about the *Ferrari Classiche* certification program and the storied archives at our *Officine Classiche* restoration department. The initiative also offers the opportunity to experience on-track driving of the models celebrated on our Fiorano race circuit.

Client Experience On Track

In the activities organized by the *Corse Clienti* department, this year the *Ferrari Challenge Trofeo Pirelli* has crossed the finish line of its 31st season, reaffirming its status as the world's longest-running single-make championship. Throughout the year, customers have taken part in the Europe, North America, UK series, and the new national series in Japan, which had a successful inaugural season in terms of driver and team participation.

During the *Finali Mondiali* held at the Mugello International Circuit from October 24 to 29, the single-make championship recorded a record-breaking participation with 103 registered drivers representing 24 nationalities competing for the world titles.

Additionally, at the *Finali Mondiali*, two new cars were unveiled: the Ferrari 296 Challenge and the 499P Modificata. The Ferrari 296 Challenge will make its on-track debut at the 2024 *Ferrari Challenge Trofeo Pirelli* in the Europe and North America series; from 2025, it will also feature in the UK and Japan series. The Ferrari 499P Modificata is a strictly limited production car designed for non-competitive track use, derived from the Hypercar 499P that won the 24 Hours of Le Mans, with substantial modifications.

With the Ferrari 499P Modificata, we launched the new *Sport Prototipi Clienti* program, allowing its owners to participate in a dedicated event calendar in 2024, shared with *F1 Clienti* – from the Mugello event in March to the *Finali Mondiali* in Imola in October – with full Ferrari assistance for vehicle maintenance and technical and logistical support for on-track use.

This year, the *F1 Clienti* and *XX Programme* achieved remarkable results in terms of participation in internationally organized events, confirming the growth trend already highlighted in the second half of 2022. The 2023 season, concluded at the *Finali Mondiali* of Mugello, saw a record attendance of 19 and 56 cars, respectively in the *F1 Clienti* and the *XX Programme*, with a total of 75 units brought to the track by 88 customers from 25 different nationalities.

Participation in the activities of the *Endurance Club* is on the rise, allowing customers to take part in exclusive non-competitive events on the world's most iconic tracks, with 37 pilots representing 14 nationalities at the 2023 *Finali Mondiali*.

The *Corso Pilota* program offered customers track driving courses catering to different skill levels and experiences, teaching essential skills for high-performance cars.

Ferrari Classiche

The Ferrari Classiche department supports Ferrari customers in managing their historic Ferrari vehicles (over 20 years from their production) with the objective of keeping as many of these classic cars on the road as possible. Services include the certification of the authenticity of classic Ferrari cars and vehicles of particular historical relevance, the management of Ferrari restoration and repair activities, as well as the management of Ferrari spare parts, including when these are no longer available on the market. The department also provides advice on repair operations carried out on Ferrari Classiche cars within its network.

Ferrari Classiche aims to create a platform of information and technical expertise to preserve and enhance over time the awareness and value of Ferrari's heritage and brand. We view the surviving Ferrari vehicles of historical value as the tangible legacy and incarnation of our brand. The Ferrari Classiche department also supports and encourages the direct participation of clients in strategic historical events.

The Ferrari Classiche department in Maranello consists of an office of specialists and a workshop in which historic cars are checked, restored and repaired. In addition, in order to provide an enhanced service to owners away from the main workshop in Maranello, starting from 2017 Ferrari Classiche authorized a new service network with 73 *Officina Ferrari Classiche* workshops active to date, primarily for vehicle repairs and the certifications' inspections or revalidation. The network is expected to expand in the future.

The authenticity of the car with respect to the initial specifications is checked via a technical inspection, performed either at the *Ferrari Classiche* facility in Maranello or at an authorized workshop, and benefits from a comprehensive archive containing drawings of each of the individual chassis and details of historical components. Based on the evidence gathered during this inspection, the car is then presented to an expert committee, chaired by the founder's son, Piero Ferrari, for the certification.

At the Maranello workshop, *Ferrari Classiche* carries out full restorations using either original components and spare parts or replicas manufactured in accordance with the original specifications. Our service offers our clients the opportunity to restore any classic Ferrari to its original pristine conditions.

The *Ferrari Classiche* department also provides basic technical and instructional support to the *Ferrari Classiche Academy*, a new driving school project that launched in 2019 for vintage Ferrari cars, including the Ferrari 308, Ferrari 328, 550 Maranello, MondialT, 250 GT Lusso, 365 GTB4.

The *Ferrari Classiche* department also offers assistance services to customers willing to attend driving events (such as *1000 Miglia* or other rally and tour) or static events (such as concours of elegance).

Client Satisfaction

We are devoted to the highest level of client satisfaction. We have a structured process to assess the overall client satisfaction on product, service provided, events organized by us and the overall client experience with the car. In 2023, we sold approximately 74% of our new cars to existing Ferrari clients, and 40% to clients being current owners of more than one Ferrari.

Specific KPIs are constantly monitored and analyzed by the Marketing Intelligence department. The KPIs are measured through bespoke surveys for each car launch and collected for every new model, from range vehicles to special and limited editions. A similar approach is adopted for evaluating the quality of service and satisfaction of our events.

The assessment process can involve proactively submitting online questionnaires and conducting telephone interviews with a sample of customers, or the customers directly reaching out to us.

Product satisfaction is evaluated through three different survey typologies in different time frames, which enables us to gather client comments and feedback:

- Early stage: at the commercial launch of a new Ferrari model, client/prospect satisfaction is monitored with Demo Test Drives of the new car at dealers' showrooms (still not purchased).
- Second stage: after approximately 3 to 4 weeks of ownership, the first clients of the new model receive a survey, "Report200", to gather their first impressions of the recently purchased car. A brief questionnaire, managed by the Ferrari Customer Care, is conducted by phone with the initial customers and is terminated after the first 200 replies have been collated.
- Third stage: a few months following the launch, a third survey named New Car Buyer Satisfaction ("NCBS") is sent by email to the initial clients. The NCBS is a more complete, in-depth and detailed assessment on the car, and is composed of more than 100 online questions aimed at gathering a thorough feedback of the vehicle.

Service satisfaction is monitored through an online survey and is evaluated through two different indices: Customer Satisfaction Index ("CSI") and Ferrari Relationship Index ("FRI"). The purpose of both indices is to evaluate client satisfaction with respect to the sale and after-sale service. CSI focuses more on the latest service offered by the dealer, while FRI focuses on the long-term relationship between clients and Ferrari. The results are gathered and analyzed through a statistical model at our headquarters.

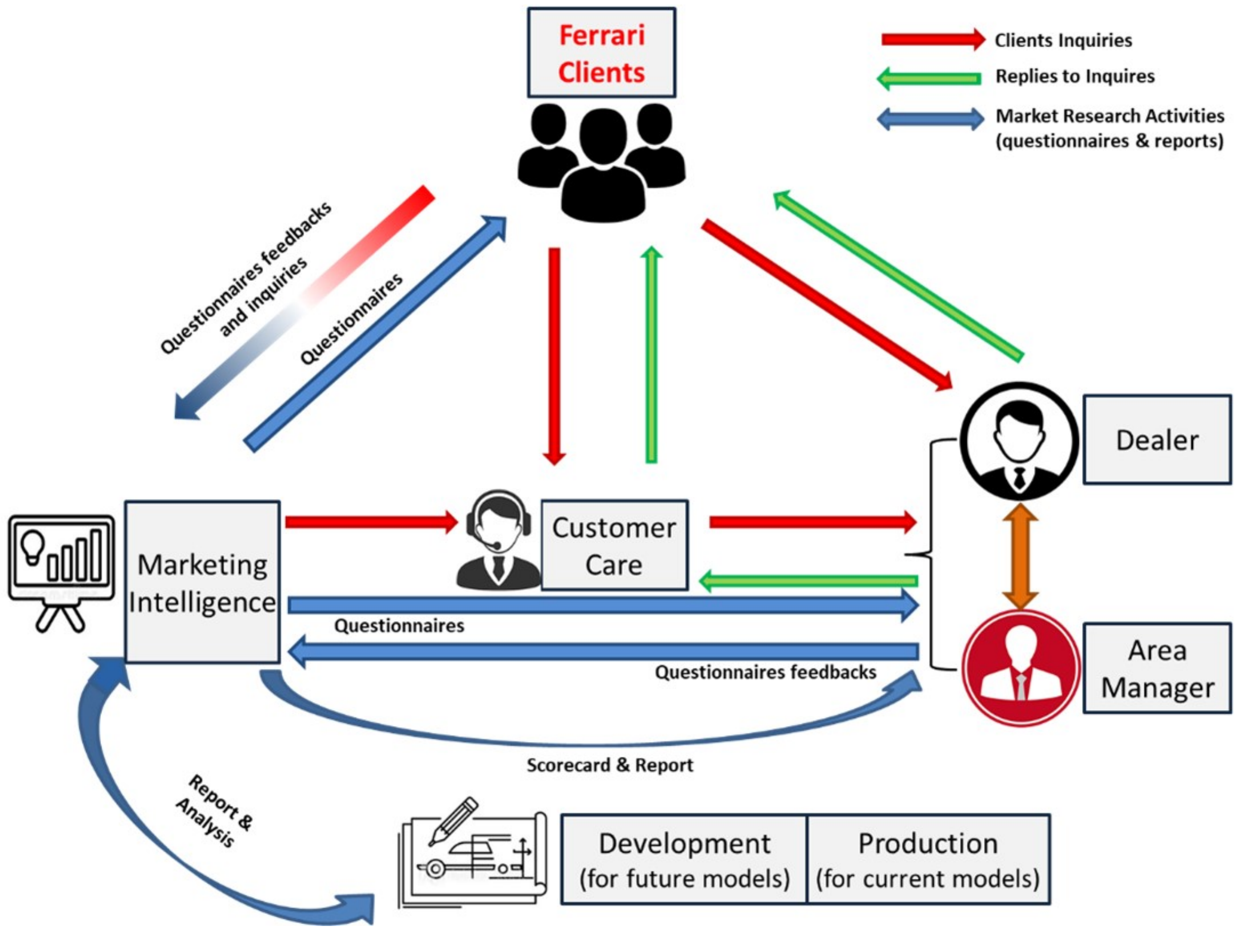
The results of the product and service satisfaction analyses are used to outline any necessary action plans for current models and, additionally, to identify potential features to be added to the next generation of vehicles. Recent surveys show that client satisfaction for Ferrari products and services has constantly stayed at a very high level.

Starting from 2017, to improve the main events for customers' experience (such as Esperienza Ferrari, Digital or Physical World Premiere, Factory Tour etc.) organized by Ferrari's headquarters, we have started evaluation of the level of customer satisfaction as well through an online survey using digital tools. The results of our analysis are gathered and shared with Operative Marketing. Likewise, the results of surveys aimed at measuring the level of client satisfaction for our Ferrari Driving Courses worldwide (US, Europe, Mainland China), have also been shared with the Corse Clienti department and Hub representatives.

Customer Contact Service is centralized at the Group level, except for Mainland China, Hong Kong and the Taiwan region, where the service is provided locally. When a client contacts the customer service, including the one in Mainland China, Hong Kong and Taiwan, every single inquiry is categorized, monitored and managed until resolved and all specifics are integrated in a globally and centrally-managed shared database. We produce period detailed reports to assess the status of inquiries. These reports are subsequently shared with the relevant Company departments and made available to dealers. All client complaints are addressed and available for consulting through a dynamic dashboard.

We developed an integrated system between our customer care, dealers, marketing department and area managers to track all contacts with clients, manage inquiries and share the results of client and dealer satisfaction analysis.

The chart below shows the flow between clients, dealers and Ferrari.



Ferrari Clients
Clients Inquiries
Replies to Inquires
Market Research Activities (questionnaires & reports)
Questionnaires feedbacks and inquiries
Questionnaires
Dealer
Marketing Intelligence
Customer Care
Area Manager
Questionnaires
Questionnaires feedbacks
Scorecard & Report
Report & Analysis
Development (for future models)
Production (for current models)

Racing

Participation in the FIA Formula 1 World Championship with Scuderia Ferrari and in the World Endurance Championship with the Ferrari Endurance Team is a core element of our marketing effort and promotional activities, as well as an important source of innovation for the support of the technological advancement of Ferrari's product portfolio. We also compete in the F1 Esports Championship with the Scuderia Ferrari Esports Team and we own the Mugello racing circuit in Scarperia, near Florence, which we rent to racing events organizers. Each of these items is further discussed below.

Formula 1

The FIA Formula 1 World Championship is the pinnacle of motorsports and one of the most watched annual sports series in the world, with 3.1 billion website and social media page views for the 2023 season and an average television audience of 66.6 million viewers per Grand Prix *(Source: Formula 1)*.

Formula 1 cars rely on advanced technology, powerful hybrid engines and cutting edge aerodynamics. While Europe is the sport's traditional base, longstanding non-European venues such as Australia, Brazil, Canada, Japan, Mexico and the United States have been joined in the last two decades by racing venues in China, Bahrain, United Arab Emirates, Singapore, Qatar, Saudi Arabia, Russia and Azerbaijan (although Russia will not host races in 2024). This provides participants in the Formula 1 World Championship exceptional visibility on the world stage.

Scuderia Ferrari has been racing in the Formula 1 World Championship since the series was launched in 1950, and won its first Grand Prix in 1951. We are the only team that has competed in each season since launch and the oldest and most successful in the history of Formula 1, with 243 Grand Prix wins. Throughout our racing history, we have won 15 Drivers' Championships and 16 Constructors' Championships, more than any other team. Many of the best known drivers in the sport's history have raced in Scuderia Ferrari's distinctive red cars including Alberto Ascari, Juan-Manuel Fangio, Mike Hawthorn, Phil Hill, John Surtees, Niki Lauda, Jody Scheckter, Gilles Villeneuve, Michael Schumacher and Kimi Raikkonen. Our drivers' line-up in 2023 comprised Charles Leclerc, the first graduate of the Ferrari Driver Academy training scheme to race for our Formula 1 racing team, and Carlos Sainz, a talented and experienced Spanish driver.

In 2021, the new FIA financial regulations entered into force and are now applicable as updated in 2023, imposing a cap on certain expenses and investments related to operations and the chassis of the cars which may be incurred by any single Formula 1 team. Moreover, development activities were also limited by the new regulation and only one development per component was allowed power units. In December 2021, the World Motor Sport Council validated the framework for the 2026 Power Unit (PU) Regulations, which include technical, operational and financial guidelines. The framework identifies key objectives related to, among other things, the environmental impact, cost reduction measures and competitiveness of the FIA Formula 1 World Championship. A detailed document setting out the 2026 Power Unit Regulations was submitted to the World Motor Sport Council during the course of 2022. They will apply to power units starting from the 2026 season of the FIA Formula 1 World Championship and, consistent with the framework proposed to the Council, are mainly focused on the sustainability and innovation challenges of Formula 1. The 2026 Formula 1 Power Unit Regulations were approved in August 2022 and apply starting in 2023 for motors to be used in the 2026 season. In 2022, the World Motor Sport Council also approved changes to the 2022 and 2023 Formula 1 Technical Regulations to address safety matters.

The Formula 1 2023 World Championship was originally scheduled to include 24 races. However, due to the difficulties linked to the COVID 19 pandemic, the Chinese Grand Prix was cancelled and, due to heavy flooding in the Emilia Romagna region, the Italian Grand Prix in Imola was also cancelled.

In terms of results, the season ended with third place for the Scuderia Ferrari in the Constructors' Championship, with 406 points, one victory, nine podiums, seven pole positions, and with fifth and seventh place finishes in the Drivers' Championship, for Charles Leclerc and Carlos Sainz, respectively.

Scuderia Ferrari's continuing participation in the FIA Formula 1 World Championship over the five year period from 2021 to 2025 is governed by two agreements – widely known as New Concorde Agreement - signed on August 18, 2020. The first of such agreements governs the regulatory and governance aspects of the sport, and the second governs the commercial aspects. The New Concorde Agreement recognizes the historical role of Ferrari, the only team that has participated in all Formula 1 World Championship editions since its inception. In exchange for their participation in Formula 1 races, the participating teams receive a share of a prize fund based on the profits earned from Formula 1-related commercial activities managed by Formula 1, including in particular, promoters' fees, television broadcasting royalties, partnership agreements and other sources. Shares in the prize fund are paid to the teams, largely based on the relative ranking of each team in the championship. We use our share of these payments to offset a portion of the costs associated with Scuderia

Ferrari, including the costs of designing and producing the race cars each year and the costs associated with managing a racing team, including the salaries of the drivers, who are typically among the most highly paid athletes in the world. Please see "*Risk Factors—Our revenues from Formula 1 activities may decline and our related expenses may grow*".

Improvements in technology and, from time to time, changes in regulations typically require the design and production of a new racing car every year. Therefore, in addition to our long-term research and development efforts, we begin designing our cars each year in the spring, in anticipation of the start of the racing season the following March. While the chassis and the power unit we build each year are designed to be used throughout the racing season, the majority of other components fitted on our cars are adjusted from race to race depending on the characteristics of the circuits.

To maximize the performance, efficiency and safety of our Formula 1 cars, while complying with the strict technical rules and restrictions set out by the FIA, our research and development team plays a key role in the development of our road cars and their engines. We often transfer technologies initially developed for racing to our road cars. Examples include steering wheel paddles for gear-shifting, the use and development of composite materials, which make cars lighter and faster, and technology related to hybrid propulsion.

Our road cars (especially our sports car models) have benefited from the know-how acquired in the wind tunnel by our racing car development teams, enjoying greater stability as they reach high speeds on and off the track. Our research and development team focus on combining minimal lap times with maximum efficiency, leading to advances in kinetic energy recovery systems, or ERS, technology. Current advanced ERS features two electric motor/generator units in every car, which allow the car to recover, store and deploy energy generated both by the vehicle during braking and by the exhaust gases through a turbocharger.

The great visibility, both on traditional media and on digital platforms, that Scuderia Ferrari obtains thanks to its participation in the FIA Formula 1 World Championship continues to attract significant sponsorships. The visibility and placement of partner logos on the car and team uniforms reflect their respective level of sponsorship.

We use the platform provided by Formula 1 for a number of associated marketing initiatives, such as the hosting of clients and other key partners in Ferrari Formula 1 Club Hospitality to watch and experience the Grand Prix races with Scuderia Ferrari, and our Formula 1 drivers' participation in various promotional activities for our road cars. We also often sell older Formula 1 cars to customers for use in amateur racing or collection.

More generally, Formula 1 racing allows us to promote and market our brand and technology to a global audience without resorting to traditional advertising activities, therefore preserving the aura of exclusivity around our brand and limiting the marketing costs that we, as a company operating in the luxury industry, would otherwise incur.

World Endurance Championship

Ferrari returned to compete in the top class of the FIA World Endurance Championship half a century after its last appearance, with two 499P cars in the Hypercar class, achieving very positive results. The season saw Ferrari win a second place in the Constructors' standings, while the crews of cars numbered 50 and 51 ranked third and fourth, respectively, in the Drivers' standings. The Ferrari team – AF Corse secured six podium and finished with seven championship rounds and two pole positions, debuting at Sebring and Le Mans. Highlight of the season was Ferrari's performance at the Centenary 24 Hours of Le Mans, held on June 10-11, where the 499P car number 51 driven by Pier Guidi-Calado-Giovinazzi secured victory in front of a record crowd at the Circuit de La Sarthe, totaling 325 thousand spectators. The world's most important endurance race had two Ferraris starting from the front row, with the Hyperpole ending in fifth place with Fuoco-Molina-Nielsen, ahead of their teammates.

In the LMGTE Am class, Ferrari concluded the season with a third-place finish in the Drivers' standings for Flohr-Castellacci-Rigon, who secured a victory at the 6 hour race of Fuji. The second seasonal win for the Prancing Horse was achieved by Perez Companc-Rovera-Wadoux at the 6 hour race of Spa-Francorchamps.

Other GT Races

The season marked the debut of the 296 GT3, making its first appearance at the 24 Hours of Daytona in January. The new car, derived from the series in May, achieved extraordinary success at the 24 Hours of Nürburgring, marking the first victory in the history of the Prancing Horse, with Frikadelli Racing Team, and a Pro Am class win with WTM by Rinaldi Racing. Additionally, the 296 GT3 secured a double victory in the overall standings in the final race of the GT World Challenge Europe – Endurance Cup in Barcelona in September, with the AF Corse Francorchamps Motors team.

Scuderia Ferrari Esports Team

To further enhance the Ferrari experience, we have been increasing our focus on E-sports and the Scuderia Ferrari Esports Team now competes in the F1 Esports Sim Racing GT Challenge, Formula Sim Racing, VEC and SRO Esports Championship. In 2023, the Ferrari Esports Series expanded to cover Europe, North America, and Asia Pacific with the aim to find new drivers for the Ferrari Esports Team and a program to reach a younger audience worldwide.

Mugello Circuit

Located in Scarperia just outside Firenze, for more than 100 years the Mugello Circuit has been one of the leading motorsport venues globally. Internationally renowned as the host venue for the Italian MotoGP Grand Prix since 1976 (and consecutively since 1994), the Formula 1 Grand Prix of Tuscany Ferrari 1000 in 2020, and numerous international motorsports competitions, the 5,245 metres circuit mimicking the natural slopes of the Tuscan hills is also famed for its ultimate driving experience and modern facilities.

Originally a 66 km road circuit, the first motorsport events held at Mugello starting from 1914 were regularity. Enzo Ferrari won in 1921 on an Alfa Romeo class 4.500. The current facilities were designed in the early 70's and later re-modelled in 1988 when Ferrari bought the circuit. Year after year the track has seen consistent improvements in terms of safety with FIA Grade 1 and FIM Grade A certifications, the highest levels of homologation for a racetrack.

In 2023, the circuit hosted 248 days of track activities and 15 race weekends.

The circuit was awarded the prize for the Best Grand Prix circuit for a MotoGP event five times (1995, 1996, 1997, 2000, 2011), and is also a leader in terms of its sustainability practices. It was the first circuit in the world to obtain FIA's prestigious "Achievement of Excellence" in 2015 and to be certified according to the sustainable event management system ISO 20121. In July 2023, the annual analysis carried out by Enovation Consulting ltd. on 97 circuits worldwide, 23 of which host or have hosted a Formula 1 GP, featured the Mugello Circuit on top of the Sustainable Circuits Index, that ranks the sustainability performance of global circuits against seven key sustainability factors: certifications, accreditations, awards, environmental performance, social performance, economic impact, and sustainability approach and engagement.

In 2023 all certifications were renewed, including for the international standards for sustainable and event management as well as the system of safety and health management on work places.

Lifestyle

Ferrari's presence in the wider luxury landscape is a unique opportunity to ensure brand relevance across generations. The role of Ferrari lifestyle is to fuel long term growth by broadening our customers' base and expanding our value proposition beyond our core business, while preserving our brand's DNA, its heritage and values.

The goal and mission of our lifestyle strategy is that of bringing to life a universe that encapsulates Ferrari's DNA while accompanying our clients through different stages and moments of their lives.

Over the past six years, to strengthen brand desirability, Ferrari:

1) Entered into the personal luxury goods segment, a critical segment to broaden our client base, amplifying cultural relevance for the brand especially for future generations. We also launched our clothing and apparel collection through dedicated fashion shows.
2) Created a new organizational structure, formed by a dedicated and talented team with fashion and luxury expertise based in Milan and working closely with our team in Maranello.
3) Rationalized its licenses by terminating approximately half of its license agreements where the product offering and distribution was not consistent with the positioning of the Ferrari brand.
4) Completed the rationalization of the retail network by closing 7 franchised stores and 4 directly operated stores considered unsuitable for Ferrari's luxury positioning. We have since relocated and restyled our existing flagship boutiques and opened 3 new ones in the United States. Our international network of Ferrari Stores consisted of 14 Ferrari-owned directly operated stores and 2 franchised stores as of December 31, 2023.

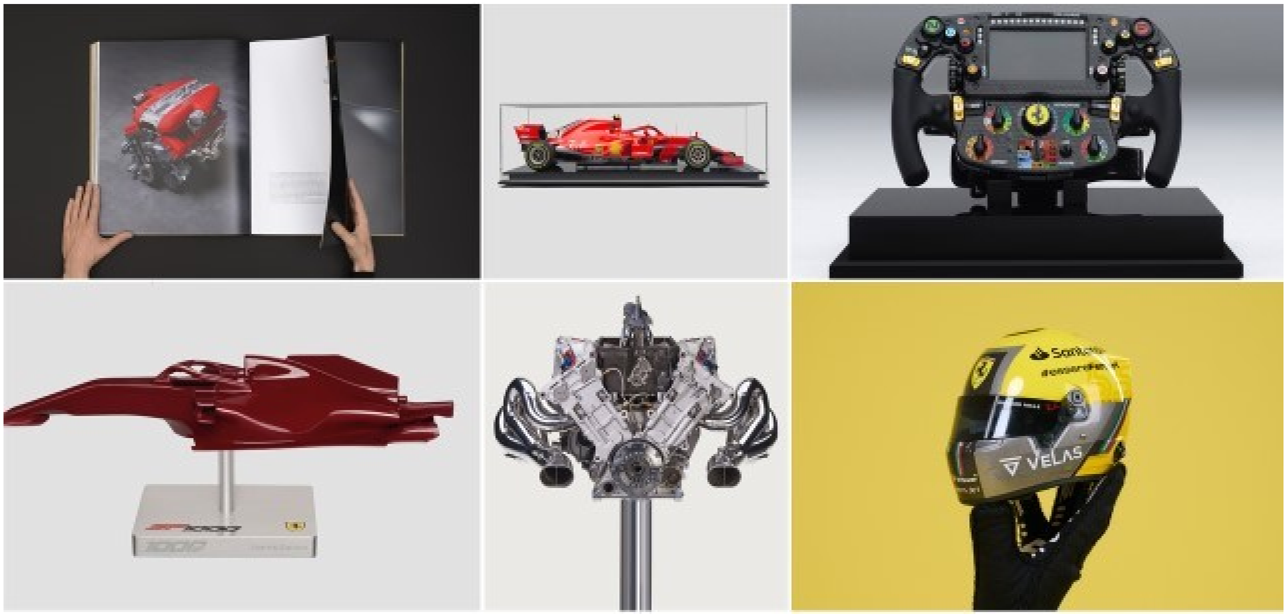
Ferrari Lifestyle has three pillars: (1) Personal Luxury Goods, (2) Collectibles and (3) Experience.

(1) Personal Luxury Goods – Will be dedicated to our own refined collection – accessories, apparel and selected merchandising – embodying the style, creativity and quality that we stand for, balancing exclusiveness and inclusiveness through a carefully combined mix of product categories. Importantly, we will continue to strengthen partnerships with selected licensees, which will allow us to play in complementary territories/categories while being loyal to our brand's DNA and positioning. Through our network of directly operated stores, we offer a wide range of Ferrari branded products, including our fashion collection and selected merchandising and licenses.

FERRARI STORE MARANELLO – NEW CONCEPT

(2) Collectibles – Will build on the concept of collectability by enlarging and customizing the portfolio of available Ferrari tokens and the offer of Ferrari branded products such as high-end watches and high-end writing instruments, consumer electronics, sportswear, toys, leading video games, and other accessories. We will expand the offer of products such as limited editions and one-off artifacts embodying the inherent craftsmanship and innovative spirit that lie behind the creation, design and manufacture of our cars. We believe that this may even become the natural platform to venture into NFTs while leveraging one block chain technology.

COLLECTIBLES AND MEMORABILIA



(3) Experience – Through this pillar we intend to nurture our heritage and celebrate our craftsmanship through dedicated and tailor-made experiences. We will capture the essence of the Ferrari spirit by immersing customers in the racing history, passion and values of Ferrari, through our Ferrari museums in Modena and Maranello (which attracted more than 743,000 visitors in 2023), Il Cavallino restaurant in Maranello and our theme parks in Abu Dhabi and Spain.

MUSEUMS AND PARKS

Intellectual Property

We own a number of registered designs and utility patents. We expect the number to grow as we continue to pursue technological innovations and to develop our design and brand activities.

We file patent applications in Europe, and around the world (including in the United States) to protect technology and improvements considered important to our business. No single patent is material to our business as a whole.

We also own a number of registered trademarks, designs and patents, including approximately 520 trademarks (word or figurative), registered in several countries and across a number classes. In particular, we ensure that the maximum level of protection is given to the following iconic trademarks, for which we own approximately 4,260 applications/ registrations in approximately 150 countries, in most of the main classes for goods and services:

- "Ferrari" (word)
- "Ferrari" logotype:
- the "Prancing Horse" (figurative):
- the trademark (figurative):

- the racing shield (figurative):

- Scuderia Ferrari (word and figurative):

The names of our Range, Special Series and Icona car models and Formula 1 single-seater models are also registered as trademarks (and logotypes) and we also register their domain names and the cars' design.

The protection of intellectual property is also increasingly important in connection with our design and brand activities. Therefore, we adopt and follow internal processes and procedures to ensure both that all necessary protection is given to our intellectual property rights and that no third party rights are infringed by us. In addition, we are particularly active in seeking to limit any counterfeiting activities regarding our Ferrari branded products around the world. To reach this goal we closely monitor trademark applications and domain names worldwide, actively interact with national and local authorities and customs and avail ourselves of a network of experienced outside counsels.

Properties

Our principal manufacturing facility is located in Maranello (Modena), Italy. It has an aggregate covered area of approximately 832 thousand square meters. Our Maranello plant hosts our corporate offices and most of the facilities we operate for the design, development and production of our road and track cars, as well as of our Formula 1 single-seaters. (See "—*Manufacturing*"). Except for some leased technical equipment, we own all of our facilities and equipment in Maranello.

In recent years, we have made significant investments in our manufacturing facilities. In 2015, we completed construction of the new building entirely dedicated to our Formula 1 team and racing activities, as well as the new wind tunnel 4WD. In 2018, we completed the new building for the Ferrari Design Centre, which covers more than 7 thousand square meters. In 2019, we completed the office area and workshop area of the New Technical Center for the development of engines and hybrid systems. The entire building and the engine and hybrid test benches cover an area of approximately 20 thousand square meters and were completed in 2021.

In 2021, we completed the construction of the new building related to new GT sport activities (which covers an area of approximately 6 thousand square meters near the Fiorano track), the new building for our Formula 1 simulator and the renovation of the offices used by our Marketing and Commercial department.

Between 2019 and 2022 Ferrari acquired land and buildings near its Maranello plants and started the construction of the e-building, which is expected to be inaugurated in June 2024. With a total floor space of over 40 thousand square meters, the e-building is a strategic asset for the construction of electric motors, batteries, electric axles and entire automobile assemblies. It features two floors, designed to achieve maximum levels of energy performance with heat pump air conditioning systems and a 1.3 MW photovoltaic system installed on the roof. Externally, the building is mainly made with both opaline and transparent glass panels which guarantee a high internal diffusion of natural light and high visual comfort, also supported by the study of colors and modern lighting materials. In addition to condensing the best characteristics of environmental sustainability, the building offers internal and external spaces intended for the well-being of people through the presence of numerous relaxation areas.

In 2023 Ferrari added an additional 8 thousand square meters to the New Technical Center in order to speed up the development of electrification activities and boost the ability to test the strategic product range components. Furthermore, to support the development and production of Formula 1 components, the Mechanical department was expanded by approximately 2 thousand square meters. The increasing number of employees has made it necessary to construct, expand and modernize offices and workspaces. The new Marketing and Commercial Department offices and the 4WD Wind Tunnel enlargement, which enables the entire Product Development to accommodate more resources in line with the range plan, have been identified as the most significant buildings in 2023. The total area of these recently constructed buildings is about 4 thousand square meters. In order to attract the attention of Ferrari collaborators, we also moved forward with the development and restructuring of certain related facilities (company restaurant, health & care rooms, and infirmary).

Adjacent to the plant is our Fiorano track, built in 1972 and remodeled in 1996, and which covers approximately 3 thousand meters.

The track also houses the Formula 1 logistics offices. Additional facilities in Maranello include a product development center, a hospitality area and the Ferrari museum.

We also own the Mugello racing circuit in Scarperia, near Florence, which we rent to racing events organizers (see "—*Racing—Mugello Circuit*").

We own a second plant in Modena, named Carrozzeria Scaglietti. At this approximately 26 thousand square meter plant we manufacture aluminum bodyworks for our regular Range, Special Series and prototype cars.

The total carrying value of our property, plant and equipment at December 31, 2023 was €1,575 million.

Employees

Human capital is a crucial factor in our success, building on our position as a global leader in the luxury performance car sector and creating long-term, sustainable value. To recognize excellence, encourage professional development and create equal opportunities, we adopt a number of initiatives, including our appraisal system to assess our middle-managers and white collar employees through performance management metrics; our talent management and succession planning, in addition to assessment plans for blue collars; training and skill-building initiatives; employee satisfaction and engagement surveys, including our so-called "Pit Stop", "Pole Position" and "Formula Cultura" programs; and flexible work arrangements, commuting programs and a dedicated welfare program, Formula Benessere, which includes, among other programs, Formula Benessere Donna and Formula Benessere Junior (offering medical assistance to employees and their families) and Formula Estate Junior (offering Summer Campus to the children of employees).

In November 2023 we launched new welfare initiatives starting in 2024 aimed at the employees of the Italian companies of the Group: a medical-health check-up offered annually to all employees to be carried out in-house during working hours and the extension of the Formula Benessere Junior project to the 4-18 age group (compared to the current 5-15 age group). Initiatives to support parenthood were also announced, which include greater flexibility for those who can work in agile mode and paid leave for employees with children up to the age of 10.

At December 31, 2023, we had a total of 4,988 employees, including 161 managers and senior managers. Of these employees, 4,666 were based at our Maranello facility and 322 were based in offices around the world (including 27 managers and senior managers), mostly in North America and China.

	December 31,		
	2023	**2022**	**2021**
White-collar employees and middle-managers	2,568	2,441	2,276
Italy	*2,282*	*2,163*	*2,039*
Rest of the world	*286*	*278*	*237*
Blue-collar employees	2,259	2,326	2,190
Italy	*2,250*	*2,317*	*2,180*
Rest of the world	*9*	*9*	*10*
Managers and senior managers	161	152	143
Total	**4,988**	**4,919**	**4,609**

Approximately 12 percent of the employees were trade union members in 2023. Our employees' principal trade unions are *Federazione Italiana Metalmeccanici* (FIM-CISL), *Unione Italiana Lavoratori Metalmeccanici* (UILM-UIL), *Federazione Italiana Sindacati Metalmeccanici e Industrie Collegate* (FISMIC) and *Federazione Impiegati Operai Metallurgici* (FIOM-CGIL).

All of our managers are covered by collective bargaining agreements signed by the Italian trade union, Federmanager, signed on April 28, 2023. Our other employees are covered by two agreements: the first one entered into by FCA, CNH Industrial, Iveco and Ferrari with FIM-CISL, UILM-IUL, FISMIC, UGL and AQCF, signed on March 8, 2023; the second one entered into by Ferrari and FIM-CISL, UILM-IUL, FISMIC, signed on November 13, 2023 and named "Accordo Premio di Competitività Ferrari", which includes, among other things, the payment of bonuses linked to performance for certain categories of employees.

In addition, in November 2023, Ferrari announced 250 new hires to be carried out in the first six months of 2024, half of which should be confirmed in January. In addition, we will also launch a series of welfare initiatives aimed at providing an even greater support for our employees, including the parenting support and the health check-ups. Moreover, a broad-based share ownership plan will be launched in the early months of 2024. Each employee will be given the option to become a shareholder of Ferrari, receiving a one-off grant of shares, free of charge, worth up to a maximum of approximately Euro 2,065, in line with the relevant tax regulations. The Company plans to extend this plan to the employees of all non-Italian subsidiaries, in accordance with applicable national legislations.

In addition to the collective bargaining agreements, we have individually negotiated agreements with several of our managers and other key employees providing for long-term incentives, exclusivity and non-compete provisions.

Regulatory Matters

We manufacture and sell our cars around the world and our operations are therefore subject to a variety of laws and regulations relating to environmental, health and safety and other matters. These laws regulate our cars, including their emissions, fuel consumption and safety, as well as our manufacturing facilities and operations, setting strict requirements on emissions, treatment and disposal of waste, water and hazardous materials and prohibitions on environmental contamination. Our vehicles, together with the engines that power them, must comply with extensive regional, national and local laws and regulations, and industry self-regulations (including those that regulate vehicle safety). However, we currently benefit from certain regulatory exemptions, because we qualify as an SVM or similar designation in certain jurisdictions where we sell cars. As outlined below, these exemptions provide a range of benefits, from less stringent emissions caps and compliance date extensions, to exemptions from zero emission vehicle production requirements.

We are in substantial compliance with the relevant regulatory requirements affecting our facilities and products around the world. We constantly monitor such requirements and adjust our operations as necessary to remain in compliance.

Approval and market surveillance

In 2018, the European Parliament and European Council issued Regulation 2018/858, establishing the new framework for the approval and market surveillance of motor vehicles (repealing Directive 2007/46/EC). While the previous regulatory framework of Directive 2007/46/EC was focused on technical standards, the new regulation has a broader scope by including market surveillance requirements in order to ensure the enforcement of applicable standards. The key objectives of Regulation 2018/858 are: enhancing the independence of technical services (i.e. the approved testing laboratories) as well as improving the quality of the testing of vehicles and setting stricter requirements for technical services; introducing market surveillance in order to verify the conformity of vehicles on the market to the applicable standards, and requiring corrective measures in case of non-compliance or where a vehicle poses a safety risk or a risk to the environment; strengthening the type approval system with more stringent oversight by the EU. The Commission has the power to suspend, restrict or withdraw the designation of technical services, to order recalls, and to impose financial penalties.

Greenhouse gas/CO_2/fuel economy legislation

European legislation limited fleet average greenhouse gas emissions for new passenger cars to 130 grams of CO_2 per kilometer for the period 2015-2019. Due to our SVM status under EU regulations we benefited from a derogation from the 130 grams per kilometer emissions requirement available to small volume and niche manufacturers during that period. Pursuant to that derogation, we were instead required to meet yearly CO_2 emissions targets, beginning in 2012, reaching a target level of 290 grams per kilometer in 2016 for our fleet of EU-registered vehicles that year. Despite global shipments exceeding 10,000 vehicles in 2019, Ferrari continued to qualify as an SVM under EU regulations, because its total number of registered vehicles in the EU per year is less than 10,000 vehicles.

In 2014, the European Union set new 2020 emissions targets, calling for 95 percent of a manufacturer's full fleet of new passenger cars registered in the EU in 2020 to average 95 grams of CO_2 per kilometer, rising to 100 percent of the fleet in 2021. The 2014 regulation extends the small volume and niche manufacturers derogation. Pursuant to the derogation approved by the European Commission following our petition, we were required to meet certain CO2 emissions target levels in the 2017-2021 period, reaching a target of 277 grams per kilometer in 2021 for our fleet of EU-registered cars that year.

In 2019, the European Union set new 2025 and 2030 emissions targets, calling for respectively a 15 percent and 37.5 percent reduction of the target applicable in 2021. An incentive mechanism for zero and low emission vehicles was also introduced. This new regulation (EU 2019/631) continues to state that it is not appropriate to use the same method to determine the emissions reduction targets for large volume manufacturers as for small volume manufacturers that are considered as independent. Therefore, Ferrari and other SVMs have the possibility to continue to apply for alternative emissions reduction and are required to submit the application at the latest by October 31 of the year in which the related derogation shall apply.

The regulation EU 2019/631 sets out new EU rules on monitoring and reporting of average emissions: the Commission will have to ensure the real-world representativeness of the CO2 emission values based on data from the fuel consumption meters installed in new cars and will be obliged to publish the performance of each manufacturer. For this purpose, the Commission issued in March 2021 the Implementing Regulation EU 2021/392 requiring manufacturers to collect and report the real-world on-board fuel consumption monitoring (OBFCM) data and the vehicle identification numbers of new cars registered starting from January 1, 2021, unless the vehicle owner expressly refuses to make that data available. The European Commission will then publish real-world data on an annual basis, aggregated at the level of manufacturer for comparison of the same set of vehicles between data recorded in the certificates of conformity and the real-world data. In addition, regulation EU 2019/631 requires the European Commission to evaluate the possibility of a common methodology for the assessment and the consistent data reporting of full life-cycle emissions from cars. The regulation also includes provisions on in-service conformity testing and on detecting strategies which may artificially improve the CO2 performance. Because of these requirements, the European Commission developed the Delegated Regulation (EU) 2023/2867 setting out the guiding principles for defining the in-service verification procedures. Detailed technical provisions (e.g. test procedures, statistical evaluations, tolerances, pass/fail criteria, etc.) for the in-service verification procedures have been defined in the Implementing Regulation EU 2023/2866.

The European Green Deal, adopted by the European Commission in December 2019, has at its core combating climate change and reaching the objectives of the Paris Agreement and other environmental goals (including addressing air pollution). One of its central elements is the 2050 climate neutrality objective. The European Commission enshrined the 2050 climate neutrality objective into EU law entered into force in July 2021. In order to set the EU on a sustainable path to achieve climate neutrality by 2050, the European Commission has also presented a net EU-wide, economy-wide plan to reduce greenhouse gas emissions by at least 55 percent by 2030, compared to 1990 levels.

Building on the existing legislation and the EU's 2030 climate ambitions, the European Commission also published the "Fit for 55" Package on July 14, 2021, which includes a proposed amendment to the regulation EU 2019/631. Regulation (EU) 2023/851 amending Regulation (EU) 2019/631 on CO2 emission performance standards for new passenger cars and for new light commercial vehicles was published in the EU Official Journal on 25 April 2023 and entered into force in May 2023. In particular, the provision granting a derogation from the specific emissions targets to manufacturers responsible for between 1,000 and 10,000 new passenger cars in a calendar year will remain until 2035 included. Moreover, both the proposals to increase the 2030 CO2 emissions target from a 37.5% to a 55% reduction compared to 2021 and introduce a 2035 target whereby CO2 emissions from new cars and vans would have to be 100% lower compared to 2021 have been confirmed. For the first time, the Commission has introduced in this Regulation a legal basis for registering vehicles beyond 2035 running exclusively on CO2 neutral fuels. However, specific regulatory instruments are needed to implement this possibility.

Similarly to the EU, Switzerland introduced CO2 emission regulations for new cars in July 2012. Despite the existence of some specificities within the Swiss regulation, derogations aligned with EU regulation have been granted to SVMs up to and including 2021. Switzerland has historically adopted the targets approved by the European Commission. On November 24, 2021, the Swiss Federal Council amended the CO2 emission regulations for cars and vans. This regulation was repealed starting from January 1, 2022 and the vehicles of niche and small volume manufacturers have to meet the same CO2 emission targets as the large volume manufacturers. This change in legislation is expected to result in additional costs for Ferrari, either through penalties or the purchase of emissions credits from other manufacturers. Such additional costs were not material in 2022-2023 and Ferrari does not expect that they will be material in the future.

In the United States, both Corporate Average Fuel Economy ("CAFE") standards and greenhouse gas emissions ("GHG") standards are imposed on manufacturers of passenger cars. Because the control of fuel economy is closely correlated with the control of GHG emissions, the United States Environmental Protection Agency ("EPA") and the National Highway Traffic Safety Administration ("NHTSA") have sought to harmonize fuel economy regulations with the regulation of GHG vehicle emissions (primarily CO2). These agencies have set the federal standards for passenger cars and light trucks to meet an estimated combined average fuel economy (CAFE) level that is equivalent to 35.5 miles per U.S. gallon for 2016 model year vehicles (250 grams CO2 per mile). In August 2012, these agencies extended this program to cars and light trucks for model years 2017 through 2025, targeting an estimated combined average emissions level of 163 grams per mile in 2025, which is equivalent to 54.5 miles per gallon.

On September 27, 2019 the EPA and the NHTSA issued the "Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule Part One: One National Program" (SAFE I Rule). These rules would exert federal preemption authority under the CAFE statute over California's ability to regulate greenhouse gases and would revoke the current EPA waiver under the Clean Air Act which had authorized California to regulate GHG from motor vehicles. The state of California along with other states and certain NGOs filed challenges to these rules in both US District Court for the District of Columbia and the United States Court of Appeals D.C. Circuit. In May 2021, the NHTSA issued a notice of proposed rulemaking proposing to fully repeal the SAFE I Rule. In December 2021, NHTSA's proposal was finalized.

On March, 31, 2020 the EPA and the NHTSA issued the final SAFE Vehicles Rule (Part Two) setting CAFE and carbon dioxide emissions standards for model years 2021-2026 passenger cars and light trucks. Under the SAFE Vehicles Rule (Part Two), the overall stringency of the federal standards is significantly reduced from the levels previously set as the final rule will increase stringency of CAFE and CO2 emissions standards by 1.5 percent each year through model year 2026, as compared with the standards issued in 2012, which would have required annual increases of approximately 5 percent. In August 2021, the EPA published a notice of proposed rulemaking proposing to strengthen federal GHG emissions standards for passenger cars and light trucks by setting stringent requirements for reductions from for model years 2021-2026. This rulemaking has been finalized in December 2021. Consistently with the EPA's approach, in September 2021 the NHTSA published a notice of proposed rulemaking proposing revised fuel economy standards for passenger cars and light trucks for model years 2024-2026. In July 2022, the NHTSA's final rule on CAFE standards for model years 2024 through 2026 entered into force. Specifically, model years 2024 and 2025 standards increase in stringency by 8% each year relative to the prior year, model year 2026 standards increase by 10%. The CAFE standards reach approximately 49 miles per gallon in 2026 (U.S. fleet average) as compared to 36 mpg in model year 2021, individual manufacturer's standards will vary from these figures depending on fleet and vehicle size mix. EPA released its 2027 and later Multi-Pollutant Rulemaking notice of proposed rulemaking, introducing among other requirements, stricter emission standards of GHGs as well as criteria and air toxic pollutants from light- and medium-duty vehicles. Moreover, SVM's special provisions have almost been completely eliminated; specifically, GHG alternative standards have been removed from MY 2025. Ferrari actively engaged in discussions with EPA, also submitting comments on the proposed rulemaking. Anticipating the publication of the final rule in 2024, Ferrari remains attentive to developments in this regard. In August 2023, also NHTSA published a Notice of Proposed Rulemaking setting more stringent fuel economy standards for passenger cars for the model years 2027-2032.

Under current regulation, for model years 2017-2026, the EPA allows a SVM, defined as an operationally independent manufacturer with less than 5,000 yearly unit sales in the United States, to petition for a less stringent standard. The EPA has granted us SVM status. We therefore petitioned the EPA for alternative standards for the model years 2017-2021 and 2022-2025, which are aligned to our technical and economic capabilities. On July 31, 2019 the EPA published a Notice in the U.S. Federal Register (Federal Register /Vol. 84, No. 147) that in part proposed that Ferrari be permitted an alternative standard substantially in line with the alternative standard that Ferrari proposed to the EPA for model years 2017-2021. The EPA approved Ferrari proposed standards for model years 2017-2020, whereas it required a small reduction for the model year 2021 standard. On June 25, 2020, the EPA Administrator signed the final determination for alternative GHG standards for SVMs for model years 2017 through 2021. Ferrari actively engaged in discussions with the EPA throughout the years, submitting in 2018 a petition for alternative standards in the model years 2022-2025. No response has been received from the EPA regarding this petition. However, in the aforementioned 2027 and later Multi-Pollutant Rulemaking notice of proposed rulemaking published in May 2023, it is noteworthy that the EPA allows SVMs to adhere to the 2021 standard until the model year 2024 is included. Starting with model year 2025, SVMs should comply with mainstream standards with a certain phase-in. This potential adjustment could impact our operations and we will closely monitor developments in the upcoming fiscal year.

In September 2016, we petitioned the NHTSA for recognition as an independent manufacturer of less than 10,000 vehicles produced globally, and we proposed alternative CAFE standards, for model years 2017, 2018 and 2019. Then, in December, 2017, we amended the petition by proposing alternative CAFE standards for model years 2016, 2017 and 2018 instead, covering also the 2016 model year. In 2019, our global production exceeded 10,000 vehicles, and therefore we are not considered a SVM by the NHTSA for model year 2019. We previously purchased the CAFE credits needed to fulfill this deficit. On July 15, 2020, we submitted to the NHTSA a petition for an exemption from the CAFE standards for the model year 2020. We proceeded with this submission because, although Ferrari originally intended to produce more than 10,000 vehicles in 2020, actual production was lower than 10,000 vehicles as a result of the COVID-19 pandemic and the related shutdown of our production facilities. Therefore since we met the NHTSA definition of a SVM, we have requested an alternative fleet average CAFE standard for model year 2020 standard. In July 2022, NHTSA published a proposed decision to exempt Ferrari from the generally applicable CAFE standards for the model years petitioned and established alternative standards at the levels already achieved. The final decision is expected in the near future. We purchased the CAFE credits needed to fulfill our model year 2021-2022 deficit and we are currently evaluating the purchase of credits for 2023. We expect to continue to purchase credits in the coming years if required.

As the state of California has been granted special authority under the Clean Air Act to set its own vehicle emission standards, the California Air Resources Board ("CARB") enacted regulations under which manufacturers of vehicles for model years 2012-2016 which are in compliance with the EPA greenhouse gas emissions regulations are also deemed to be in compliance with California's greenhouse gas emission regulations (the so-called "deemed to comply" provision). In November 2012, the CARB extended these rules to include model years 2017-2025. In 2017 CARB performed a technical assessment regarding greenhouse gas standards for model years 2022 through 2025, in parallel with the EPA and the NHTSA, and confirmed in March 2017 that the standards defined in 2012 may be still considered appropriate. On December 12, 2018 the CARB amended its existing regulations to clarify that the "deemed to comply" provision would not be available for model years 2021-2025 if the EPA standards for those years were altered via an amendment of federal regulations. On September 19, 2019, the NHTSA and the EPA established the "One National Program" for fuel economy regulation, taking the first step towards finalizing the agencies' August 2018 proposal by announcing the EPA's decision to withdraw California's waiver of preemption under the Clean Air Act, and by affirming the NHTSA's authority to set nationally applicable regulatory standards under the preemption provisions of the Energy Policy and Conservation Act (EPCA). On March 9 2022, EPA rescinded its withdrawal of the waiver for California's light-duty vehicle GHG and zero emission vehicle (ZEV) standards. California and Section 177 states may again enforce those standards. Subsequently, CARB clarified that the compliance with CARB's GHG regulations is expected from model year 2021 for all manufacturers. Ferrari meets the requirements to be classified as an SVM based on the relevant regulations in the state of California. Therefore, in 2023, in agreement with CARB, Ferrari petitioned for SVM 2021-2025 alternative standards. No official approval has been received from CARB to date. It may be necessary also to increase the number of tests to be performed in order to follow the CARB specific procedures.

While Europe and the United States lead the implementation of these fuel consumption/CO_2 emissions programs, other jurisdictions typically follow on with adoption of similar regulations within a few years thereafter. In China, for example, Stage IV targeted a national average fuel consumption of 5.0L/100km by 2020. In September 2017, the Chinese government issued the Administrative Measures on CAFC (Corporate Average Fuel Consumption) and NEV (New Energy Vehicle) Credits. This regulation establishes mandatory CAFC requirements, while providing additional flexibility for SVMs (defined as a manufacturer with less than 2,000 units imported in China per year that achieve a certain minimum CAFC yearly improvement rate). Manufactures that exceed the CAFC regulatory ceiling are required to purchase NEV credits.

The Stage V regulation, issued on December 31, 2019, sets the fuel consumption fleet average targets for the period 2021-2025, targeting a national average fuel consumption of 4.0 l/100km by 2025. Following the adoption of the Stage V fuel consumption regulation, an update to the Administrative Measures on CAFC and NEV credits was published in June 2020, keeping the additional flexibility for SVMs and relaxing the minimum CAFC yearly improvement rate required. The stage VI regulation is currently under development with the aim to strengthen 2026-2030 fuel consumption fleet average targets. In addition to the fuel consumption target on the entire fleet, the Chinese regulation GB 19578-2021 sets specific fuel consumption limits on model types. Currently, this standard is only applicable to domestic cars, as it is not adopted by the China Certification and Accreditation Administration (CNCA). In the current Ferrari portfolio, only the plug-in hybrid models would be compliant with this regulation. Ferrari is closely monitoring the ongoing revision of the GB 19578-2021 standard, which currently involves more stringent limits. Assessing the potential implications, particularly its potential applicability to importers, remains a priority for us. Following the same approach also with respect to pure electric vehicles, during 2021 the relevant Chinese authorities have published a notice to call for participation in a working group that should define the energy consumption limit standards for electric vehicles; the working group was established in 2022 and researches are ongoing.

In the future, driving bans on combustion engine vehicles could be imposed, particularly in metropolitan areas, promoting progress in electric and hybrid technology. On September 23, 2020, the Governor of California issued an executive order requiring that all in-state sales of new passenger vehicles be zero-emission by 2035. CARB developed regulations among the Advanced Clean Cars II (ACC II) regulatory package to implement such executive order. The ACC II regulations entered into force in November 2022 and will seek to increase the number of zero-emission vehicles (ZEVs) for sale and reduce criteria and greenhouse gas emissions from new light- and medium-duty vehicles beyond the 2025 model year. During 2021, the state of Washington introduced legislation that could phase out sales of non-ZEVs. The Washington State House bill 1204 titled "Clean Cars 2030" provides that all privately and publicly owned passenger and light duty vehicles of model year 2030 or later registered in Washington state must be electric vehicles and the state's transportation commission will now work on a scoping plan for achieving the 2030 requirement, anticipating the California target by five years. In November 2020, the UK Prime Minister, the Transport Secretary and the Business Secretary announced, in the context of the 10-Point Plan for a Green Industrial Revolution, the end of the sale of new petrol and diesel cars in the United Kingdom by 2030. On July 14, 2021 the UK Government published the Green Paper on a New Road Vehicle CO2 Emissions Regulatory Framework for the United Kingdom. The commitment is to reach net zero carbon emissions by 2050. Following Brexit, the UK Government intends to define the legal framework to deliver the internal combustion engine vehicles phase out dates announced in November 2020 by the Prime Minister's Ten Point Plan for a Green industrial Revolution. To achieve this goal, the UK Department for Transport proposed an ambitious and challenging Zero Emissions Vehicle (ZEV) mandate, in terms of its starting point (i.e. 2024), annual trajectory targets and in terms of the announced very limited flexibility to achieve these targets. The final rule of the UK - ZEV Mandate and CO2 Emissions Regulation was released in December 2023, establishing new annual targets for Stage I (2024 - 2030). Stage II (2031 - 2035) requirements will be defined in the future. The Regulation also includes recent updates from UK Government on the end of sale of new petrol cars, which has been postponed from 2030 to 2035. Manufacturers responsible of less than 2,500 registrations in UK per year can benefit from special provisions. This will put the United Kingdom on course to be the first G7 country to decarbonize cars and vans.

Exhaust and evaporative emissions requirements

In 2007, the European Union adopted a series of updated standards for emissions of other air pollutants from passenger and light commercial vehicles, such as nitrogen oxides, carbon monoxide, hydrocarbons and particulates. These standards were phased in from September 2009 (Euro 5) and September 2014 (Euro 6) for passenger cars. In 2016, the European Union established that Euro 6 limits shall be evaluated through Real Driving Emissions (RDE) measurement procedure and a new test-cycle more representative of normal conditions of use (Worldwide Light Vehicles Test Procedure). SVMs (vehicle manufacturers with a worldwide annual production lower than 10,000 units in the year prior to the grant of the type-approval) are required to be compliant with RDE standards starting from 2020 while non-SVMs have been required to comply with RDE standards starting from 2017. We believe all new Ferrari models are fully compliant with RDE requirements. In 2018, the European Commission issued Regulation 2018/1832 for the purpose of improving the emission type approval tests and procedures for light passenger and commercial vehicles, including those for in-service conformity and RDE and introducing devices for monitoring the consumption of fuel and electric energy. Under the EU Regulation, which became applicable in January 2019, among other things, the extended documentation package provided by manufacturers to type approval authorities to describe Auxiliary Emission Strategies (AES) is no longer required to be kept confidential, and the decision whether to allow access to such documentation package is left to national authorities. In addition, the Regulation introduced a new methodology for checking In-Service Conformity (ISC) which includes RDE tests. Compliance is tested based on ISC checks performed by the manufacturer, the granting type approval authority (GTAA), and accredited laboratories or technical services. Test results will be publicly available; in addition, the GTAA will publish annual reports on the ISC checks performed, in order to improve transparency.

On December 13, 2018, the General Court of the European Union issued a ruling on the action started in mid-2016 by the cities of Madrid, Brussels and Paris on the legality of the Commission introducing in the second RDE Regulation (2016/646) RDE conformity factors (CF) which had the effect of increasing the emission limits. This led to the appeal proceedings during 2019 against the General Court’s judgment that annulled the conformity factors in the RDE legislation. The European Court of Justice delivered its judgment on January 13, 2022, overturning the General Court’s decision. The European Court of Justice considered that since the cities of Paris, Brussels and Madrid are not directly concerned by the regulation they contested, their actions seeking its annulment must be dismissed as inadmissible.

During 2019, the European Commission announced that it will propose more stringent air pollutant emissions standards for combustion-engine vehicles. The European Commission created an Advisory Group on Vehicle Emission Standards (AGVES), by joining all the relevant expert groups working on emission legislation, in order to provide technical advice for the development of the post-EURO 6/VI emission standards for motor vehicles. In March 2020, the European Commission launched a public consultation on its roadmap outlining the policy options that it could pursue in revising the emission standards for light and heavy duty vehicles (Euro 7). This initiative is part of the European Green Deal, advocating the European automotive industry’s role as a leader in the global transition to zero-emission vehicles. On November 10, 2022, the European Commission presented its Euro 7 proposal combining the requirements laid down for light-duty and heavy-duty vehicles, inclusive of updated testing protocols and new pollutant emissions limits for fine particles and ammonia. However, the Commission decided not to tighten existing emission limits for internal combustion cars compared to the Euro 6 standard in light of the current geopolitical and economic circumstances. According to the proposal, manufacturer of fewer than 10,000 new passenger cars registered in the European Union per calendar year could benefit from five years of additional lead time with respect to new registrations requirements and several other accommodations. New non-exhaust emissions limits (i.e. brake emissions, tires abrasion, refueling emissions) and stricter existing non-emissions limits (i.e. evaporative emissions) have also been proposed, as well as a minimum performance threshold on battery durability and real-time measurements through on-board-monitoring requirements (including communication over the air and cybersecurity obligations). European co-legislators reached a provisional agreement on the Euro 7 proposal on December 18, 2023. Euro 7 technical elements are expected to be laid down by implementing acts in the future. Depending on the regulatory developments to come, the technological solutions required to ensure compliance with Euro 7 standards may affect customers’ expectations on performance, sound and driving experience.

Despite the ongoing work related to Euro 7 rulemaking, in May 2022 the European Commission submitted the draft Regulation amending EU 2017/1151 to a public consultation, with the purpose of introducing three additional phases in Euro 6 Regulation (i.e. Euro 6e, Euro 6e-bis, Euro 6e-bis-FCM). The final Regulation (EU) 2023/443 was published in the EU Official Journal on 2 March 2023 and entered into force as from 1 September 2023. The Regulation aims to adapt the European regulation to the technical progress achieved in the UN Regulations test procedures and, among others, it introduces an Auxiliary Emissions Strategy (AES) indicator to indicate when a vehicle runs in AES mode. Moreover, as recent European driving data showed that the real world share of plug-in hybrid vehicles total mileage in electric mode is much smaller than assumed for regulatory purposes, the proposal includes adjusting the current method for determining the fuel and energy consumption values for those vehicles.

The European Commission is also expected to assess and evaluate the current noise emissions limits, with the risk of more stringent thresholds.

In the United States, the "Tier 3" Motor Vehicle Emission and Fuel Standards issued by the EPA were finalized in April 2014. With Tier 3, the EPA has established more stringent vehicle emission standards, requiring significant reductions in both tailpipe and evaporative emissions, including nitrogen oxides, volatile organic compounds, carbon monoxide and particulate matter. These standards are intended to harmonize with California's standards for 2015-2025 model years (so called "LEV3") and have been implemented over the same timeframe as the U.S. federal CAFE and GHG standards for cars and light trucks described above. Because of our status as an operationally independent SVM, Ferrari obtained a longer, more flexible schedule for compliance with these standards under both the EPA and California Program.

In November 2022, the California Air Resources Board published the already mentioned ACC II regulations amending the Low Emission Vehicle (or LEV) Regulation to reduce both tailpipe and evaporative emissions. Several accommodations applicable to SVMs were included.

In addition, California is moving forward with other stringent emission regulations for vehicles, including the Zero Emission Vehicle regulation (ZEV). The ZEV regulation requires manufacturers to increase their sales of zero emissions vehicles year on year, up to 100 percent of vehicles sold in the state by 2035. Because we currently sell fewer than 4,500 units in California, we are exempt from these requirements until model year 2035.

Additional stringency of evaporative emissions also requires more advanced materials and technical solutions to eliminate fuel evaporative losses, all for much longer warranty periods (up to 150,000 miles in the United States).

In response to severe air quality issues in Beijing and other major Chinese cities, in 2016 the Chinese government published a more stringent emissions program (National 6), providing two different levels of stringency (6a and 6b) effective starting from 2020. In July 2018 China's central government launched a three-year plan to reduce air pollution, extending targets for reducing lung-damaging airborne particulate pollution to the country's 338 largest cities. This plan includes reductions in steel and other industrial capacity, reducing reliance on coal, promoting electric vehicles and cleaner transport, enhancing air-pollution warning systems, and increasing inspections of businesses for air pollution infractions. Several autonomous regions and municipalities have implemented the requirements of the National 6 program even ahead of the mandated deadlines.

During 2020, the Chinese Vehicle Emission Control Center (VECC) launched the "Pre-study on Next Stage Emission Standards for Light duty Vehicles", an ongoing research project expected to be finalized in a more stringent emission program in the next years. During 2023, several workshops were conducted, and we actively participated, ensuring that we stayed abreast of the latest developments and insights in our field.

Several others regulations are also emerging to take into account the non-exhaust emissions and the environmental impact of electric and hybrid vehicles components. Brake particulate emissions from passenger cars are currently not regulated by any UNECE or regional Regulations. However, a new UN Global Technical Regulation (i.e., UN GTR 24) on the topic of brake particulate emissions of light duty vehicle's brake systems has been finalized during 2023. The Informal Working Group on Electric Vehicles and Environment of the United Nations proposed during 2021 a Global Technical Regulation on in-vehicle battery durability that was finally adopted in 2022 (i.e., UN GTR 22). This regulation is applicable to both pure electric and plug-in hybrid vehicles and establishes provisions regarding state-of-health monitors, minimum performance requirements and in-service conformity checks. A UN GTR is not binding for certification purposes. However, it could be transposed into a UN Regulation or a regional regulation required for the certification. The European Commission has expressed the will to include these GTR requirements in Euro 7 regulation. Moreover, the European Commission published, in December 2020, a proposal for a new regulation on batteries and waste batteries. This proposal will apply to all kind of batteries, including automotive and electric vehicle batteries, and significantly increases the scope and number of requirements relating to design, sustainability, labelling, information and end-of-life. Regulation (EU) 2023/1542 has been finalized in July 2023.

In the evolving regulatory landscape, we anticipate new regulations on materials emerging from various markets. These regulations aim to restrict or ban the use of critical substances. In this context, the EU Commission presented its proposal for a new Regulation replacing Directive 2000/53/EC "End-of-Life Vehicles" and Directive 2005/64/EC "Type-approval of motor vehicles with regard to their Reusability, Recyclability and Recoverability". The aim of this new EU regulation is to propose measures to enhance the circularity of the automotive sector, covering the design, production and end-of-life treatment of vehicles. Moreover, the European Chemicals Agency (ECHA) has made available a draft dossier to recommend a universal per- and polyfluoroalkyl substances (PFAS) restriction. It is crucial to acknowledge that such regulatory shifts may significantly impact material choices, necessitating substantial research and development efforts to uphold performance standards amid these changes.

To comply with current and future environmental rules, we may have to incur substantial capital expenditure and research and development expenditure to upgrade products and manufacturing facilities, which would have an impact on our cost of production and results of operation.

Vehicle safety

Vehicles sold in Europe are subject to vehicle safety regulations established by the EU or by individual member states. In 2009, the EU established a simplified framework for vehicle safety, repealing more than 50 directives and replacing them with a single regulation (the "General Safety Regulation") aimed at incorporating relevant United Nations standards. This incorporation process began in 2012. With respect to regulations on advanced safety systems, the EU now requires new model cars from 2011 onwards to have electronic stability control systems and tire pressure monitoring systems. Regulations on low-rolling resistance tires have also been introduced. The framework is reviewed periodically, and in May 2018, the European Commission adopted a proposal for a regulation to make certain vehicle safety measures mandatory. On December 16, 2019, the revised General Safety Regulation (EU) 2019/2144 was published in the EU Official Journal. In 2022, new safety technologies became mandatory in European vehicles, such as Advanced Emergency Braking, Emergency Lane Keeping systems, crash-test improved safety belts, intelligent speed assistance and warning of driver drowsiness or distraction. On November 16, 2022, Commission Delegated Regulation (EU) 2022/2236 setting out the technical requirements to be applied for the purpose of EU type-approval of vehicles produced in small series was published in the EU Official Journal. In particular, with regard to certain requirements introduced by the revised General Safety Regulation, an exemption to Intelligent Speed Assistance, Advanced Emergency Braking System and Emergency Lane Keeping System has been granted for vehicles produced in small series and with specified characteristics related to the installation of the camera. Moreover, the regulation provides for a lead time of at least two years with respect to the provisions applicable to vehicles produced in unlimited series. In November 2023, the expected Delegated Act implementing the fitment of the Advanced Driver Distraction Warning (ADDW), mandatory from 2024 for new types of vehicles as required by the Regulation (EU) 2019/2144 on General Safety, has been published on Official Journal. This regulatory act was the latest measure to be published within the General Safety Regulation (EU) 2019/2144 framework.

In 2017, the EU published technical requirements for the Emergency Call (eCall) system, mandatory for new model cars starting from 2018. In 2023 the European Commission started a rulemaking process to revise the eCall framework by aligning it to the new 4G/5G "packed switched" technology, the final rule is expected in 2024. Starting from July 1, 2019, new types of pure electric vehicle and new types of hybrid electric vehicle capable of operating without propulsion from a combustion engine operating are required to be equipped with an Acoustic Vehicle Alerting System (AVAS), and from July 1, 2021 for all new vehicles of such types, in order to alert pedestrians that a vehicle is moving at low speeds. At United Nations level, it has been identified the need for additional regulatory action for BEVs with sound enhancement systems other than AVAS regarding their noise emission, a specific regulatory process is currently ongoing. Starting from 2022, European authorities and United Nation's contracting parties began enforcing regulations on cyber security and software updates. Starting from 2024, European authorities and United Nation's contracting parties will begin enforcing amendments to the existing regulation on pedestrian protection, modifying the current test procedures and enhancing the measurement methods on extended vehicle areas such as the windscreen. In 2020, the European Commission issued its new digital strategy policies, which represent a priority in its regulatory agenda. During 2021, several draft proposals were issued in this respect, including in relation to Real Time Traffic Information (RTTI), Connected and Intelligent Transport Systems (C-ITS) and

Artificial Intelligence (AI). As of December 31, 2023, the RTTI and ITS proposals have been finalized, through the adoption of the Commission Delegated Regulation (EU) 2022/670 and the Directive (EU) 2023/2661, respectively.

In 2022, the European Commission announced the intention to present a proposal amending the European Type Approval Framework (Regulation (EU) 2018/858) to lay down provisions on access to in-vehicle data, the measure would aim to address certain sector-specific issues such as bi-directional access to vehicle resources and the interplay between access to data and cybersecurity. As regards software and cybersecurity management issues, the proposal is expected to include replacement parts, new categories of autonomous vehicles and replacement of batteries. In September 2022, the European Commission also presented a proposal of a new regulation setting up cybersecurity requirements covering a wide range of digital products and related ancillary services. The proposal would be aimed at strengthening the cybersecurity of products placed on the EU market throughout their whole lifecycle, improving and extending the provisions and the scope of existing regulation. The final rule is expected in 2024.

Under U.S. federal law, all vehicles sold in the United States must comply with Federal Motor Vehicle Safety Standards ("FMVSS") promulgated by the NHTSA. Manufacturers need to provide certification that all vehicles are in compliance with those standards. In addition, if a vehicle contains a defect that is related to motor vehicle safety or does not comply with an applicable FMVSS, the manufacturer must notify vehicle owners and provide a remedy at no cost to the owner. Moreover, the Transportation Recall Enhancement, Accountability, and Documentation Act ("TREAD") requires manufacturers to report certain information related to claims and lawsuits involving fatalities and injuries in the United States if alleged to be caused by their vehicles, and other information related to client complaints, warranty claims, and field reports in the United States, as well as information about fatalities and recalls outside the United States. Several new or amended FMVSSs have taken effect in certain instances under phase-in schedules that require only a portion of a manufacturer's fleet to comply in the early years of the phase-in. These include an amendment to the side impact protection requirements that added several new tests and performance requirements (FMVSS No. 214), an amendment to roof crush resistance requirements (FMVSS No. 216), and a rule for ejection mitigation requirements (FMVSS No. 226). In 2024, the adoption of the amendment of occupant crash protection (FMVSS No. 208) is expected, to update the child restraint systems (CRSs). These CRSs are used by NHTSA in air bag suppression and low risk deployment testing. U.S. federal law also sets forth minimum sound requirements for hybrid and electric vehicles (FMVSS No. 141). With the publication, on November 15, 2021, of the Infrastructure Investment and Jobs Act, the Congress of United States empowered the Secretary of Transportation to promulgate new regulations within safety framework. In June 2023, NHTSA published a proposal for a new regulation (FMVSS No. 127) on Automatic Emergency Braking System. The regulation would oblige manufacturers to equip vehicles with a system that alerts the driver in case of imminent collision with a pedestrian or a vehicle ahead and automatically applies the brakes, in case the driver fails to do so. The draft proposal is not aligned with other international standards already in place in many countries. Regarding the standard implementation, NHTSA proposed a phase-in approach. In December 2023, NHTSA published an advanced notice of proposed rulemaking as a first regulatory step to introduce a new FMVSS regulation providing requirements for new technologies to prevent driver distraction, drowsiness and impaired driving.

On May 4, 2016, the NHTSA published a Consent Order Amendment to the November 3, 2015 Takata Consent Order regarding a defect which may arise in the non-desiccated Takata Corporation ("Takata") passenger airbag inflators manufactured using phase stabilized ammonium nitrate and mounted on certain vehicles, including Ferrari cars. As a result of this order and subsequent orders by the NHTSA relating to the non-desiccated Takata passenger airbag inflators, in 2016 Ferrari initiated a global recall campaign to include all Ferrari cars produced in all model years mounting such airbag inflators, resulting in the recognition of a provision for warranty costs of €37 million in 2016, the majority of which has been utilized to date.

In 2017, the Chinese authorities published an updated version of the current local general safety standard which allows China to become the driver market for the Event Data Recorder mandatory installation starting from 2021. Technical requirements were defined in mid-2019, through the formal adoption of the local standard. Among the United Nations contracting parties, China has been the first country to propose an early adoption of updated test procedures on high-voltage batteries for hybrid and electric vehicles, which has been enforced starting in 2020. Several passive safety standards introducing more stringent requirements are currently under revision (e.g. pedestrian protection, front and rear protective devices, roof crush, lateral and rear collision, safety-belts and restraint systems anchorages for occupants). The Chinese Authority (CATARC) is working on a new draft of the binding regulation GB/T 18488 on drive motor system (DMS) for electric vehicles, introducing more stringent technical requirements, test methods and inspection requirements on electric motors. During 2021, 2022 and 2023, the Chinese authorities worked on several rulemaking initiatives related to active safety (e.g. ADAS, eCall), vehicle digitalization, cyber security and software updates which are not yet mandatory for certification purposes and contribute to the regulatory uncertainty in this market. The lack of harmonization of Chinese regulatory requirements is increasing in recent years. This situation could lead to substantial research and development expenditure, specifically for the Chinese market.

Financial Overview

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

The following discussion of our financial condition and results of operations should be read together with the information included under "Overview", "Overview of our Business" and the Consolidated Financial Statements included elsewhere in this document. This discussion includes forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under "Forward-Looking Statements" and "Risk Factors". Actual results may differ materially from those contained in any forward-looking statements.

Trends, Uncertainties and Opportunities

Shipments — Our net revenues and results of operations depend on, among other things, the achievement of internal volumes and mix targets established in our budgets and business plans, which we define in line with our low volume strategy to pursue controlled growth and preserve brand exclusivity. As part of this strategy, we seek to manage waiting lists in the various markets in which we operate in order to respond optimally to relative levels of demand, based on our order books, while being sensitive to local client expectations in those markets. In certain markets, we believe that waiting lists have promoted the sense of exclusivity of our products and, accordingly, we monitor and manage waiting lists to maintain this exclusivity while ensuring the highest levels of client satisfaction.

In order to maintain our brand's reputation of exclusivity among purchasers of our cars, we have continued our low volume strategy while responding to growing demand and to demographic changes as the size and spending capacity of our target clients has grown, gradually increasing annual shipments(1) from 11,155 in 2021 to 13,221 in 2022 and 13,663 in 2023, resulting in average annual shipments of 12,680 over the three year period from 2021 to 2023. Our current plans reflect a continuation of this strategy, including the introduction of 15 new models over the period from 2023 to 2026 as announced at our Capital Markets Day in June 2022, and a measured increase in shipments above current levels as we broaden our product portfolio in line with our product strategy "Different Ferrari for Different Ferraristi" and "Different Ferrari for Different Moments", and as we target a potentially larger and younger customer base, while preserving and enhancing the exclusivity and value of our brand.

The following table sets forth our shipments(1) by geographic location:

(Number of cars and % of total cars)	**For the years ended December 31,**					
	2023	**%**	**2022**	**%**	**2021**	**%**
EMEA						
Germany	1,472	10.8%	1,439	10.9%	1,252	11.2%
UK	1,011	7.4%	997	7.5%	996	8.9%
Italy	740	5.4%	708	5.4%	668	6.0%
France	490	3.6%	473	3.6%	473	4.2%
Switzerland	482	3.5%	497	3.8%	481	4.3%
Middle East (2)	451	3.3%	439	3.3%	334	3.0%
Other EMEA (3)	1,417	10.4%	1,405	10.6%	1,288	11.6%
Total EMEA	**6,063**	**44.4%**	**5,958**	**45.1%**	**5,492**	**49.2%**
Americas (4)	3,811	27.9%	3,447	26.1%	2,831	25.4%
of which United States of America	*3,262*	*23.9%*	*2,924*	*22.1%*	*2,362*	*21.2%*
Mainland China, Hong Kong and Taiwan	1,490	10.9%	1,552	11.7%	899	8.1%
of which Mainland China	*1,221*	*8.9%*	*1,290*	*9.8%*	*681*	*6.1%*
Rest of APAC (5)	2,299	16.8%	2,264	17.1%	1,933	17.3%
Total	**13,663**	**100.0%**	**13,221**	**100.0%**	**11,155**	**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.*

We target our products to the upper end of the luxury car segment and buyers of our cars tend to belong to the wealthiest segment of the population. As the size and spending capacity of our target client base has grown significantly in recent years, our addressable market and the sense of exclusivity fostered by our low volume strategy have been further enhanced. Given that our shipment strategy is flexible, we are able to adjust the geographical allocation of our shipments to respond to changes in our key markets. The geographic allocation of our shipments and their mix by product reflects our deliberate allocation strategy over the lifecycle of the individual models and is generally impacted by the phase-in/phase-out pace of the models, as well as the length of waiting lists and other market-specific factors and conditions, including our commercial strategy and the potential for future growth. We expect that further growth in shipments will result primarily from our deliberate allocation strategy, as well as from targeting new customer groups, geographies and modes of use through the expansion of our product portfolio.

Research, Development and Product Lifecycle — We engage in research and development activities aimed at further enhancing our technological edge through continuous innovation and improving the design, performance, driving thrills, advanced technology, safety, efficiency and reliability of our cars, among other things. Costs we incur for the development of our cars and engines, as well as their related components and systems, are recognized as an asset if, and only if, the required conditions under IAS 38 - *Intangible Assets* are met, including, among others: (i) development costs can be measured reliably, (ii) the technical feasibility of the product, estimated volumes and expected pricing all support the reasonable expectation that the development expenditure will generate future economic benefits, and (iii) the Group has the intention to complete the development and the ability to use the intangible asset. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process. All other research and development costs are expensed as incurred. Research and development costs are recognized net of any technology-related government incentives received.

The level of our capitalized development costs is primarily affected by the timing of updates and renewals to our product portfolio, the pace of our innovation schedule and our decision to integrate newly-introduced powertrain technologies (including hybrid and electric) more broadly into our product portfolio. We continually launch new cars with enhanced technological innovations and design improvements. In 2023, we launched five new models: the Roma Spider, the SF90 XX Stradale and SF90 XX Spider, the 296 Challenge and the 499P Modificata, in line with our previously announced objective of introducing 15 new models over the period from 2023 to 2026 (as announced at our Capital Markets Day in June 2022), with a view to maintaining our product portfolio's leading position and to respond quickly to market demand and technological breakthroughs. As discussed at our Capital Markets Day held in June 2022, a clear focus of ours is to maintain the three different powertrains (ICE, hybrid and electric) and to continue to integrate hybrid and electric technologies in future models, and we plan to unveil our first full electric Ferrari in 2025.

A portion of our research and development efforts are related to the development of the various components used in our models, and in particular, hybrid, electric, electronic and mechanical components. Our continued focus on component development has the objective of improving performance and reducing the costs to develop new models. Our strategy involves making core components in-house and collaborating with partners to co-develop and tailor best in class solutions for state-of-the-art technologies. Capitalized development costs are amortized on a straight-line basis from the start of production over the estimated lifecycle of the model or the useful life of the related assets or components. Our Range models typically have a lifecycle of four to five years, while our Special Series, Icona and Supercar models typically have shorter lifecycles and the useful life of their components may be up to eight years.

We also incur research and development costs in connection with our Formula 1 and other racing activities, including initiatives to maximize the performance, efficiency and safety of our racing cars. While we develop these technologies for initial use in our Formula 1 and other racing cars, we seek to transfer these technologies and components, where appropriate, to models in our current and future product portfolio. Technological developments and changes in the regulations of the Formula 1 World Championship generally lead us to design, develop and construct a new racing car to be used for one year only and therefore the costs incurred for the design, development and construction of a new racing car are generally expensed as incurred and classified as research and development costs in the income statement, unless the technology is expected to be used for more than one year and the costs meet the capitalization criteria in IAS 38. Research and development costs for Formula 1 activities can vary from year to year and may be difficult to predict because they are subject to, among other things, the need to respond to our car's performance relative to other racing teams and changes in racing regulations, including the number of races and inflation.

Starting in 2021, Formula 1 financial regulations introduced a budget cap to limit the amount of spending for chassis costs (primarily relating to the development and manufacturing of the racing car chassis and excluding, among others, the activities to enable the supply of power units, marketing costs, drivers' salaries and the top three personnel at each team) that may be incurred by the teams participating in the Formula 1 World Championship. Starting in 2023, a cap was also introduced for the development of the power units that will be used in the 2026 season. The aforementioned budget caps on spending are defined for each season based on several factors, including the number of races and inflation. The budget cap for the 2023 Formula 1 season was €140 million in relation to the development and manufacturing of the racing car chassis and $90 million in relation to the power units that will be used in the 2026 season. The budget cap for the 2024 season is currently in the process of being defined but is expected to be higher than in 2023, which, other things being equal, would lead to higher cost of sales and research and development costs in the period.

As a result of our strategy to broaden and innovate our product portfolio and significantly increase our efforts relating to hybrid, electric and other advanced technologies, our capitalized development costs have increased significantly during the period from 2021 to 2023, from €363 million in 2021 to €416 million in 2022 and €448 million in 2023. This has contributed to an increase in the proportion of capitalized development costs compared to total research and development incurred, including the effects of the advancement through the stages of development for many of the technologies we are creating, as well as the cap on certain costs we may incur for the chassis of our Formula 1 racing cars and the development of the power unit to be introduced in 2026 (in accordance with applicable FIA financial regulations). In particular, capitalized development costs as a proportion of total research and development incurred (both capitalized and expensed) increased to 38.7 percent in 2021 to 44.5 percent in 2022 and 45.4 percent in 2023.

The following table summarizes our research and development expenditure for the years ended December 31, 2023, 2022 and 2021:

	For the years ended December 31,		
	2023	**2022**	**2021**
		(€ million)	
Capitalized development costs [(1)]	448	416	363
Research and development costs expensed (A)	539	518	574
Total research and development incurred	**987**	**934**	**937**
Amortization of capitalized development costs (B)	**343**	**258**	**194**
Research and development costs as recognized in the consolidated income statement (A+B)	**882**	**776**	**768**

(1) Capitalized to development costs within intangible assets during the year.

Car Profitability — The relative profitability of the cars we sell tends to vary depending on a number of factors, including exclusivity of the offering, overall performance, technological advancement and content of the car, engine type and performance, level of personalization and the geographic market in which it is sold. For example, our strictly limited-edition Icona models (the latest is the Daytona SP3 for which shipments commenced in the fourth quarter of 2022), as well as our limited edition Supercars (the latest was the LaFerrari Aperta for which shipments concluded in 2018) have sales prices that are significantly higher than other models in the Ferrari product portfolio in light of their exclusivity, as well as the advanced technology and design integrated in these models. In general, these more exclusive offerings generate higher revenues and provide better margins than those generated on shipments of our Range and Special Series models, and therefore they benefit our results in the periods in which they are sold. We plan to launch our Icona models more frequently compared to our Supercars and we expect this to reduce the volatility in financial performance that we have at times experienced historically due to the cadence of launches of our Supercars. Additionally, car profitability may vary between countries as a result of, among other things, economic conditions, the maturity of the market, customs duties and tariffs, as well as emissions regulations.

We leverage the continuous improvement of the performance, technology and other features of our cars, as well as the exclusivity of certain model offerings and the scarcity value resulting from our low volume strategy, to increase the average price point of our Range and Special Series models over time. In particular, in recent years we have been increasing the price of selected models in certain markets and we have introduced new models with higher average selling prices compared to the corresponding predecessor models. Furthermore, as we continue to integrate advanced technologies more broadly into our car portfolio, including hybrid and electric powertrains, we expect that our average price point will continue to increase, reflecting the superior technological content of our new models. Our experience to date suggests that the profitability of a specific model is not necessarily impacted by the type of powertrain.

Additionally, the interior and exterior technology and content of the cars we sell can be customized through our personalization offerings, which can be further enhanced through additional bespoke specifications. Incremental revenues from personalization are a particularly favorable factor of our pricing and product mix due to the fact that we generate incremental margin on each additional option selected by our clients.

Cost of Sales and Selling, General and Administrative Costs — Cost of sales primarily comprises costs incurred in the manufacturing and distribution of our cars and spare parts. The cost of materials, components and labor are the most significant elements of our cost of sales, while the remaining costs primarily include depreciation, insurance and transportation costs, as well as warranty and product liability-related costs, which are estimated and recorded at the time our cars or products are shipped. Interest expenses and other financial charges that are directly attributable to our financial services activities, including provisions for risks and write-downs of financial assets, are also reported in cost of sales.

In manufacturing our cars, we incur costs (through production or purchase) for a variety of components (including mechanical, electrical, electronic, aluminum, steel and plastic components, as well as castings and tires), raw materials (the most significant of which is aluminum) and supplies, as well as for utilities, logistics and other services from numerous suppliers. Fluctuations in the cost of sales are primarily related to the number of cars we produce and sell, along with changes in the mix of models in our product portfolio and, more recently, also inflation. Newer models generally have more technologically advanced components and enhancements, including hybrid and electric technology, and therefore have higher costs per unit; however, we aim to price our cars appropriately to recover these costs in line with our profitability strategy. Our Icona, Supercar and One-Off models also tend to have higher costs per unit, but these higher costs tend to be more than offset by higher sales prices. Cost of sales is also affected by fluctuations of certain raw material prices, although we typically seek to manage these costs and minimize their volatility through the use of long-term fixed price purchase contracts.

Over time, we have made efforts to achieve technical and commercial efficiencies. In particular, technical efficiencies focus on efforts to produce components using innovative and cost-effective materials, without compromising the quality or performance of the components. In order to achieve these technical efficiencies, we perform in-house research and development activities and we invite our suppliers to present us with innovative technical solutions that they have developed. Commercial efficiencies have been achieved through negotiating discounts and entering into long-term contracts with our partners and suppliers, who commit upfront to pass on to us a portion of the efficiencies they achieve in performing our supply contracts. Furthermore, efforts are made to award new business to existing partners and suppliers, where appropriate, in order to negotiate favorable pricing. As cost of sales also includes depreciation of plant and equipment, cost of sales is affected by the number and timing of product launches as the start of production of new models triggers the commencement of depreciation of plant and equipment acquired specifically for those models.

When new models are introduced, we also incur promotional costs in connection with product launch and marketing initiatives, which are generally recorded within selling, general and administrative costs. Our schedule of model launches through 2026 is expected to increase promotional costs compared to prior periods. Furthermore, we are currently making significant investments in brand development, which is also expected to increase selling, general and administrative costs in the coming periods.

Economic Conditions and Macro Events — Significant inflationary pressures appeared in 2021 in many of the markets in which we operate and this trend was exacerbated in 2022 and 2023. We experienced increases in the costs of our raw materials, energy, utilities, financing costs and certain other goods and services, resulting in downward pressure on our Operating profit (EBIT) margin in both 2022 and 2023.

Following the rise in inflation, several main central banks raised interest rates rapidly over the course of 2022 and part of 2023, including in the United States where we offer retail client financing for the purchase of our cars through our fully owned subsidiary FFS Inc, and in EMEA where we offer retail client financing through our equity method investment in

Ferrari Financial Services GmbH, primarily in the UK, Germany and Switzerland. The increases in interest rates have resulted in a general increase in the cost of borrowing, which has in turn increased the interest rates on loans we generate for new car financing as well as the cost of funds we use to finance our financial services activities, resulting in a negative impact on our financial services margins of approximately 60 basis points in 2022 compared to 2021 and an additional approximately 15 basis points in 2023 compared to 2022. If the increase in market rates is not reversed, it is also likely to lead to higher cost of ownership for customer who borrow for their vehicle, with adverse pressure on demand.

The ongoing conflict between Russia and Ukraine that started in February 2022, and the resulting geopolitical tensions have had a significant impact on the global economy, resulting in a sharp increase in energy prices and higher prices for certain raw materials and goods and services, which in turn is contributing to higher inflation globally. Many governments and supranational organizations around the world have imposed sanctions on certain industry sectors and Russian parties, as well as enhanced export controls on certain products and industries, including luxury goods. The short and long-term impact from the war on financial and business conditions in Europe remaining highly uncertain. Ferrari has very limited commercial interests in Russia, Ukraine and the areas of conflict, and on March 8, 2022, Ferrari donated €1 million to support Ukrainians in need and decided to suspend the shipment of vehicles to the Russian market. The effects of the aforementioned sanctions and other measures on our business have been contained and, in order to mitigate potential supply chain disruptions, we deliberately maintained a higher level of inventory.

Management is carefully monitoring the inflation outlook and changes to interest rates, as well as developments in the ongoing conflict between Russia and Ukraine, as well as conflicts elsewhere in the world (including the conflict between Israel and Hamas which has the potential for escalation in the region) and geopolitical tensions more generally, to appropriately address the potential impacts, direct or indirect, on our operations, order intake, supply chain (including the availability and prices of raw materials), operating costs and financial expenses, as well as potential impacts on our customers, the global financial markets and financial services industry.

Effects of Foreign Currency Exchange Rates — We are affected by fluctuations in foreign currency exchange rates through (i) the translation into Euro upon consolidation of foreign currency financial statements of our subsidiaries with functional currencies other than Euro, which we refer to as the translation impact, and (ii) transactions by entities of the Group in currencies other than their own functional currencies, which we refer to as the transaction impact.

Translation impacts arise in the preparation of the consolidated financial statements; in particular, we present our consolidated financial statements in Euro, while the functional currency of each of our subsidiaries depends on the primary economic environment of that entity. In preparing the consolidated financial statements, we translate into Euro the assets and liabilities of foreign subsidiaries expressed in local functional currency other than Euro using the foreign currency exchange rates prevailing at the balance sheet date, while we translate income and expenses using the average foreign currency exchange rates for the period presented. Accordingly, fluctuations in the foreign currency exchange rates of the functional currencies of our subsidiaries against the Euro impacts our results of operations.

Transaction impacts arise when our Group entities conduct transactions in currencies other than their own functional currency. Therefore, we are also exposed to foreign currency risks in connection with scheduled receipts and payments in multiple currencies. Our costs are primarily denominated in Euro, while the majority of our revenues are generated in currencies other than the Euro, mainly in U.S. Dollars, Japanese Yen, Chinese Yuan, Pound Sterling, Swiss Franc and, to a lesser extent, certain other currencies.

In general, an appreciation of the U.S. Dollar, and the other currencies in which we operate, against the Euro positively impacts our net revenues and results of operations. Currency changes had a negative impact in 2023 primarily due to the depreciation of the U.S. Dollar, the Japanese Yen and the Chinese Yuan against the Euro, but these were partially offset by our hedges.

Our risk management policies contemplate the use of derivative financial instruments to hedge foreign currency exchange rate risk. In particular, we have used derivative financial instruments as cash flow hedges for the purpose of hedging the foreign currency exchange rate at which a predetermined proportion of forecasted transactions denominated in foreign currencies will occur. Accordingly, our results of operations have not been fully exposed to fluctuations in foreign currency exchange rates. See Note 30 "*Qualitative and Quantitative Information on Financial Risks*" to the Consolidated Financial Statements included elsewhere in this document for additional information related to our foreign currency exchange rate risk policies.

Regulation — We ship our cars throughout the world and are therefore subject to a variety of laws and regulations, including tariffs. These laws regulate our cars, including their emissions, fuel consumption and safety, as well as our manufacturing facilities. As we are currently a small volume manufacturer in certain jurisdictions, we benefit from certain regulatory exemptions, including less stringent emissions caps. Developing, engineering and producing cars which meet continuously evolving regulatory requirements, and can therefore be sold in the relevant markets, requires a significant effort and expenditure of resources. See "*Overview of Our Business—Regulatory Matters*" for additional information.

Patent Box Benefit — Income taxes for the years ended December 31, 2023, 2022 and 2021 benefited from the application of the Patent Box tax regime by Article 1, par. 37-45 of Law No. 190 of December 23, 2014, as amended and supplemented from time to time, which provides tax benefits for companies that generate income through the use of intangible assets. Starting in 2020 the Group has implemented the Patent Box tax regime, covering the period from 2020 to the conclusion of this regime in 2024, with the recognition of the associated tax benefit distributed over three equal annual installments.

The Law Decree (Decree) n. 146 enacted by the Italian authorities, effective from October 22, 2021 and as amended by the 2022 Italian budget law, replaces the previous Patent Box tax regime with a new one that provides a 110% "super tax deduction" for certain costs related to eligible intangible assets. The Decree also outlines a transitional procedure for the coexistence of both regimes during their applicable periods.

For additional information see Note 10 *"Income taxes"* to the Consolidated Financial Statements included elsewhere in this document.

Asset-backed Financing (Securitizations) — We pursue a strategy of autonomous financing for our financial services activities in the United States, which involves limiting or reducing dependency on intercompany funding and increasing the portion of self-liquidating debt with various securitization transactions. At December 31, 2023 and 2022 our funding under securitization programs amounted to €1,166 million and €1,105 million, respectively, and our receivables from financing activities, which relate entirely to the financial services portfolio in the United States, amounted to €1,451 million and €1,400 million, respectively.

For additional information see Note 24 "*Debt*" and Note 18 "*Current Receivables and Other Current Assets*" to the Consolidated Financial Statements included elsewhere in this document.

Results of Operations

Consolidated Results of Operations – 2023 compared to 2022 and 2022 compared to 2021

The following is a discussion of the results of operations for the year ended December 31, 2023 compared to the year ended December 31, 2022 and for the year ended December 31, 2022 compared to the year ended December 31, 2021. The presentation includes line items as a percentage of net revenues for the respective periods presented to facilitate year-over-year comparisons.

	For the years ended December 31,					
	2023	**Percentage of net revenues**	**2022**	**Percentage of net revenues**	**2021**	**Percentage of net revenues**
	(€ million, except percentages)					
Net revenues	5,970	100.0%	5,095	100.0%	4,271	100.0%
Cost of sales	2,996	50.2%	2,649	52.0%	2,081	48.7%
Selling, general and administrative costs	463	7.7%	428	8.4%	348	8.1%
Research and development costs	882	14.8%	776	15.2%	768	18.0%
Other expenses, net	18	0.3%	21	0.4%	6	0.2%
Result from investments	6	0.1%	6	0.1%	7	0.2%
Operating profit (EBIT)	**1,617**	**27.1%**	**1,227**	**24.1%**	**1,075**	**25.2%**
Financial income	132	2.2%	84	1.2%	43	0.5%
Financial expenses	147	2.5%	133	2.2%	76	1.3%
Financial expenses, net	15	0.3%	49	1.0%	33	0.8%
Profit before taxes	**1,602**	**26.8%**	**1,178**	**23.1%**	**1,042**	**24.4%**
Income tax expense	345	5.7%	239	4.7%	209	4.9%
Net profit	**1,257**	**21.1%**	**939**	**18.4%**	**833**	**19.5%**

Net revenues

The following table sets forth an analysis of our net revenues for each of the years ended December 31, 2023, 2022 and 2021:

	For the years ended December 31,						Increase/(Decrease)			
	2023	**Percentage of net revenues**	**2022**	**Percentage of net revenues**	**2021**	**Percentage of net revenues**	**2023 vs. 2022**		**2022 vs. 2021**	
	(€ million, except percentages)									
Cars and spare parts (1)(5)	5,119	85.7%	4,321	84.8%	3,553	83.2%	798	18.5%	768	21.6%
Sponsorship, commercial and brand (2)(5)	572	9.6%	499	9.8%	451	10.6%	73	14.6%	48	10.6%
Engines (3)	127	2.1%	155	3.0%	189	4.4%	(28)	(18.4%)	(34)	(18.0%)
Other (4)	152	2.6%	120	2.4%	78	1.8%	32	27.1%	42	54.2%
Total net revenues	**5,970**	**100.0%**	**5,095**	**100.0%**	**4,271**	**100.0%**	**875**	**17.2%**	**824**	**19.3%**

(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 earned by our racing teams (mainly in the Formula 1 World Championship and in the World Endurance Championship) 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 fashion collection, merchandising, licensing and royalty income.

(3) 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.

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

(5) Starting in 2023, sponsorship revenues relating to the Group's WEC and other racing activities are presented within sponsorship, commercial and brand as a result of the increased relevance of those activities for the Ferrari brand in 2023, primarily in connection with the return of Ferrari to the top-tier "Hypercar" category of the FIA WEC after 50 years. As a result, sponsorship revenues from WEC and other racing activities of €20,362 thousand and €20,281 thousand for the years ended December 31, 2022 and 2021, respectively, which were previously presented within cars and spare parts as they were treated as incidental to the sale of our track cars, have been reclassified retrospectively to sponsorship, commercial and brand to conform to the current presentation.

2023 compared to 2022

Net revenues for 2023 were €5,970 million, an increase of €875 million or 17.2 percent (an increase of 17.1 percent on a constant currency basis), compared to €5,095 million for 2022.

The increase in net revenues was attributable to the combination of (i) a €798 million increase in cars and spare parts, (ii) a €73 million increase in sponsorship, commercial and brand and (iii) a €32 million increase in other revenues, partially offset by (iv) a €28 million decrease in engines.

Cars and spare parts

Net revenues generated from cars and spare parts for 2023 were €5,119 million, an increase of €798 million or 18.5 percent, compared to €4,321 million for 2022.

The increase in net revenues from cars and spare parts was primarily attributable to a more favorable product and country mix, higher contribution from personalization, higher volumes and pricing. Foreign currency exchange impact, including hedging transactions, was slightly negative, mainly driven by the depreciation of the Japanese Yen and Chinese Yuan, partially offset by the appreciation of the U.S. Dollar.

Total shipments for the year ended December 31, 2023 were 13,663, an increase of 442 cars or 3.3 percent, compared to 13,221 for the year ended December 31, 2022. The deliveries of the year included 11 internal combustion engine (ICE) models (including one ICE track car model) and 4 hybrid engine models, which represented 55.8 percent and 44.2 percent of shipments, respectively. Both the number of hybrid cars and the proportion of hybrid cars to the total number of cars shipped more than doubled in 2023 compared to 2022, driven by the 296 and SF90 families. The increase in shipments was also driven by the 812 Competizione family, the Purosangue, which was in ramp up phase in the second half of the year, and the Portofino M, which was approaching the end of its lifecycle during the year, partially offset by lower shipments of the 812 GTS and the Roma, as well as the F8 Tributo and F8 Spider, which were phased out in the first and fourth quarters of the year, respectively. Shipments of the Daytona SP3 were in line with our delivery plans for this phase of its lifecycle and we made our first shipments of the Roma Spider in the fourth quarter of 2023.

The €798 million increase in net revenues from cars and spare parts was composed of: (i) a €442 million increase in EMEA driven primarily by favorable mix, shipments of the Daytona SP3 and higher contribution from personalization, (ii) a €310 million increase in Americas and (iii) an €86 million increase in APAC, partially offset by (iv) a €40 million decrease in Mainland China, Hong Kong and Taiwan. The mix of net revenues by geography primarily reflects deliberate volume and product allocation in different markets.

Sponsorship, commercial and brand

Net revenues generated from sponsorship, commercial agreements and brand management activities for 2023 were €572 million, an increase of €73 million or 14.6 percent, compared to €499 million for 2022. The increase was primarily attributable to new racing sponsorships, higher Formula 1 commercial revenues and a better Formula 1 ranking in 2022 compared to 2021, as well as the contribution from lifestyle activities.

Engines

Net revenues generated from engines for 2023 were €127 million, a decrease of €28 million or 18.4 percent, compared to €155 million for 2022. The decrease was mainly attributable to fewer engines sold to Maserati, for which the contract expired in December 2023.

Other

Other net revenues for 2023 were €152 million, an increase of €32 million or 27.1 percent, compared to €120 million for 2022. The increase was mainly driven by an increase of financial services activities.

2022 compared to 2021

Net revenues for 2022 were €5,095 million, an increase of €824 million or 19.3 percent (an increase of 15.5 percent on a constant currency basis), compared to €4,271 million for 2021.

The increase in net revenues was attributable to the combination of (i) a €768 million increase in cars and spare parts, (ii) a €48 million increase in sponsorship, commercial and brand and (iii) a €42 million increase in other revenues, partially offset by (iv) a €34 million decrease in engines.

Cars and spare parts

Net revenues generated from cars and spare parts for 2022 were €4,321 million, an increase of €768 million or 21.6 percent, compared to €3,553 million for 2021.

The increase in net revenues from cars and spare parts was primarily attributable to higher car volumes and personalizations, partially offset by a negative mix. In particular, the negative mix was driven by the Ferrari Monza SP1 and SP2, which reached the end of their limited series run in the first quarter of 2022. The increase in net revenues was also due to positive contribution from the appreciation of certain foreign currencies compared to the Euro (mainly the U.S. Dollar and the Chinese Yuan), partially offset by the impact of hedging transactions.

Total shipments increased by 2,066 cars, or 18.5 percent, from 11,155 cars for the year ended December 31, 2021 to 13,221 cars for the year ended December 31, 2022. The increase in shipments in 2022 was driven by the Ferrari Portofino M and the SF90 family, as well as the 296 GTB and the 812 Competizione, which were in the ramp up phase. In the fourth quarter of the year we made the very first shipments of our latest Icona model, the Daytona SP3, while the Ferrari Monza SP1 and SP2 reached the end of their limited-series run at the end of the first quarter of 2022.

The €768 million increase in net revenues from cars and spare parts was composed of: (i) a €294 million increase in Mainland China, Hong Kong and Taiwan, (ii) a €259 million increase in Americas, (iii) a €138 million increase in EMEA, and (iv) a €77 million increase in Rest of APAC. The mix of net revenues by geography was impacted by the deliberate geographic allocation of shipments, which followed the pace of introduction of new models.

Sponsorship, commercial and brand

Net revenues generated from sponsorship, Formula 1 commercial agreements and brand management activities for 2022 were €499 million, an increase of €48 million, or 10.6 percent, from €451 million for 2021. The increase was primarily attributable to an improvement in our Formula 1 ranking against the prior year and lifestyle-related activities, partially offset by lower sponsorships.

Engines

Net revenues generated from engines for 2022 were €155 million, a decrease of €34 million or 18.0 percent, compared to €189 million for 2021. The decrease was primarily attributable to few engines sold to Maserati. The contract for sale of engines to Maserati expired in December 2023.

Other

Other net revenues for 2022 were €120 million, an increase of €42 million or 54.2 percent, compared to €78 million for 2021. The increase was primarily attributable to other supporting activities, mainly related to racing and to our financial services activities (including positive foreign currency exchange impact), as well as to the Moto GP event held at our Mugello racetrack, which was held with full public attendance in 2022.

Cost of sales

	For the years ended December 31,						Increase/(Decrease)			
	2023	Percentage of net revenues	2022	Percentage of net revenues	2021	Percentage of net revenues	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)									
Cost of sales	2,996	50.2%	2,649	52.0%	2,081	48.7%	347	13.1%	568	27.3%

2023 compared to 2022

Cost of sales for 2023 was €2,996 million, an increase of €347 million or 13.1 percent, compared to €2,649 million for 2022. As a percentage of net revenues, cost of sales was 50.2 percent in 2023 compared to 52.0 percent in 2022.

The increase in cost of sales was primarily attributable to a change in product mix, higher car volumes and higher industrial costs (reflecting cost inflation and depreciation), as well as racing and other supporting activities, partially offset by fewer engines sold to Maserati and foreign currency exchange impact.

2022 compared to 2021

Cost of sales for 2022 was €2,649 million, an increase of €568 million or 27.3 percent, compared to €2,081 million for 2021. As a percentage of net revenues, cost of sales was 52.0 percent in 2022 compared to 48.7 percent in 2021.

The increase in cost of sales was primarily attributable to higher car volumes, including personalizations, a change in product mix and higher industrial costs, including cost inflation (particularly for energy and raw materials) and depreciation, as well as negative contribution from racing activities and the appreciation of certain foreign currencies compared to the Euro (mainly the U.S. Dollar and the Chinese Yuan), and higher costs for lifestyle and other supporting activities.

Selling, general and administrative costs

	For the years ended December 31,						Increase/(Decrease)			
	2023	Percentage of net revenues	2022	Percentage of net revenues	2021	Percentage of net revenues	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)									
Selling, general and administrative costs	463	7.7%	428	8.4%	348	8.1%	35	8.1%	80	23.0%

2023 compared to 2022

Selling, general and administrative costs for 2023 were €463 million, an increase of €35 million or 8.1 percent, compared to €428 million for 2022. As a percentage of net revenues, selling, general and administrative costs were 7.7 percent in 2023 compared to 8.4 percent in 2022.

The increase in selling, general and administrative costs mainly reflects continuing initiatives for digital infrastructure and organizational development, as well as brand investments.

2022 compared to 2021

Selling, general and administrative costs for 2022 were €428 million, an increase of €80 million or 23.0 percent, compared to €348 million for 2021. As a percentage of net revenues, selling, general and administrative costs were 8.4 percent in 2022 compared to 8.1 percent in 2021.

The increase in selling, general and administrative costs was mainly attributable to communication and marketing activities, lifestyle and corporate events, and costs to support the Group’s organizational development.

Research and development costs

	For the years ended December 31,						Increase/(Decrease)			
	2023	Percentage of net revenues	2022	Percentage of net revenues	2021	Percentage of net revenues	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)									
Research and development costs expensed during the year	539	9.1%	518	10.1%	574	13.4%	21	4.1%	(56)	(9.7%)
Amortization of capitalized development costs	343	5.7%	258	5.1%	194	4.6%	85	33.0%	64	32.5%
Research and development costs	**882**	**14.8%**	**776**	**15.2%**	**768**	**18.0%**	**106**	**13.7%**	**8**	**1.0%**

2023 compared to 2022

Research and development costs for 2023 were €882 million, an increase of €106 million or 13.7 percent, compared to €776 million for 2022. As a percentage of net revenues, research and development costs were 14.8 percent in 2023 compared to 15.2 percent in 2022.

The increase of €106 million was attributable to (i) higher amortization of capitalized development costs of €85 million driven by a general increase in capitalized development costs in recent years (€448 million in 2023, €416 million in 2022 and €363 million in 2021) in line with our strategy to innovate and broaden our product portfolio, as well as by (ii) higher research and development costs expensed of €21 million driven by Formula 1 and other racing activities.

2022 compared to 2021

Research and development costs for 2022 were €776 million, an increase of €8 million or 1.0 percent, compared to €768 million for 2021. As a percentage of net revenues, research and development costs were 15.2 percent in 2022 compared to 18.0 percent in 2021.

The increase in research and development costs was primarily attributable to an increase in amortization of capitalized development costs of €64 million driven by a general increase in capitalized development costs in recent years in line with our strategy to further innovate and broaden our product portfolio. This increase was partially offset by a decrease in research and development costs expensed of €56 million, mainly driven by an increase in the proportion of development costs capitalized (compared to costs expensed) as we advance through the stages of development for many of the technologies we are creating, as well as the cap on certain costs we may incur for the chassis of our Formula 1 racing cars in accordance with applicable FIA financial regulations.

Other expenses, net

	For the years ended December 31,			Increase/(Decrease)			
	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)						
Other income	11	13	8	(2)	(12.0%)	5	53.6%
Other expense	29	34	14	(5)	(12.2%)	20	148.7%
Other expenses, net	**18**	**21**	**6**	**(3)**	**(12.3%)**	**15**	**287.5%**

Other expenses primarily consist of indirect taxes, provisions and other miscellaneous expenses. Other income primarily consists of rental income, gains on the disposal of property, plant and equipment and releases of previously recognized provisions (including the partial release of environmental provisions as a result of more favorable market conditions for car emissions credits), as well as other miscellaneous income.

Operating profit (EBIT)

	For the years ended December 31,						Increase/(Decrease)			
	2023	Percentage of net revenues	2022	Percentage of net revenues	2021	Percentage of net revenues	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)									
Operating profit (EBIT)	1,617	27.1%	1,227	24.1%	1,075	25.2%	390	31.8%	152	14.1%

2023 compared to 2022

Operating profit (EBIT) for 2023 was €1,617 million, an increase of €390 million or 31.8 percent, compared to €1,227 million for 2022. As a percentage of net revenues, operating profit (EBIT) increased from 24.1 percent in 2022 to 27.1 percent in 2023.

The increase in operating profit (EBIT) was primarily attributable to the combined effects of (i) positive volume impact of €42 million (as further described in revenues above), (ii) positive product and country mix impact of €461 million, sustained by the Daytona SP3, the 812 Competizione and the SF90 families, as well as by the contribution from the Americas and Mainland China, Hong Kong and Taiwan and a higher contribution from personalization and pricing, (iii) negative contribution of €106 million from research and development costs, (iv) negative contribution of €35 million from selling, general and administrative costs, (v) positive contribution of €13 million from the combined effects of higher Formula 1 commercial revenues, a better Formula 1 ranking in 2022 compared to 2021, new racing sponsorships and a higher contribution from lifestyle activities, as well as a partial release of environmental provisions as a result of more favorable market conditions for car emissions credits, partially offset by higher industrial costs, reflecting the effects of cost inflation and higher depreciation and amortization, and (vi) positive foreign currency exchange impact of €15 million (including foreign currency hedging instruments).

2022 compared to 2021

Operating profit (EBIT) for 2022 was €1,227 million, an increase of €152 million or 14.1 percent, compared to €1,075 million for 2021. As a percentage of net revenues, operating profit (EBIT) decreased from 25.2 percent in 2021 to 24.1 percent in 2022.

The increase in operating profit (EBIT) was primarily attributable to the combined effects of (i) positive volume impact of €261 million, (ii) negative product mix impact of €16 million, mainly impacted by lower shipments of the Ferrari Monza SP1 and SP2, which phased out in the first quarter of 2022, partially offset by positive contribution from personalizations and Range model mix, (iii) negative contribution of €109 million from higher industrial costs, including cost inflation (particularly for energy and raw materials) and depreciation, (iv) an increase in research and development costs of €8 million, (v) an increase in selling, general and administrative costs of €80 million, (vi) negative contribution of €15 million from racing activities, and reduced engine shipments to Maserati (in line with plans), partially offset by a positive contribution from lifestyle activities, and (vii) positive foreign currency exchange impact of €119 million (including foreign currency hedging instruments).

Financial expenses, net

	For the years ended December 31,			Increase/(Decrease)			
	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)						
Financial income	132	84	43	48	57.8%	41	95.0%
Financial expenses	147	133	76	14	10.4%	57	75.0%
Financial expenses, net	**15**	**49**	**33**	**(34)**	**(69.7%)**	**16**	**49.2%**

2023 compared to 2022

Financial expenses, net for 2023 decreased to €15 million compared to €49 million for 2022. The decrease in financial expenses, net was driven by (i) foreign currency exchange impact (including the net costs of hedging), (ii) higher interest income on cash and cash equivalents and (iii) gains realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025 (€8 million).

2022 compared to 2021

Financial expenses, net for 2022 increased to €49 million compared to €33 million for 2021. The increase in financial expenses, net was primarily attributable to hedging costs for foreign exchange derivatives, as well as the remeasurement to fair value of financial investments held by the Group.

Income tax expense

	For the years ended December 31,			Increase/(Decrease)			
	2023	2022	2021	2023 vs. 2022		2022 vs. 2021	
	(€ million, except percentages)						
Income tax expense	345	239	209	106	44.6%	30	14.0%

2023 compared to 2022

Income tax expense for 2023 was €345 million, an increase of €106 million, compared to €239 million for 2022. Income taxes for both years benefited from the application of the Patent Box regime. See Note 10 "*Income Taxes*" to the Consolidated Financial Statements included elsewhere in this Report for additional information related to the Patent Box tax regime in Italy.

The increase in income tax expense was primarily attributable to an increase in profit before taxes in 2023 compared to 2022.

The effective tax rate was 21.5 percent in 2023 compared to 20.2 percent in 2022, mainly reflecting the estimate of the benefit attributable to the Patent Box, the Allowance for Corporate Equity (ACE) and tax incentives for eligible research and development costs and investments.

2022 compared to 2021

Income tax expense for 2022 was €239 million, an increase of €30 million, compared to €209 million for 2021. Income taxes for both years benefited from the application of the Patent Box regime. See Note 10 "*Income Taxes*" to the Consolidated Financial Statements included elsewhere in this document for additional information related to the Patent Box tax regime in Italy.

The increase in income tax expense was primarily attributable to an increase in profit before taxes in 2022 compared to 2021.

The effective tax rate was 20.2 percent in 2022 compared to 20.1 percent in 2021.

Liquidity and Capital Resources

Liquidity Overview

We require liquidity in order to fund our operations, meet our obligations, make capital investments and reward our shareholders. Short-term liquidity is required, among others, to purchase raw materials, parts, components and utilities for car production, as well as for personnel and other operating costs. In addition to our general working capital and operational needs, we require cash for capital investments to support continuous product portfolio renewal and expansion, as well as for research and development activities aimed at continually innovating and improving our cars, including the transition of our product portfolio to hybrid and electric technology. We also make investments to enhance manufacturing efficiency, improve capacity, implement sustainability initiatives, ensure environmental and regulatory compliance and carry out maintenance activities, among others. We fund our capital expenditure primarily with cash generated from our operating activities. We also use liquidity to reward our shareholders through dividends and share repurchases, for which we paid out €329 million and €461 million, respectively in 2023. At our Capital Markets Day held on June 16, 2022, we announced a new multi-year share repurchase program of approximately €2 billion that is expected to be executed by 2026, as well as an increase in our expected dividend payout ratio from 30 percent to 35 percent of adjusted net profit starting in 2022.

We centrally manage our operating cash management, liquidity and cash flow requirements with the objective of ensuring effective and efficient 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 liquidity requirements.

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 expenditures and, to a lesser extent, tax payments. In particular, our inventory levels generally increase in the periods leading up to the launch of new models and at the end of the second quarter of the year to support the summer plant shutdown. Inventory levels are also adjusted as we deem necessary for agile supply chain management requirements.

We generally receive payment for cars between 30 and 40 days after the car is shipped (or earlier when sales financing arrangements 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 goods and services. Additionally, we also receive advance payments from our customers, mainly for our Icona, limited edition and Special Series models, as well as certain Range models in selected markets. 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 in certain regions we may warehouse cars for longer periods of time to ensure timely deliveries. 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 or around the time we are required to make payments for the raw materials, components or other materials used in the manufacturing of our cars. However, the advances we collect on cars may be subject to timing differences from period to period as a result of the number of models in our product portfolio for which we collect advances and the stage of their lifecycle at a given point in time, which ultimately impacts our working capital.

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 portfolio. Our investments in research and development 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 also 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 are currently undergoing a period of structurally higher capital spending as we broaden our car architectures, prioritize innovation and advanced technologies, and transition our product portfolio to hybrid and electric powertrains. We also continue to make significant capital investments in operating assets and infrastructure projects that are important for our continued growth and development, including for the ongoing construction of our new e-building, which is expected to be inaugurated in June 2024 and will be used primarily for the production of BEVs and related components, as well as the paint shop.

The payment of income taxes also affects our cash flows. We typically pay the first tax advance payment in the second quarter of the year, together with the remaining tax balance due for the previous year, and the remaining part of the advance payment in the third and/or fourth quarters. Our tax expense and tax payments in 2023, 2022 and 2021 benefited from applying the Patent Box tax regime in Italy. See Note 10 "*Income Taxes*" to the Consolidated Financial Statements included elsewhere in this document for additional information related to the Patent Box tax regime in Italy.

Cash Flows

The following table summarizes the cash flows from/(used in) operating, investing and financing activities for each of the years ended December 31, 2023, 2022 and 2021. For additional details of our cash flows, see our Consolidated Financial Statements included elsewhere in this document.

	For the years ended December 31,		
	2023	**2022**	**2021**
		(€ million)	
Cash and cash equivalents at beginning of the year	**1,389**	**1,344**	**1,362**
Cash flows from operating activities	1,717	1,403	1,283
Cash flows used in investing activities	(867)	(805)	(733)
Cash flows used in financing activities	(1,109)	(554)	(580)
Translation exchange differences	(8)	1	12
Total change in cash and cash equivalents	**(267)**	**45**	**(18)**
Cash and cash equivalents at end of the year	**1,122**	**1,389**	**1,344**

2023 compared to 2022

For the year ended December 31, 2023 cash and cash equivalents held by the Group decreased by €267 million compared to an increase in cash and cash equivalents of €45 million for the year ended December 31, 2022. The difference in the net change in cash and cash equivalents in 2023 compared to 2022 of negative €312 million was mainly attributable to the combined effects of:

(i) an increase in cash flows from operating activities of €314 million in 2023 compared to 2022, driven by an increase in net profit excluding non-cash items of €506 million, partially offset by higher absorption of cash for working capital, mainly due to an increase in inventories driven by production planning and an enriched product mix, as well as by lower collection of advances for cars in 2023 compared to 2022, which benefited from the collection of advances for the Daytona SP3;

partially offset by:

(ii) an increase in cash flows used in investing activities of €62 million in 2023 compared to 2022, driven by higher investments in property, plant and equipment and intangible assets, reflecting our initiatives for product and infrastructure development; and

(iii) an increase in cash flows used in financing activities of €555 million in 2023 compared to 2022, driven by (i) higher repayments of debt of €583 million (€751 million in 2023 compared to €168 million in 2022), (ii) higher dividends paid of €82 million (€334 million in 2023 compared to €252 million in 2022) and (iii) higher share repurchases of €64 million (€461 million in 2023 compared to €397 million in 2022), partially offset by (iv) an increase in proceeds from debt of €174 million (€436 million in 2023 compared to €262 million in 2022).

2022 compared to 2021

For the year ended December 31, 2022 cash and cash equivalents held by the Group increased by €45 million compared to a decrease in cash and cash equivalents of €18 million for the year ended December 31, 2021. The difference in the net change in cash and cash equivalents in 2022 compared to 2021 of positive €63 million was primarily attributable to the combined effects of:

(i) an increase in cash flows from operating activities of €120 million in 2022 compared to 2021, mainly attributable to an increase in net profit excluding non-cash items of €242 million and €170 million from other operating assets and liabilities, driven by the collection of advances for the Daytona SP3 and the 812 Competizione A, partially offset by higher income tax paid of €196 million and an increase in cash used for inventories, trade receivables and trade payables of €91 million driven by higher overall volumes; and

(ii) a decrease in cash flows used in financing activities of €26 million in 2022 compared to 2021, driven by net proceeds/repayments of debt (net proceeds of €95 million in 2022 compared to net repayments of €187 million in 2021), partially offset by higher share repurchases of €166 million and higher dividends paid of €90 million in 2022 compared to 2021;

partially offset by:

(iii) an increase in cash flows used in investing activities of €72 million in 2022 compared to 2021, mainly driven by higher investments in intangible assets to support the development of our current and future product offering.

Please refer to the following discussion and to the Consolidated Statement of Cash Flows included elsewhere in this document for additional information related to our cash flows.

A summary of the cash flows from or used in operating, investing and financing activities for each year is provided below.

Operating Activities — Year Ended December 31, 2023

For the year ended December 31, 2023, our cash flows from operating activities were €1,717 million, primarily attributable to:

(i) net profit of €1,257 million, adjusted for €345 million of income tax expense, €662 million for depreciation and amortization expense, €147 million of financial expenses, €132 million of financial income and net other non-cash expenses of €139 million (mainly related to provisions, allowances, share-based compensation expense and the result from investments accounted for using the equity method);

(ii) €49 million of cash generated from the change in other operating assets and liabilities, primarily driven by advances received for our cars; and

partially offset by:

(i) €300 million of cash absorbed from the net change in inventories, trade receivables and trade payables, attributable to inventories for €310 million driven by production planning and an enriched product mix and trade receivables for €33 million, partially offset by trade payables for €43 million;

(ii) €107 million related to cash absorbed by receivables from financing activities driven by an increase in the financial services portfolio due to volume growth;

(iii) €51 million of net finance costs paid; and

(iv) €292 million of income tax paid.

Operating Activities — Year Ended December 31, 2022

For the year ended December 31, 2022, our cash flows from operating activities were €1,403 million, primarily attributable to:

(i) net profit of €939 million, adjusted for €238 million of income tax expense, €546 million for depreciation and amortization expense, €133 million of financial expenses, €84 million of financial income and net other non-cash expenses and income of €112 million (mainly related to provisions, allowances, share-based compensation expense and the result from investments accounted for using the equity method); and

(ii) €140 million of cash generated from the change in other operating assets and liabilities, primarily driven by advances received for the Ferrari Daytona SP3 and the 812 Competizione A;

partially offset by:

(i) €305 million of income tax paid;

(ii) €188 million of cash absorbed by receivables from financing activities, driven by an increase in the financial services portfolio;

(iii) €98 million of cash absorbed from the net change in inventories, trade receivables and trade payables, primarily attributable to higher overall volumes; and;

(iv) €32 million of net finance costs paid.

Operating Activities — Year Ended December 31, 2021

For the year ended December 31, 2021, our cash flows from operating activities were €1,283 million, primarily attributable to:

(i) net profit of €833 million, adjusted for €209 million of income tax expense, €456 million for depreciation and amortization expense, €33 million of financial expenses, net and net other non-cash expenses and income of €48 million (mainly related to provisions, allowances, share-based compensation expense and the result from investments accounted for using the equity method);

partially offset by:

(i) €123 million related to cash absorbed by receivables from financing activities driven by an increase in the financial services portfolio;

(ii) €30 million of cash absorbed from the change in other operating assets and liabilities, primarily attributable to reversals of advances received for the Ferrari Monza SP1 and SP2, partially offset by advances received for the 812 Competizione and 812 Competizione A;

(iii) €6 million of cash absorbed from the net change in inventories, trade receivables and trade payables. In particular, the movement was attributable to: (a) cash absorbed by inventories of €81 million driven by higher volumes, partially offset by (b) cash generated from trade receivables of €2 million and (c) cash generated from trade payables of €73 million;

(iv) €28 million of net finance costs paid; and

(v) €109 million of income tax paid.

Investing Activities — Year Ended December 31, 2023

For the year ended December 31, 2023 our net cash used in investing activities was €867 million, primarily attributable to capital expenditures of (i) €487 million for intangible assets, mainly related to externally acquired and internally generated development costs, and (ii) €382 million for property, plant and equipment. For a detailed analysis of additions to intangible assets and property, plant and equipment see "—*Capital Expenditures*" below.

Investing Activities — Year Ended December 31, 2022

For the year ended December 31, 2022, our net cash used in investing activities was €805 million, primarily attributable to: (i) €457 million of additions to intangible assets and, (ii) €348 million of additions to property, plant and equipment. For a detailed analysis of additions to intangible assets and property, plant and equipment see "—*Capital Expenditures*" below.

Investing Activities — Year Ended December 31, 2021

For the year ended December 31, 2021, our net cash used in investing activities was €733 million, primarily attributable to: (i) €385 million of additions to intangible assets and, (ii) €352 million of additions to property, plant and equipment, partially offset by proceeds from the disposals. For a detailed analysis of additions to intangible assets and property, plant and equipment see "—*Capital Expenditures*" below.

Financing Activities — Year Ended December 31, 2023

For the year ended December 31, 2023, net cash used in financing activities was €1,109 million, primarily attributable to:

(i) €385 million for the full repayment upon maturity of a bond previously issued in 2016 and €191 million for the partial repayment of a bond due in 2025 following a tender offer by the Group;

(ii) €461 million to repurchase common shares under the Company's share repurchase program (including the "Sell-to-Cover" practice under the equity incentive plans);

(iii) €334 million of dividends paid (of which €329 million was to owners of the parent and €5 million was to non-controlling interests);

(iv) €73 million of repayments of borrowings from banks and other financial institutions, and

(v) €18 million for repayments of lease liabilities;

partially offset by:

(i) €250 million of proceeds from borrowings from banks and other financial institutions; and

(ii) €102 million of proceeds net of repayments related to our revolving securitization programs in the United States (proceeds of €151 million and repayments of €49 million).

Financing Activities — Year Ended December 31, 2022

For the year ended December 31, 2022, our net cash used in financing activities was €554 million, primarily attributable to:

(i) €397 million to repurchase common shares under the Company's share repurchase program (including the "Sell-to-Cover" practice under the equity incentive plans);

(ii) €252 million of dividends paid (of which €250 million was to owners of the parent and €2 million was to non-controlling interests);

(iii) €46 million related to the net change in borrowings to banks and other financial institutions; and

(iv) €17 million in repayments of lease liabilities;

partially offset by:

(i) €146 million of proceeds net of repayments related to our revolving securitization programs in the United States; and

(ii) €12 million related to the net change in other debt.

Financing Activities — Year Ended December 31, 2021

For the year ended December 31, 2021, our net cash used in financing activities was €580 million, primarily attributable to:

(i) €500 million for the full repayment of a bond upon maturity in January 2021;

(ii) €231 million to repurchase common shares under the Company's share repurchase program (including the "Sell-to-Cover" practice under the equity incentive plans);

(iii) €161 million of dividends paid (of which €160 million was to owners of the parent and €1 million was to non-controlling interests);

(iv) €22 million in repayments of lease liabilities; and

(v) €7 million related to the net change in other debt;

partially offset by:

(i) €149 million of net proceeds from the issuance of the 2032 Notes in July 2021;

(ii) €121 million related to the net change in bank borrowings and other financial institutions; and

(iii) €71 million of proceeds net of repayments related to our revolving securitization programs in the United States.

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. Our capital investments generally focus on efforts to support continuous product portfolio renewal and expansion, as well as development activities aimed at continually innovating and improving our cars, including the transition of our product portfolio to hybrid and electric technology. We expect that our capital expenditures in the next few years will continue to be primarily focused on broadening and innovating our product range, consistent with our plans to launch 15 models over the period from 2023 to 2026, as well as on infrastructure investments to further enhance our technological edge with innovation and the development of core components in house.

Capital expenditures for the years ended December 31, 2023, 2022 and 2021 were €911 million, €824 million and €750 million, respectively.

The following table sets forth a breakdown of capital expenditures by category for each of the years ended December 31, 2023, 2022 and 2021:

	For the years ended December 31,		
	2023	**2022**	**2021**
		(€ million)	
Intangible assets			
Externally acquired and internally generated development costs	448	416	363
Patents, concessions and licenses	24	31	17
Other intangible assets	15	10	5
Total intangible assets	**487**	**457**	**385**
Property, plant and equipment			
Land and industrial buildings	32	18	35
Plant, machinery and equipment	113	154	123
Other assets	36	27	20
Advances and assets under construction	243	168	187
Total property, plant and equipment	**424**	**367**	**365**
Total capital expenditures	**911**	**824**	**750**

Intangible assets

Our total capital expenditures for intangible assets for the year ended December 31, 2023 were €487 million (€457 million and €385 million for the years ended December 31, 2022 and 2021, respectively).

The most significant investments in intangible assets 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 the engineering, design and development activities focused on content enhancement of existing cars and new models, including to broaden and innovate our product portfolio and our ongoing investments in advanced technologies (including hybrid and electric), as well as the development of key components used in our cars, which are necessary to provide continuing performance upgrades to our customers and which we expect to continue to develop primarily in-house.

In recent periods, our capitalized developments costs have significantly increased for the aforementioned initiatives from €363 million in 2021 to €416 million in 2022 and €448 million in 2023. This has contributed to an increase in the proportion of capitalized development costs compared to total research and development incurred due to the effects of the advancement through the stages of development for many of the technologies we are creating. In particular, capitalized development costs as a proportion of total research and development incurred (both capitalized and expensed) increased to 45.4 percent in 2023 compared to 44.5 percent in 2022 and 38.7 percent in 2021.

For the year ended December 31, 2023, we invested €448 million in externally acquired and internally generated development costs, of which €286 million primarily related to the development of models to be launched in future years and €162 million primarily related to the development of our current product portfolio and components.

For the year ended December 31, 2022, we invested €416 million in externally acquired and internally generated development costs, of which €301 million primarily related to the development of models to be launched in future years and €115 million primarily related to the development of our current product portfolio and components.

For the year ended December 31, 2021, we invested €363 million in externally acquired and internally generated development costs, of which €229 million primarily related to the development of models to be launched in future years and €134 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 for the year ended December 31, 2023 were €424 million (€367 million and €365 million for the years ended December 31, 2022 and 2021, respectively), of which €42 million related to right-of-use assets (€19 million and 13 million for the years ended December 31, 2022 and 2021, respectively).

For the years ended December 31, 2023, 2022 and 2021, we made significant investments in infrastructures in line with our growth plans and our focus on the renewal and broadening of our product portfolio and supporting future model launches. In particular, we invested:

- in the ongoing construction of our e-building (the main driver of the increase in advances and assets under construction in 2023 compared to 2022), which will be used primarily for the production of battery electric vehicles (BEVs) and related components. The e-building is expected to be inaugurated in June 2024;

- in car and engine production lines (including for models to be launched in future years), as well as in our personalization programs;

- the new paint shop (in 2023); and

- in the purchase of tracts of land adjacent to our facilities in Maranello as part of our expansion plans (primarily in 2021).

At December 31, 2023, the Group had contractual commitments for the purchase of property, plant and equipment amounting to €115 million (€201 million at December 31, 2022).

Contractual Obligations

The following table summarizes payments due under our significant contractual commitments at December 31, 2023:

	Payments due by period				
	Less than 1 year	1 to 3 years	3 to 5 years	After 5 years	Total
			(€ million)		
Long-term debt [1]	590	1,138	89	450	2,267
Interest on long-term debt [2]	50	25	18	10	103
Lease obligations (principal) [3]	16	21	16	20	73
Lease obligations (interest)	2	2	2	2	8
Unconditional minimum purchase obligations [4]	95	40	3	—	138
Purchase obligations [5]	115	—	—	—	115
Total contractual obligations	**868**	**1,226**	**128**	**482**	**2,704**

(1) Amounts presented relate to the principal amounts of long-term debt, excluding lease liabilities and the related interest expense that will be paid when due. For additional information see Note 24 "Debt" to our Consolidated Financial Statements included elsewhere in this document. The table above does not include short-term debt obligations. See the table below for a reconciliation of the contractual commitments of our long-term debt to the debt recognized in the consolidated statement of financial position included within our Consolidated Financial Statements.

(2) Amounts include interest payments based on the contractual terms and current interest rates on our long-term debt. Where interest rates are variable, they were determined using the rates in effect at December 31, 2023.

(3) Lease obligations mainly relate to leases for Ferrari stores, industrial buildings and certain other leased assets used in our business.

(4) Unconditional minimum purchase obligations relate to our unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services from suppliers with fixed and determinable price provisions. From time to time, in the ordinary course of our business, we enter into various arrangements with key suppliers in order to establish strategic and technological advantages. In particular, such agreements primarily relate to research and development activities and, to a lesser extent, tooling obligations. This amount also includes unconditional purchase obligations to purchase a minimum quantity of goods and/or services in connection with certain of our sponsorship contracts.

(5) Purchase obligations represent obligations to purchase property, plant and equipment.

The long-term debt obligations reflected in the table above can be reconciled to the amount recognized in the consolidated statement of financial position at December 31, 2023 (in our Consolidated Financial Statements included elsewhere in this document) as follows:

	(€ million)
Debt	**2,477**
Short-term debt obligations	(133)
Lease liabilities	(73)
Accrued interest and amortized cost effects	(4)
Long-term debt	**2,267**

Pension, post-employment benefits and other provisions for employees

We provide post-employment benefits for certain active employees and retirees of the Group. We classify these benefits on the basis of the type of benefit provided and in particular as defined contribution plans, defined benefit obligations or other provisions for employees. At December 31, 2023, the liability for such obligations amounted to €123 million (€111 million at December 31, 2022). See Note 22 *"Employee benefits"* to the Consolidated Financial Statements included elsewhere in this document.

Off balance sheet arrangements

We have entered into various off-balance sheet arrangements with unconsolidated third parties in the ordinary course of business. For additional information see Note 29 "*Commitments*" to the Consolidated Financial Statements included elsewhere in this document.

Non-GAAP Financial Measures

We monitor and evaluate our operating and financial performance and financial position using several non-GAAP financial measures, including several adjusted measures which present how the underlying business has performed prior to the impact of adjusting items, which may obscure the underlying performance and impair comparability of results between periods. We believe that these non-GAAP financial measures provide useful and relevant information to management and investors regarding our performance and improve the 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. Management also uses these measures for budgeting and business plans, performance monitoring, management remuneration and external reporting purposes.

In particular, we present the following non-GAAP financial measures, which are further described below: EBITDA, Adjusted EBITDA, Adjusted Operating Profit (Adjusted EBIT), Adjusted Net Profit, Adjusted Basic Earnings per Common Share, Adjusted 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.

While similar measures are widely used in the industry in which we operate, the non-GAAP 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, financial expenses, net 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.

The following table sets forth the calculation of EBITDA and Adjusted EBITDA for the years ended December 31, 2023, 2022 and 2021, and provides a reconciliation of these non-GAAP measures to net profit. There were no adjustments impacting Adjusted EBITDA, therefore Adjusted EBITDA was equal to EBITDA for the periods presented.

	For the years ended December 31,		
	2023	2022	2021
		(€ million)	
Net profit	1,257	939	833
Income tax expense	345	239	209
Financial expenses, net	15	49	33
Operating profit (EBIT)	**1,617**	**1,227**	**1,075**
Amortization and depreciation	662	546	456
EBITDA	**2,279**	**1,773**	**1,531**
Adjustments	—	—	—
Adjusted EBITDA	**2,279**	**1,773**	**1,531**

Adjusted Operating Profit (Adjusted EBIT)

Adjusted Operating Profit (Adjusted EBIT) represents operating profit (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.

The following table presents operating profit (EBIT) and Adjusted Operating Profit (Adjusted EBIT) for the years ended December 31, 2023, 2022 and 2021. There were no adjustments impacting Operating Profit (EBIT), therefore Adjusted Operating Profit (Adjusted EBIT) was equal to operating profit (EBIT) for the periods presented.

	For the years ended December 31,		
	2023	2022	2021
		(€ million)	
Operating profit (EBIT)	**1,617**	**1,227**	**1,075**
Adjustments	—	—	—
Adjusted Operating Profit (Adjusted EBIT)	**1,617**	**1,227**	**1,075**

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.

The following table presents net profit and Adjusted Net Profit for the years ended December 31, 2023, 2022 and 2021. There were no adjustments impacting net profit, therefore Adjusted Net Profit was equal to net profit for the periods presented.

	For the years ended December 31,		
	2023	2022	2021
		(€ million)	
Net profit	**1,257**	**939**	**833**
Adjustments	—	—	—
Adjusted Net Profit	**1,257**	**939**	**833**

Adjusted Basic Earnings per Common Share and Adjusted Diluted Earnings per Common Share

Adjusted Basic Earnings per Common Share and Adjusted Diluted Earnings per Common Share represent 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.

The following table presents Adjusted Basic Earnings per Common Share and Adjusted Diluted Earnings per Common Share for the years ended December 31, 2023, 2022 and 2021. There were no adjustments impacting basic Earnings per common share and diluted earnings per common share, therefore Adjusted Basic Earnings per Common Share and Adjusted Diluted Earnings per Common Share were equal to basic earnings per common share and diluted earnings per common share for the periods presented.

		For the years ended December 31,		
		2023	**2022**	**2021**
Net profit attributable to owners of the Company	€ million	1,252	933	831
Weighted average number of common shares for basic earnings per share	thousand	181,220	182,836	184,446
Basic earnings per common share	**€**	**6.91**	**5.11**	**4.50**
Adjustments	€	—	—	—
Adjusted Basic Earnings per Common Share	**€**	**6.91**	**5.11**	**4.50**
Weighted average number of common shares[(1)] for diluted earnings per share	thousand	181,511	183,121	184,771
Diluted earnings per common share	**€**	**6.90**	**5.09**	**4.50**
Adjustments	€	—	—	—
Adjusted Diluted Earnings per Common Share	**€**	**6.90**	**5.09**	**4.50**

(1) *For the years ended December 31, 2023, 2022 and 2021 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 for outstanding share-based awards granted by the Group (assuming 100 percent of the target awards vested).*

See Note 12 "*Earnings per Share*" to the Consolidated Financial Statements, included elsewhere in this document, for the calculation of the basic earnings per common share and diluted earnings per common share.

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.

- **Net Debt** is defined as debt less cash and cash equivalents and is composed of Net Industrial Debt and Net Debt of Financial Services Activities, which are both defined below.

- **Net Industrial Debt** is defined as debt of our industrial activities less cash and cash equivalents of our industrial activities. Net Industrial Debt represents our Net Debt less our Net Debt of Financial Services Activities (as defined below). Industrial activities include all of the Group's activities except for those relating to financial services activities, which are further described below.

- **Net Debt of Financial Services Activities** is defined as debt of our financial services activities less cash and cash equivalents of our financial services activities. The Group's financial services activities relate to its fully owned subsidiary Ferrari Financial Services Inc., whose primary business is to offer retail client financing for the sale of Ferrari cars in the United States and to manage the related financial receivables portfolio. The Net Debt of Financial Services Activities primarily relates to our asset-backed financing (securitizations) of the receivables generated by our financial services activities in the United States.

The following table sets presents our Net Debt, Net Debt of Financial Services Activities and Net Industrial Debt at December 31, 2023 and 2022.

	At December 31,					
	2023			2022		
	Group	Financial Services Activities	Industrial Activities	Group	Financial Services Activities	Industrial Activities
	(€ million)					
Asset-backed financing (Securitizations)	(1,166)	(1,166)	—	(1,105)	(1,105)	—
Bonds and notes	(904)	—	(904)	(1,490)	—	(1,490)
Borrowings from banks and other financial institutions	(291)	(73)	(218)	(114)	(76)	(38)
Lease liabilities	(73)	—	(73)	(57)	—	(57)
Other debt	(43)	(42)	(1)	(46)	(41)	(5)
Total debt with third parties	**(2,477)**	**(1,281)**	**(1,196)**	**(2,812)**	**(1,222)**	**(1,590)**
Intercompany [1]	—	(9)	9	—	(42)	42
Total debt, net of intercompany	**(2,477)**	**(1,290)**	**(1,187)**	**(2,812)**	**(1,264)**	**(1,548)**
Cash and cash equivalents	1,122	34	1,088	1,389	48	1,341
Net Debt	**(1,355)**	**(1,256)**	**(99)**	**(1,423)**	**(1,216)**	**(207)**

(1) Represents intercompany (debt)/receivables between industrial activities and financial services activities.

For additional information relating to our total debt, see Note 24 *"Debt"* to the Consolidated Financial Statements included elsewhere in this document.

The Net Debt of Financial Services Activities primarily relates to our asset-backed financing (securitizations) of the receivables generated by our financial services activities in the United States. The latter amounted to €1,451 million and €1,400 million at December 31, 2023 and 2022, respectively. For further details relating to our receivables from financing activities and our asset-backed financing (securitizations), see Note 18 "*Current Receivables and Other Current Assets*" and Note 24 "*Debt*" to the Consolidated Financial Statements included elsewhere in this document.

Cash and cash equivalents

Cash and cash equivalents amounted to €1,122 million at December 31, 2023 compared to €1,389 million at December 31, 2022. See *"—Cash Flows"* above for further details.

At December 31, 2023, 80 percent of our cash and cash equivalents were denominated in Euro (at December 31, 2022, 85 percent). 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 the Eurozone. 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 currencies other than the Chinese Yuan), which amounted to €81 million at December 31, 2023 (€97 million at December 31, 2022), 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 December 31,	
	2023	2022
	(€ million)	
Euro	895	1,181
U.S. Dollar	97	70
Chinese Yuan	81	96
Pound Sterling	20	9
Other currencies	29	33
Total	**1,122**	**1,389**

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 €32 million at December 31, 2023 (€44 million at December 31, 2022).

Total available liquidity

Total available liquidity (defined as cash and cash equivalents plus undrawn committed credit lines) at December 31, 2023 was €1,722 million (€2,058 million at December 31, 2022).

The following table summarizes our total available liquidity:

	At December 31,	
	2023	2022
	(€ million)	
Cash and cash equivalents	1,122	1,389
Undrawn committed credit lines	600	669
Total available liquidity	**1,722**	**2,058**

The undrawn committed credit lines at December 31, 2023 and 2022 relate to revolving credit facilities. For further details, see Note 24 "*Debt*" to the Consolidated Financial Statements included elsewhere in this document.

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 and cash flow generation. These measures are not representative of residual cash flows available for discretionary purposes.

- **Free Cash Flow** is defined as consolidated 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), intangible assets and joint ventures. Free Cash Flow is composed of Free Cash Flow from Industrial Activities and Free Cash Flow from Financial Services Activities, which are both defined below.

- **Free Cash Flow from Industrial Activities** is defined as cash flows from operating activities of our industrial activities less investments in property, plant and equipment (excluding right-of-use assets recognized during the period in accordance with IFRS 16 — Leases), intangible assets and joint ventures of our industrial activities. Free Cash Flow from Industrial Activities represents our Free Cash Flow less our Free Cash Flow from Financial Services Activities (as defined below). Industrial activities include all of the Group's activities except for those relating to financial services activities, which are further described below.

- **Free Cash Flow from Financial Services Activities** is defined as cash flows from operating activities of our financial services activities less investments in property, plant and equipment (excluding right-of-use assets recognized during the period in accordance with IFRS 16 — Leases), intangible assets and joint ventures of our financial services activities. The Group's financial services activities relate only to its fully owned subsidiary Ferrari Financial Services Inc., whose primary business is to offer retail client financing for the sale of Ferrari cars in the United States and to manage the related financial receivables portfolio. Its cash flows from operating activities are mainly driven by the change in its financial receivables portfolio (receivables from financing activities), as well as its operating result during the period.

The following table presents our Free Cash Flow, Free Cash Flow from Financial Services Activities and Free Cash Flow from Industrial Activities for the years ended December 31, 2023, 2022 and 2021.

	For the years ended December 31,								
	2023			2022			2021		
	Group	Financial Services Activities	Industrial Activities	Group	Financial Services Activities	Industrial Activities	Group	Financial Services Activities	Industrial Activities
	(€ million)								
Cash flows from/(used in)[1] operating activities	1,717	(84)	1,801	1,403	(161)	1,564	1,283	(96)	1,379
Investments in property, plant and equipment, intangible assets and joint ventures	**(869)**	**—**	**(869)**	**(806)**	**—**	**(806)**	**(737)**	**—**	**(737)**
Free Cash Flow	**848**	**(84)**	**932**	**597**	**(161)**	**758**	**546**	**(96)**	**642**

(1) For the years ended December 31, 2023, 2022 and 2021, cash flows used in operating activities of financial services activities mainly reflects the outflows derived from the increase in the financial receivables portfolio (receivables from financing activities in the consolidated statement of financial position) of €107.2 million, €187.9 million and €122.7 million, respectively.

Free Cash Flow for the year ended December 31, 2023 was €848 million compared to €597 million for the year ended December 31, 2022 and €546 million for the year ended December 31, 2021. For an explanation of the drivers in Free Cash Flow see *"—Cash Flows"* above.

Free Cash Flow from Industrial Activities for the year ended December 31, 2023 was €932 million, an increase of €174 million compared to €758 million for the year ended December 31, 2022. The increase in Free Cash Flow from Industrial Activities was primarily attributable to an increase in net profit before income tax expense, financial expenses, net, amortization and depreciation and other non-cash income and expenses, partially offset by (i) higher absorption of cash for working capital, mainly due to an increase in inventories driven by production planning and an enriched product mix, (ii) lower collection of advances for cars in 2023 compared to 2022 (which benefited from the collection of advances for the Daytona SP3), and (iii) higher investments in intangible assets and property, plant and equipment reflecting our initiatives for product and infrastructure development.

Free Cash Flow from Industrial Activities for the year ended December 31, 2022 was €758 million, an increase of €116 million compared to €642 million for the year ended December 31, 2021. The increase in Free Cash Flow from Industrial Activities in 2022 compared to 2021 was primarily attributable to (i) an increase in net profit in net profit before income tax expense, financial expenses, net, amortization and depreciation and other non-cash income and expenses, (ii) a positive change in cash flows from other operating assets and liabilities driven by the collection of advances for the Daytona SP3 and the 812 Competizione A, partially offset by (iii) an increase in cash used for inventories, trade receivables and trade payables driven by higher overall volumes, (ii) higher income taxes paid and (v) higher investments in intangible assets to support the development of our current and future product offering.

Constant Currency Information

The *"Results of Operations"* discussion above 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 2 "*Material Accounting Policies*" to the Consolidated Financial Statements, included elsewhere in this document, 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.

2024 Outlook

2024 guidance, based on the following assumptions for the year:

- Positive product and country mix, along with strong personalizations
- Racing activities impacted by lower Formula 1 ranking in 2023 despite higher number of races in the 2024 calendar
- Lifestyle activities expected to increase top line contribution while investing to accelerate development
- Cost inflation to persist
- Continuous brand investments
- Robust Industrial free cash flow generation, partially offset by increased capital expenditures and higher tax payments

(€B, unless otherwise stated)	**2023A**	**2024 GUIDANCE**
NET REVENUES	6.0	>6.4
ADJ. OPERATING PROFIT (EBIT) (margin %)	1.62 27.1%	≥1.77 ≥27%
ADJ. DILUTED EPS (€)	6.90[1]	≥7.50[1]
ADJ. EBITDA (margin %)	2.28 38.2%	≥2.45 ≥38%
INDUSTRIAL FCF	0.93	>0.9

(1) Calculated using the weighted average diluted number of common shares at December 31, 2023 (181,511 thousand).

Major Shareholders

Exor is our largest shareholder through its approximately 24.65 percent shareholding interest in our outstanding common shares (as of February 9, 2024). See "*Overview—History of the Company*". As a result of the loyalty voting mechanism, Exor's voting power is approximately 36.48 percent (as of February 9, 2024). In addition, as of February 9, 2024, Trust Piero Ferrari, a Jersey trust established by Mr. Piero Ferrari, holds approximately 10.48 percent of our outstanding common shares. Piero Ferrari holds the usufruct over such shares including the right to exercise the voting rights of such shares, corresponding to, as a result of the loyalty voting mechanism, a voting power of approximately 15.51 percent. The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares.

Exor and Mr. Piero Ferrari informed us that they have entered into a shareholder agreement, subsequently amended to reflect adherence by Trust Piero Ferrari, summarized below under "*—Shareholders' Agreement*".

Exor is controlled by Giovanni Agnelli B.V. ("G.A."), which holds 84.37 percent of Exor's share capital and voting rights, based on regulatory filings with the Netherlands Authority for the Financial Markets (*stichting Autoriteit Financiële Markten,* the "AFM"). G.A. is a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) with interests represented by shares, founded by Giovanni Agnelli and currently held by members of the Agnelli and Nasi families, descendants of Giovanni Agnelli, founder of Fiat. Its present principal business activity is to purchase, administer and dispose of equity interests in public and private entities and, in particular, to ensure the cohesion and continuity of the administration of its controlling equity interests. The managing directors of G.A., as of February 16, 2024, were Jeroen Preller, Andrea Agnelli, Luca Ferrero de' Gubernatis Ventimiglia, Benedetto Della Chiesa, Johannes Casper Brouwer, Filippo Scognamiglio Pasini, Alexandre von Furstenberg and Niccolò Camerana.

Based on the information in Ferrari's shareholder register, regulatory filings with the AFM and the SEC and other sources available to us, the following shareholders owned, directly or indirectly, in excess of three percent of the common shares holding voting rights of Ferrari, as of February 9, 2024:

Shareholder	Number of common shares	Percentage owned (1)
Exor N.V. (2)	44,435,280	24.65%
Trust Piero Ferrari (2)	18,894,295	10.48%
BlackRock, Inc. (3)	10,946,790	6.07%
Other public shareholders	105,974,971	58.80%

(1) The percentages of share capital set out in this table are calculated as the ratio of (i) the aggregate number of outstanding common shares beneficially owned by the shareholder to (ii) the total number of outstanding common shares (net of treasury shares) of Ferrari. These percentages may slightly differ from the percentages of share capital included in the public register held by the AFM of all notifications made pursuant to the disclosure obligations under chapter 5.3 of the Dutch Act on financial supervision (Wet op het financieel toezicht; the "AFS"), inter alia, because any shares held in treasury by Ferrari are included in the relevant denominators for purposes of the AFS disclosure obligations.

(2) Each of Exor and Trust Piero Ferrari participate in the loyalty voting program of Ferrari. As of February 9, 2024, Exor owned 44,435,280 special voting shares and Trust Piero Ferrari owned 18,892,160 special voting shares. Therefore, as discussed above in this section, the voting power of Exor and Trust Piero Ferrari in Ferrari is higher than the percentage of common shares beneficially held as presented in this table.

(3) Based on filings with the SEC (Amendment No. 1 to Schedule 13G filed on February 13, 2024, File No. 005-89223), BlackRock, Inc. is a parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G) and, out of the common shares beneficially owned as set forth in the table, it has sole voting power over 10,278,339 common shares.

Based on the information in Ferrari's shareholder register and other sources available to us, as of February 9, 2024, approximately 58.2 million Ferrari common shares, or 30 percent of the outstanding Ferrari common shares, were held in the United States. As of the same date, approximately 1,829 record holders had registered addresses in the United States.

Shareholders' Agreement

On December 23, 2015, Exor and Piero Ferrari entered into a Shareholders' Agreement, which became effective at the completion of the Separation on January 3, 2016 (as amended, the "Shareholders' Agreement") and prior to the admission to listing and trading of the common shares of Ferrari on Euronext Milan. On December 16, 2022, Exor, Piero Ferrari and the newly established Trust Piero Ferrari entered into an adherence and amendment agreement (the "Adherence and Amendment Agreement") to the Shareholders' Agreement, whereby Trust Piero Ferrari was added as a new party to the Shareholders' Agreement and certain provisions of the Shareholders Agreement were amended. This followed the establishment of Trust Piero Ferrari and the grant to Trust Piero Ferrari of the bare ownership of Ferrari shares as described under "*—Major Shareholders*" above. Ferrari is not a party to the Shareholders' Agreement nor to the Adherence and Amendment Agreement, and does not have any rights or obligations thereunder. Below is a summary of the principal provisions of the Shareholders' Agreement based on regulatory filings made by Exor, Trust Piero Ferrari and Piero Ferrari.

Consultation

For the purposes of forming and exercising, to the extent possible, a common view on the items on the agenda of any General Meeting of shareholders of Ferrari, Exor and Piero Ferrari will consult with each other prior to each General Meeting. For the purposes of this consultation right and duties, representatives of each of Exor and Piero Ferrari shall meet in order to discuss in good faith whether they have or can find a common view as to the matters on the agenda of the immediately following General Meeting. This consultation right does not include an obligation to vote in any certain way nor does it constitute a veto right in favor of Piero Ferrari. The consultation rights and obligations set forth in the Shareholders' Agreement apply solely between Exor and Piero Ferrari, and do not apply to Trust Piero Ferrari.

In the event of (i) consolidation upon Trust Piero Ferrari of the usufruct on the common shares of Ferrari, as held by Piero Ferrari, and the bare ownership on the common shares of Ferrari, as held by Trust Piero Ferrari, or (ii) any other transfer of the usufruct on the common shares of Ferrari, as held by Piero Ferrari, to a Permitted Transferee (as defined in the Shareholders' Agreement), the consultation rights and obligations set forth in the Shareholders' Agreement will automatically terminate and cease to have any validity and effect and a new consultation procedure will automatically come into force and effect between Exor and the relevant Permitted Transferee (including Trust Piero Ferrari, if applicable). Such new consultation procedure will entail no obligation on the parties to reach a common view and each of Exor and the relevant Permitted Transferee (including the trustee acting on behalf of Trust Piero Ferrari, if applicable), will at all times remain free to exercise its voting rights independently.

Pre-emption right in favor of Exor and right of first offer of Piero Ferrari

Except for Permitted Transfers (as defined in the Shareholders' Agreement), the bare ownership on the common shares of Ferrari, as held by Trust Piero Ferrari, and the usufruct on the common shares of Ferrari, as held by Piero Ferrari, will not be transferred separately. In the event of the joint transfer of bare ownership and usufruct of all or part of the Ferrari common shares held by Trust Piero Ferrari, Exor will have the right to purchase all (but not less than all) of the common shares being transferred on the terms of the original proposed transferor, in case the original proposed transfer was for no consideration, at market prices determined pursuant to the Shareholders' Agreement.

In the event Exor intends to transfer (in whole or in part) its common shares to a third party, either solicited or unsolicited, Piero Ferrari will have the right to make a binding, unconditional and irrevocable all cash offer for the purchase of such common shares. Trust Piero Ferrari will not have any rights in connection with such right of first offer.

The foregoing will not apply in the case of transfers of Ferrari common shares: (i) by any party to the Shareholders' Agreement, to a party that qualifies as a "Loyalty Transferee" (as defined in the Ferrari Articles of Association) of such party, (ii) by Exor, to any affiliate of G.A., to a successor in business of G.A. and to any affiliate of a successor in business of G.A., and (iii) by any party to the Shareholders' Agreement that is an individual, to an entity wholly owned and controlled by that same party. In addition, the provisions regarding the pre-emption right in favor of Exor and right of first offer of Piero Ferrari will not apply in relation to, and Trust Piero Ferrari will be free and allowed to carry out, market sales to third parties of its Ferrari common shares (provided always that bare ownership and usufruct are transferred together) which in the aggregate do not exceed, during the whole period of validity of the Shareholders' Agreement, 0.5 percent of the number of common shares owned by Piero Ferrari upon completion of the Separation.

Succession

In the event of (i) consolidation upon Trust Piero Ferrari of the usufruct on the common shares of Ferrari, as held by Piero Ferrari, and the bare ownership on the common shares of Ferrari, as held by Trust Piero Ferrari, or (ii) any other transfer of the usufruct on the common shares of Ferrari, as held by Piero Ferrari, to a Permitted Transferee, all rights and obligations pertaining to Piero Ferrari under the Shareholders' Agreement other than the consultation rights and obligations described above (and, therefore, including the right of first offer) shall automatically be transferred to the relevant Permitted Transferee (including Trust Piero Ferrari, if applicable) to the extent that such provisions cannot be classified as acting in concert provisions within the meaning of the Dutch applicable laws and regulations.

Term

The Shareholders' Agreement entered into force upon completion of the Separation on January 3, 2016 and provides that it shall remain in force until the fifth anniversary of the effective date of the Separation, provided that if neither of the parties to the Shareholders' Agreement terminates the Shareholders' Agreement within six months before the end of the initial term, then the Shareholders' Agreement shall be renewed automatically for another five year term. Since neither of the parties to the Shareholders' Agreement terminated it within six months before January 3, 2021, the Shareholders' Agreement was automatically renewed for another five year term and, therefore, until January 3, 2026.

The Shareholders' Agreement shall terminate and cease to have any effect as a result of the transfer of all the common shares owned by either Exor or Trust Piero Ferrari to a third party.

Governing law and jurisdiction

The Shareholders' Agreement is governed by and must be interpreted according to the laws of the Netherlands. Any disputes arising out of or in connection with the Shareholders' Agreement are subject to the exclusive jurisdiction of the competent court in Amsterdam, the Netherlands, without prejudice to the right of appeal and appeal to the Supreme Court.

Corporate Governance

Introduction

Ferrari N.V. is a public limited liability company, incorporated under the laws of the Netherlands. The Company is the holding company of the Ferrari group following the separation of the Ferrari business from FCA, now Stellantis N.V. In this section, the "Company" refers to Ferrari N.V. The Company qualifies as a foreign private issuer under the New York Stock Exchange ("NYSE") listing standards and its common shares are listed on the NYSE and on Euronext Milan (formerly *Mercato Telematico Azionario*).

In accordance with the NYSE rules, the Company is permitted to follow its home country practice with regard to certain corporate governance standards. Therefore, the Company has adopted, except as discussed below under "*Compliance with Dutch Corporate Governance Code*", the best practice provisions of the updated Dutch corporate governance code issued by the Corporate Governance Code Monitoring Committee, which entered into force on January 1, 2018 (the "Dutch Corporate Governance Code") and is applicable retroactively as from financial year 2017. The Dutch Corporate Governance Code contains principles and best practice provisions that regulate relations *inter alia* between the board of directors of a company and its committees and the relationship with the general meeting of shareholders. On December 20, 2022, the Corporate Governance Code Monitoring Committee published an update to the 2016 Dutch Corporate Governance Code. The updated Dutch Corporate Governance Code has entered into force on January 1, 2024 and is applicable retroactively as from financial year 2023.

In this Annual Report the Company addresses its overall corporate governance structure. The Company discloses, and intends to disclose any material departure from the best practice provisions of the Dutch Corporate Governance Code in this and in its future annual reports.

For further information about culture see *"—Creating Value for Our Shareholders"*

Board of Directors

Pursuant to the Company's articles of association (the "Articles of Association"), its board of directors (the "Board of Directors" or the "Board") consists of three or more directors (the "Directors"). The current Board of Directors was appointed at the annual general meeting of shareholders held on April 14, 2023. Its term of office will expire on the day of the next Annual General Meeting of Shareholders, which is currently expected to be on April 17, 2024. Each Director may be reappointed at any subsequent annual general meeting of shareholders.

The Board of Directors as a whole is responsible for the strategy of the Company. The Board of Directors is composed of two executive Directors (i.e., Mr. John Elkann, Executive Chairman, and Mr. Benedetto Vigna, Chief Executive Officer) and nine non-executive Directors. Pursuant to Article 17 of the Articles of Association, the general authority to represent the Company shall be vested in the Board of Directors and the Chief Executive Officer. The Chief Executive Officer has day-to-day responsibility for the management of the Company and the Group.

The Board of Directors appointed the following internal committees: (i) an Audit Committee, (ii) an ESG Committee, and (iii) a Compensation Committee. On certain key operational matters, the executive Directors are supported by the Ferrari Leadership Team (hereinafter also the "FLT", formerly Senior Management Team, and so renamed as a result of the organizational changes implemented in January 2022), which is responsible for reviewing the operating performance of the businesses, collaborating on certain operational matters, supporting the executive Directors with their tasks and executing decisions of the Board of Directors and the day-to-day management of the Company, primarily to the extent it relates to the operational management.

Set forth below is the name, year of birth and position of each of the persons currently serving as Directors of Ferrari N.V. Unless otherwise indicated, the business address of each person listed below will be c/o Ferrari, Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy.

Name	Year of Birth	Position
John Elkann	1976	Executive Chairman and Executive Director
Benedetto Vigna	1969	Chief Executive Officer
Piero Ferrari	1945	Vice Chairman and Non-Executive Director
Sergio Duca (1)	1947	Senior Non-Executive Director
Delphine Arnault	1975	Non-Executive Director
Francesca Bellettini	1970	Non-Executive Director
Eddy Cue	1964	Non-Executive Director
John Galantic	1961	Non-Executive Director
Maria Patrizia Grieco	1952	Non-Executive Director
Adam Keswick	1973	Non-Executive Director
Mike Volpi	1966	Non-Executive Director

(1) The Board of Directors has resolved to appoint Sergio Duca as chairman of the Board, as referred to in the Dutch Civil Code, who will in such capacity have the title Chair (Voorzitter).

Nine Directors currently qualify as independent (representing a majority) for purposes of NYSE rules and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and eight Directors qualify as independent (representing a majority) for purposes of the Dutch Corporate Governance Code.

The Board of Directors has resolved to grant the following titles:

- John Elkann: Chairman of the Company;
- Benedetto Vigna: Chief Executive Officer;
- Piero Ferrari: Vice-Chairman; and
- Sergio Duca: Chair of the Board (*Voorzitter)* and Senior Non-Executive Director.

The following members are independent within the meaning of the Dutch Corporate Governance Code and NYSE rules:

- Delphine Arnault;
- Francesca Bellettini;
- Eddy Cue;
- Sergio Duca;
- John Galantic;
- Maria Patrizia Grieco;
- Adam Keswick; and
- Mike Volpi.

In addition, Piero Ferrari is considered independent within the meaning of the NYSE rules.

Directors are expected to prepare themselves for and to attend all Board of Directors meetings, the annual general meeting of shareholders and the meetings of the committees on which they serve, with the understanding that, on occasion, a Director may be unable to attend a meeting.

During 2023, there were four meetings of the Board of Directors. The attendance rate at these meetings was 97.73 percent.

The non-executive Directors of the Company met to discuss the functioning of the Board and its committees, the functioning of the executive Directors as a corporate body of the company, or the corporate strategy and the main risks of the business, pursuant to best practice provisions 2.2.6, 2.2.7, 2.2.8 and 1.1.2 of the Dutch Corporate Governance Code.

Summary biographies for the current Directors of Ferrari are included below:

John Elkann (Chairman of the Company and executive Director) – Mr. John Elkann is Chief Executive Officer of Exor and Chairman of Stellantis N.V. Elkann obtained a scientific baccalaureate from the Lycée Victor Duruy in Paris and graduated in Engineering from Politecnico, the Engineering University of Turin. While at university, he gained work experience in various companies of the Fiat Group in the UK and Poland (manufacturing) as well as in France (sales and marketing). He started his professional career in 2001 at General Electric as a member of the Corporate Audit Staff, with assignments in Asia, the USA and Europe. John Elkann is Chairman of Ferrari N.V. and Chairman of GEDI Gruppo Editoriale S.p.A. Mr. Elkann is a trustee of MoMA. He also serves as Chairman of the Giovanni Agnelli Foundation.

Born in 1976, Italian citizenship.

Benedetto Vigna (Chief Executive Officer and executive Director) – Mr. Benedetto Vigna is Chief Executive Officer since September 2021. Before joining Ferrari, he was President of STMicroelectronics', Analog, MEMS and Sensors Group, since January 2016 and also a member of ST's Executive Committee from May 31, 2018. Vigna joined ST in 1995 and founded ST's MEMS activities (Micro-Electro-Mechanical Systems). Under his guidance, ST's MEMS sensors established ST's leadership with large OEMs in motion-activated user interfaces. His responsibilities were expanded to include connectivity, imaging and power solutions and he piloted a series of successful moves into new business areas, with a particular focus on the industrial and automotive market segments. During his career Vigna has filed more than 200 patents on micromachining, authored numerous publications and has sat on the boards of several EU-funded programs including start ups as well as worldwide recognized boards of Asian and American research centers. Benedetto Vigna graduated in Subnuclear Physics from the University of Pisa.

Born in 1969, Italian citizenship

Piero Ferrari (Vice Chairman and non-executive Director) – Mr. Piero Ferrari has been Vice Chairman of Ferrari S.p.A. since 1988. He also serves as Chairman of HPE-COXA, is board member and Vice President of Ferretti Group. He was President of Piaggio Aero Industries S.p.A. from 1998 to 2014 and served as Chairman of the Italian Motor Sport Commission (CSAI) from 1998 to 2001 and BA SERVICE from 2000 to 2015. He was also a board member and Vice President of Banca Popolare dell'Emilia Romagna in Modena from 2002 to 2011 and from 2011 to 2014 respectively. The son of Ferrari's founder Enzo Ferrari, Mr. Piero Ferrari covered a variety of management positions in the motor sport division of Ferrari from 1970 to 1988 with increasing responsibilities. His first position with Ferrari dates back to 1965 working on the production of the Dino 206 Competizione racing car. Mr. Piero Ferrari received an honorary degree in Aerospace Engineering from the University of Naples Federico II in 2004 and an Honorary Degree in Mechanical Engineering from the University of Modena and Reggio Emilia in 2005. In 2004, Mr. Piero Ferrari was awarded the title of Cavaliere del Lavoro.

Born in 1945, Italian citizenship.

Sergio Duca (Chairman of the Board of Directors and Senior Non-Executive Director) – Mr. Sergio Duca is a member of the Statutory Auditors of Ferrovie dello Stato Italiane S.p.A. since 2022, independent director of OSAI Automation System S.p.A. since November 2020 and a director of Tofaş Türk Otomobil Fabrikasi Anonim Şirketi, as well as Chairperson of the corporate governance committee, member of the risk management committee and member of the audit committee of the board of directors of Tofaş Türk Otomobil Fabrikasi Anonim Şirketi. He also serves as Chairman of the board of auditors of ISPI (Institute for the Study of International Politics), as well as a member of the board of auditors of the Intesa San Paolo Foundation Onlus. Mr. Duca has previously served as member of the board of Nedcommunity association from May 2019 until May 2022, member of the Statutory Auditors of BasicNet S.p.A. from 2017 until March 2022, Chairman of the Board of Statutory Auditors of Enel S.p.A. from April 2010 until May 2019, Chairman of the Board of Directors of Orizzonte SGR S.p.A. from 2008 until 2016, Chairman of the Board of Statutory Auditors of Exor S.p.A. until May 2015, Chairman of the Board of Statutory Auditors and effective auditor of GTech until April 2015, member of the Board of ASTM S.p.A. and Chairman of the Audit Committee of ASTM S.p.A. from 2010 until 2013, Chairman of the Board of Statutory Auditors of Tosetti Value SIM and an independent director of Sella Gestione SGR until April 2010. From 1997 until July 2007, Mr. Duca was the Chairman of PricewaterhouseCoopers S.p.A. In addition, he has previously served as Chairman of the board of auditors of the Fondazione per la Scuola of Compagnia di San Paolo until February 2022, Chairman of the board of auditors of the Silvio Tronchetti Provera Foundation, Chairman of the board of auditors of Compagnia di San Paolo until May 2016, member of the Edison Foundation's advisory board and the University Bocconi in Milan's development committee, as well as Chairman of the Bocconi's Alumni Association's board of auditors and a member of the board of auditors of the ANDAF (Italian Association of Chief Financial Officers). As a certified chartered accountant and auditor, he acquired broad experience through the PricewaterhouseCoopers network as the external auditor of a number of significant Italian listed companies. Mr. Duca graduated with honors in Economics and Business from University Bocconi in Milan.

Born in 1947, Italian citizenship.

Delphine Arnault (non-executive Director) – Mrs. Delphine Arnault graduated from the EDHEC Business School and the London School of Economics. She began her career at McKinsey & Company, the global management consultancy firm, where she was a Consultant for two years. In 2001, she joined the Executive Committee of Christian Dior Couture where she directed several product lines. She was appointed Deputy General Manager of Christian Dior Couture in 2008 and in September 2013 Deputy General Manager of Louis Vuitton Malletier. She has been a board director of LVMH Moët Hennessy Louis Vuitton SE since 2003. Delphine was appointed to the board of Château Cheval Blanc, the Saint-Emilion premier grand cru classé in 2008. In 2002 she joined the board of Loewe, the celebrated Spanish leather goods company, and was appointed to Pucci's board of directors in 2007. She was appointed to the boards of Céline in December 2011 and Christian Dior SE in April 2012. Delphine Arnault previously served as a director of both Havas and 21st Century Fox from 2013 to 2019. In 2021, she has been appointed to the Board of Gagosian and Phoebe Philo Limited. Since February 2023, Mrs. Delphine Arnault is the President and CEO of Christian Dior Couture.

Born in 1975, French citizenship.

Francesca Bellettini (non-executive Director) – Since July 2023, Francesca Bellettini is Kering Deputy Chief Executive Officer and since September 2013 she is President and Chief Executive Officer of Yves Saint Laurent (part of the Kering Group), based in France. Ms. Bellettini is a member of the Kering Group Executive Committee since 2013. Ms. Bellettini joined the Kering Group in 2003, occupying different executive roles. From 2003 until 2008 she worked in Gucci, Italy, first as Assistant to the President and Managing Director and, from 2005, as Strategic Planning Director and Associate Worldwide Merchandising Director. In 2008, she joined Bottega Veneta, Italy, as Worldwide Merchandising Director and from 2010 she became Worldwide Merchandising-Communication Director based in Switzerland. From 1999 until 2002, Ms. Bellettini worked in the Prada Group, Italy, first in the Planning and New Business Development Division of Prada and, in 2002, as Operations Manager of Helmut Lang. Previously, she worked in Compass Partners International, UK from 1998 to 1999, in Deutsche Morgan Grenfell, UK from 1996 to 1998 and in Goldman Sachs International, UK from 1994 to 1996. While graduating, she had an internship in Citibank, Italy in 1994. Ms. Bellettini graduated in Business Administration with a focus on Finance from Bocconi University, Italy.

Born in 1970, Italian citizenship.

Eddy Cue (non-executive Director) – Mr. Eddy Cue is Apple's senior vice president of Services, reporting to CEO Tim Cook. Mr. Cue oversees the full range of Apple's services, including Apple Music, Apple News, Apple Podcasts, the Apple TV app, and Apple TV+, as well as Apple Pay, Apple Card, Maps, Search Ads, Apple's iCloud services, and Apple's productivity and creativity apps. Mr. Cue's team has an excellent track record of building and strengthening world-class services that meet and exceed the high expectations of Apple's customers, and offer creators and storytellers the opportunity to bring their creative visions to people around the world. Mr. Cue joined Apple in 1989 and leads a large organization of amazing people. Mr. Cue was instrumental in creating the Apple online store in 1998, the iTunes Store in 2003, and the App Store in 2008. He also played a key role in developing Apple's award-winning iLife suite of applications. In his early years at Apple, he was a successful manager of software engineering and customer support teams. Mr. Cue earned a bachelor's degree in Computer Science and Economics from Duke University. He serves on the Board of Trustees of both the Paley Center for Media and Duke University.

Born in 1964, American citizenship.

John Galantic (non-executive Director) – John Galantic is Operating Partner with Advent International. Galantic obtained a Bachelor's degree from Tufts University and Master's degree in Business Administration from Harvard Business School. He began his career at Procter and Gamble and worked in various Marketing and Sales roles in Italy, the UK and US. After stints at Glaxo SmithKline in global Marketing and at Coty Beauty, as President of Coty Americas, he joined Chanel in

2006. He was President and Chief Operating Officer of Chanel Inc until 2023 and he joined the board of Chanel in 2018. Galantic has also been on the board of Bacardi Limited since 2011. In 2023, he became an Operating Partner with Advent International.

Born in 1961, American and Swiss citizenship.

Maria Patrizia Grieco (non-executive Director) – Maria Patrizia Grieco has been the Chairperson of the Board of Directors of Anima Holding since March 2023. She has been also Chairperson of Assonime (the association of the Italian joint stock companies) since June 2021. From May 2020 to March 2023, she was the Chairperson of from the board of directors of Banca Monte dei Paschi di Siena and from May 2014 to May 2020 she was the Chairperson of the board of directors of Enel, the Italian company world leader in the utilities sector. After graduating in law from the University of Milan, she started her career in 1977 at Italtel, where in 1994 she became chief of the Legal and General Affairs directorate. In 1999, she was appointed General Manager with the task of reorganizing and repositioning the company, and in 2002 she became Chief Executive Officer. Subsequently, she held the positions of Chief Executive Officer of Siemens Informatica, Partner of Value Partners and Chief Executive Officer of the Group Value Team (today NTT Data). From 2008 to 2013 she was Chief Executive Officer of Olivetti, where she also held the role of Chairperson from 2011. She has been a member of the Board of Directors of Fiat Industrial, CIR and Endesa S.A. and currently serves on the Board of Ferrari and Amplifon. Mrs. Grieco is also a member of the Board of Directors of Bocconi University. Maria Patrizia Grieco was Chairperson of the Italian Corporate Governance Committee from 2017 to 2021. During her mandate, the new Corporate Governance Code for Italian listed companies was issued. In the framework of the G20 Italy, she was Chair of the "Integrity & Compliance" Task Force of the B20 Italy, which provided pragmatic solutions that embraced the renewed concepts of integrity and compliance, to create a better future through inclusion and positive impact. She was also a member of the G20 Business Advisory Board for the Italian Presidency, led by The European House - Ambrosetti. The Board supported the Italian Prime Minister in providing contributions to the G20 agenda.

Born in 1952, Italian citizenship.

Adam Keswick (non-executive Director) – Mr. Adam Keswick joined the Jardine Matheson Board in 2007 and was Deputy Managing Director of Jardine Matheson from 2012 to 2016. He was appointed chairman of Matheson & Co. in August 2016. He has held a number of executive positions since joining the Jardine Matheson Group from N M Rothschild & Sons in 2001, including group strategy director and, thereafter, group managing director of Jardine Cycle & Carriage between 2003 and 2007. Mr Keswick is a director of DFI Retail Group, Hongkong Land and Mandarin Oriental. He is also a director of Ferrari N.V. and Schindler, vice chairman of the supervisory board of Rothschild & Co, and is a director of Yabuli China Entrepreneurs Forum. Mr. Keswick attended Eton College and Edinburgh University where he received his Master of Arts degree in 1995.

Born in 1973, British citizenship.

Mike Volpi (non-executive Director) – Mr. Mike Volpi is a General Partner at Index Ventures. Mike joined Index in 2009 to establish the firm's North American activities. Mike invests primarily in enterprise software and artificial intelligence. He is currently serving on the boards of Aurora, Confluent, Clickhouse, Scale, Sonos, and Wealthfront, among others. Mike was previously a director of Ericsson and Fiat Chrysler Automotive. Prior to Index, Mike was Chief Strategy Officer and SVP/GM of Cisco's routing business, where he managed a P&L in excess of $10 billion in revenues. His team was responsible for the acquisition of over 70 companies, some of which were multi-billion deals. Mike has a B.S. in Mechanical Engineering and an M.S. in Manufacturing Systems Engineering from Stanford, and an M.B.A. from the Stanford Graduate School of Business. He currently serves on the Global Advisory Board of Stanford's Knight Hennessy Scholars program.

Born in 1966, American citizenship.

As of December 31, 2023, the members of the Board of Directors had, among other skills, the skills shown in the table below:

Skill Area	Corporate Governance and Risk management	Financial and accounting	Corporate management	Digital and cybersecurity	Innovation	ESG	Automotive and motorsport industry knowledge	Luxury goods industry knowledge
John Elkann (Executive Chairman and Executive Director)	x	x	x		x	x	x	
Benedetto Vigna (Chief Executive Officer)	x		x	x	x	x	x	
Piero Ferrari (Vice Chairman and non-Executive Director)	x		x				x	x
Sergio Duca (Senior Non-Executive Director)	x	x	x			x	x	
Delphine Arnault (Non-Executive Director)	x	x	x					x
Francesca Bellettini (Non-Executive Director)	x	x	x					x
Eddy Cue (Non-Executive Director)	x		x	x	x	x		
John Galantic (Non-Executive Director)	x		x			x		x
Maria Patrizia Grieco (Non-Executive Director)	x	x	x			x	x	
Adam Keswick (Non-Executive Director)	x	x	x				x	
Mike Volpi (Non-Executive Director)	x		x	x	x		x	

As of December 31, 2023, the Board of Directors and its committee were composed of eleven Directors as shown in the table below:

Directors	Nationality	Executive	Non Executive	Independent		Committees			Directors from (1)	Roles in other companies (4)
				NYSE Rules	Dutch Code	Audit	Compensation	ESG		
John Elkann (Executive Chairman and Executive Director)	IT	x						x	April 15, 2016 (2)	2
Benedetto Vigna (Chief Executive Officer)	IT	x							September 16, 2021 (3)	0
Piero Ferrari (Vice Chairman)	IT		x	x			x		January 2, 2016	0
Sergio Duca (Chair of the Board and Senior Non-Executive)	IT		x	x	x	x			January 2, 2016	2
Delphine Arnault	FR		x	x	x			x	April 15, 2016	2
Francesca Bellettini	IT		x	x	x	x			April 16, 2020	1
Eddy Cue	US		x	x	x		x	x	January 2, 2016	0
John Galantic	US, CH		x	x	x		x		April 16, 2020	0
Maria Patrizia Grieco	IT		x	x	x	x			April 15, 2016	2
Adam Keswick	UK		x	x	x				April 15, 2016	2
Mike Volpi	US		x	x	x				April 14, 2023	3

(1) References in this table to Directors refer to Ferrari N.V. The Board of Directors is appointed annually on each annual general meeting of shareholders
(2) Mr. John Elkann is Executive Director from April 12, 2019.
(3) Mr. Benedetto Vigna was confirmed as Chief Executive Officer by the Board of Directors as of April 14, 2023.
(4) Directorships in listed companies other than in the Company.

Board Regulations

The current regulations of the Board of Directors deal with matters that concern the Board of Directors and its committees internally.

The regulations contain provisions concerning the manner in which meetings of the Board of Directors are called and held, including the decision-making process. The regulations provide that meetings may be held by telephone conference or video-conference, provided that all participating Directors can follow the proceedings and participate in real time discussion of the items on the agenda.

The Board of Directors can only adopt valid resolutions when the majority of the Directors in office shall be present at the meeting or be represented thereat.

A Director may only be represented by another Director authorized in writing. A Director may not act as a proxy for more than one other Director.

All resolutions shall be adopted by the favorable vote of the majority of the Directors present or represented at the meeting, provided that the regulations may contain specific provisions in this respect. Each Director shall have one vote.

The Board of Directors shall be authorized to adopt resolutions without convening a meeting if all Directors shall have expressed their opinions in writing, unless one or more Directors shall object in writing against the resolution being adopted in this way prior to the adoption of the resolution.

Memorandum and Articles of Association

A copy of the articles of association of our predecessor company has been filed as Exhibit 3.1 to Ferrari N.V.'s Registration Statement on Form F-1 filed on July 23, 2015.

Our articles of association are identical in all material respects to those of our predecessor company. A copy of our articles of association may be obtained from the Dutch Trade Register of the Chamber of Commerce.

The following is a summary of material information relating to the Ferrari common shares, including summaries of certain provisions of the Ferrari's articles of association (the "Ferrari Articles of Association"), the terms and conditions in respect of the Ferrari special voting shares (the "Terms and Conditions") and the applicable Dutch law provisions in effect at the date of this annual report. The summaries of the Ferrari Articles of Association and the Terms and Conditions as set forth in this annual report are qualified in their entirety by reference to the full text of the Ferrari Articles of Association, and Terms and Conditions.

The Ferrari Shares, Articles of Association and Terms and Conditions of the Special Voting Shares

Ferrari was incorporated as a public limited liability company (*naamloze vennootschap*) under the laws of the Netherlands on September 4, 2015 under the name FE New N.V., in contemplation of the Merger, and was renamed Ferrari N.V. effective as of January 3, 2016, upon effectiveness of the Merger. Its official seat (*statutaire zetel*) is in Amsterdam, the Netherlands, and its corporate address and principal place of business is located at Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy. Ferrari is registered with the Dutch Trade Register of the Chamber of Commerce under number 64060977. Its telephone number is +39-0536-949111. The Company's object, set forth in Article 3.1 of the Articles of Association, is to carry on, either directly or through wholly or partially-owned companies and entities, activities relating in whole or in any part to passenger and commercial vehicles, transport, mechanical engineering, energy, engines, capital machinery and equipment and related goods and propulsion, as well as any other manufacturing, commercial, financial or service activity.

Since incorporation Ferrari has had, and it intends to continue to have, its place of effective management in Italy. It will therefore be a tax resident of Italy under both Italian tax law and Article 4 of the Convention between the Kingdom of the Netherlands and the Republic of Italy for the avoidance of a double taxation with respect to taxes on income and on capital of 1980.

Share Capital

The authorized share capital of Ferrari is seven million five hundred thousand Euro (€7,500,000), divided into three hundred seventy five million (375,000,000) Ferrari common shares, nominal value of one Euro cent (€0.01) per share and an equal number of special voting shares, nominal value of one Euro cent (€0.01) per share.

On February 26, 2019 the Board of Directors approved the issuance of 6,855,396 special voting shares with a nominal value of one Euro cent (€0.01) per share to be assigned to existing shareholders entitled to receive such special voting shares under the terms of the loyalty voting program.

On March 11, 2021, Ferrari launched a fourth tranche of a multi-year Euro 1.5 billion total share repurchase program launched on February 9, 2018, for the repurchase of up to Euro 150 million. Such fourth tranche of repurchases was completed on September 30, 2021. On October 4, 2021, Ferrari launched a fifth tranche of the repurchase program of up to Euro 150 million, which was completed on March 2, 2022. On March 3, 2022 Ferrari announced a sixth tranche of the repurchase program of up to Euro 120 million, which was completed on May 27, 2022.

On July 1, 2022, Ferrari announced a new multi-year share buyback program of approximately Euro 2 billion to be executed by 2026 and replacing the previous share buyback program. The first tranche of the new repurchase program, of up to Euro 150 million, was launched on July 1, 2022 and completed on November 30, 2022. The second tranche of the new repurchase program, of up to Euro 200 million, was launched on December 2, 2022 and completed on June 26, 2023. The third tranche of the new repurchase program, of up to Euro 200 million, was launched on July 3, 2023 and completed on October 19, 2023. The fourth tranche of the new repurchase program, of up to Euro 350 million, was launched on November 8, 2023 and is expected to be completed no later than June 26, 2024.

As of December 31, 2023, Ferrari's common shares held in treasury amounted to 13,505,409. As of the same date, the Company held in treasury 5.26 percent of its total issued share capital including the common shares and the special voting shares. For additional information on the abovementioned share repurchase program, refer to "*Other Information—Additional Information—Purchases of Equity Securities by the Issuer and Affiliated Purchasers*".

A delegation of authority to the Board of Directors to authorize the issuance of common shares without pre-emptive rights enabled Ferrari to offer and sell newly issued common shares to investors free of pre-emptive rights for a period of five years from January 2, 2016 up to and including January 1, 2021. Under Dutch law, such authorization may not exceed a period of five years, but may be renewed by a resolution of the general meeting of shareholders for subsequent five-year periods at any time. Pursuant to the resolution of the Annual General Meeting held on April 16, 2020, the authorization was renewed for the period starting from January 2, 2021 up to and including October 15, 2021. Pursuant to the resolution of the Annual General Meeting held on April 15, 2021, the authorization has been further renewed for the period starting from April 15, 2021 up to and including October 14, 2022. Pursuant to the resolution of the Annual General Meeting held on April 13, 2022, the authorization has been further renewed for the period starting from April 13, 2022 up to and including October 12, 2023. Pursuant to the resolution of the Annual General Meeting held on April 14, 2023, the authorization has been further renewed for the period starting from April 14, 2023 up to and including October 13, 2024.

Ferrari common shares are registered shares represented by an entry in the share register of Ferrari. The Board of Directors may determine that, for the purpose of trading and transfer of shares on a foreign stock exchange, such share certificates shall be issued in such form as shall comply with the requirements of such foreign stock exchange. A register of shareholders is maintained by Ferrari in the Netherlands and a branch register is maintained in the United States on Ferrari's behalf by the Transfer Agent, which serves as branch registrar and transfer agent.

Beneficial interests in Ferrari common shares that are traded on the NYSE are held through the book-entry system provided by The Depository Trust Company ("DTC") and are registered in Ferrari's register of shareholders in the name of

Cede & Co., as DTC's nominee. Beneficial interests in the Ferrari common shares traded on the Euronext Milan are held through Monte Titoli S.p.A., the Italian central clearing and settlement system, as a participant in DTC.

Directors

Set forth below is a summary description of the material provisions of the Ferrari Articles of Association, relating to our Directors. The summary does not restate the Ferrari Articles of Association in their entirety.

Ferrari's Directors serve on the Board of Directors for a term of approximately one year, such term ending on the day that the first annual general meeting of the shareholders is held in the following calendar year. Ferrari's shareholders appoint the Directors of the Board of Directors at a general meeting. Each Director may be reappointed at any subsequent general meeting of shareholders. The general meeting of shareholders determines whether a Director is an executive Director or a non-executive Director.

The Board of Directors is a one tier board and consists of three or more members, comprising both members having responsibility for the day-to-day management of Ferrari (executive Directors) and members not having such day-to-day responsibility (non-executive Directors). The tasks of the executive and non-executive Directors in a one-tier board such as Ferrari's Board of Directors may be allocated under or pursuant to the Ferrari Articles of Association, provided that the general meeting has stipulated whether each such Director is appointed as executive or as non-executive Director and furthermore provided that the task to supervise the performance by the Directors of their duties can only be performed by the non-executive Directors. In addition, an executive Director may not be appointed chairman of the board or delegated the task of establishing the remuneration of executive Directors or nominating Directors for appointment. Tasks that are not allocated fall within the power of the Board of Directors as a whole. Regardless of an allocation of tasks, all Directors remain collectively responsible for the proper management and strategy of Ferrari (including supervision thereof in case of non-executive Directors). The Board of Directors may determine that one or more Directors can lawfully adopt board resolutions concerning matters belonging to his or their duties.

Ferrari has a policy in respect of the remuneration of the members of the Board of Directors. With due observation of the remuneration policy, the Board of Directors may determine the remuneration for the Directors in respect of the performance of their duties. The Board of Directors must submit to the Annual General Meeting of Shareholders for its approval plans to award shares or the right to subscribe for shares. The policy was amended as approved by the Annual General Meeting of Shareholders held on April 16, 2020 to implement changes necessary pursuant to the implementation of the EU Directive 2017/828 into Dutch law. The amended remuneration policy, as adopted by the 2020 Annual General Meeting of Shareholders, builds upon the previous remuneration policy (as partially amended and as approved by the Annual General Meeting of Shareholders held on April 14, 2017) and no material changes were made compared to the previous remuneration policy. In addition the amended policy will provide for the Board of Directors to issue stock ownership guidelines applicable to Directors and employees.

Ferrari shall not grant the Directors any personal loans or guarantees.

Share Ownership

The number of shares directly and indirectly owned by members of the Board of Directors on February 9, 2024 is set forth in the table below.

Name	Common Shares	% of Common Shares Outstanding	Special Voting Shares	% of Special Voting Shares Outstanding
Piero Ferrari	18,894,295	*10.48%*	18,892,160	*29.83%*
John Elkann	28,329	*(*)*	—	—
Benedetto Vigna	11,260	*(*)*	—	—
Delphine Arnault	2,803	*(*)*	—	—
Eddy Cue	2,692	*(*)*	—	—
John Galantic	100	*(*)*	—	—
Adam Keswick	2,643	*(*)*	—	—

(*) Common shares held represent less than 1 percent of our common shares outstanding as of February 9, 2024.

No members of the Ferrari Leadership Team beneficially own 1 percent or more of the Company's common shares or special voting shares.

The Audit Committee

The Audit Committee is responsible, inter alia, for assisting and advising the Board of Directors, and acting under authority delegated by the Board of Directors, with respect to: (i) the integrity of the Company's financial statements, (ii) the Company's policy on tax planning, (iii) the Company's financing, (iv) the Company's application of information and communication technology, (v) the systems of internal controls that management and the Board of Directors have established, (vi) the Company's compliance with legal and regulatory requirements, (vii) the Company's compliance with recommendations and observations of internal auditors and independent registered public accounting firm, (viii) the Company's policies and procedures for addressing certain actual or perceived conflicts of interest, (ix) the review and approval of related party transactions, (x) the independent registered public accounting firm's qualifications, independence, remuneration and any non-audit services for the Company, (xi) the functioning of the Company's internal auditors and of the independent registered public accounting firm, (xii) risk management guidelines and policies, and (xiii) the implementation and effectiveness of the Company's ethics and compliance program.

The Audit Committee currently consists of Mr. Duca (Chairperson), Ms. Bellettini and Mrs. Grieco, each of whom is independent within the meaning of the Dutch Corporate Governance Code. Our Board of Directors has determined that Mr. Sergio Duca is the "audit committee financial expert".

The Audit Committee is elected by the Board of Directors and is comprised of at least three non-executive Directors. Audit Committee members are also required (i) not to have any material relationship with the Company or to serve as auditors or accountants for the Company, (ii) to be "independent", for purposes of NYSE rules, Rule 10A-3 of the Exchange Act and the Dutch Corporate Governance Code, and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Board of Directors). At least one member of the Audit Committee shall be a "financial expert" as defined by the Sarbanes-Oxley Act and the rules of the U.S. Securities and Exchange Commission and section 2(3) of the Dutch Decree on the Establishment of an audit committee. No Audit Committee member may serve on more than four audit committees for other public companies, absent a waiver from the Board of Directors, which must be disclosed in the Company's annual report. Unless decided otherwise by the Audit Committee, the independent registered public accounting firm of the Company, the Chief Financial Officer, the Chief Internal Audit, Risk and Compliance Officer, and the Head of Internal Audit are required to attend its meetings, while the Chief Executive Officer is free, but not required, to attend the meetings of the Audit Committee, unless the Audit Committee determines otherwise, and shall attend the meetings of the Audit Committee if the Audit Committee so requires. The Audit Committee shall meet with the independent auditor at least once per year outside the presence of the executive Directors and management. Furthermore, an independent third party shall make an assessment of the performance of the Audit Committee at least every five years.

In 2023, the Audit Committee met seven times and the average attendance rate was 85.71 percent. At these meetings several matters were discussed, including the audit committee role and responsibilities, the Company's financial control and risk framework, risk assessment, internal control over financial reporting pursuant to the applicable rules, and a financial overview of operating results. In particular, the Audit Committee reviewed the Ferrari's periodic and yearly financial results and, with the assistance of the Chief Financial Officer and other Company officers, focused on key accounting and reporting matters as well as the main business drivers.

The Compensation Committee

The Compensation Committee is responsible for, among other things, assisting and advising the Board of Directors, and acting under authority delegated by the Board of Directors, with respect to: (i) determining executive compensation consistent with the Company's remuneration policy, (ii) reviewing and approving the remuneration structure for the executive Directors, (iii) administering equity incentive plans and deferred compensation benefit plans, (iv) discussing with management the Company's policies and practices related to compensation and issuing recommendations thereon, and (v) preparing the compensation report.

The Compensation Committee currently consists of Mr. Galantic (Chairperson), Mr. Cue and Mr. Ferrari. The Compensation Committee is elected by the Board of Directors and is comprised of at least three non-executive Directors, at most one of whom may not be independent under Dutch Corporate Governance Code. Unless decided otherwise by the Compensation Committee, the Head of Human Resources of the Company attends its meetings.

In 2023, the Compensation Committee met once with 100 percent attendance of its members at such meeting. The Compensation Committee reviewed the compensation report. Further information on the activities of the Compensation Committee are included in the compensation report.

The ESG Committee

The ESG Committee is responsible for, among other things, assisting and advising the Board of Directors, and acting under authority delegated by the Board of Directors, with respect to: (i) drawing up the selection criteria and appointment procedures for members of the Board of Directors; (ii) periodic assessment of the size and composition of the Board of Directors and as appropriate making proposals for a composition profile of the Board of Directors; (iii) periodic assessment of the performance of individual directors and reporting this to the Board of Directors; (iv) proposals to the non-executive members of the Board of Directors for the nomination and re-nomination of directors to be elected by the shareholders; (v) supervision of the policy on the selection and appointment criteria for senior management and on succession planning; and (vi) monitoring, evaluation and reporting on the strategy, targets, achievements, disclosures and reports relating to ESG matters globally of the Company and its subsidiaries.

The ESG Committee consists of Mr. Elkann (Chairperson), Mrs. Arnault and Mr. Cue. The ESG Committee is elected by the Board of Directors and is comprised of at least three Directors. At least more than half of the members shall be independent under the Dutch Corporate Governance Code, and at most one of the members may be an executive Director.

In 2023, the ESG Committee met once with 66.67 percent attendance of its members at such meeting. The Committee reviewed the Board of Directors' and Committee's assessments, the Sustainability achievement and objectives, and the recommendations for Directors' election.

As described above, the charters of the Audit Committee, Compensation Committee and ESG Committee set forth independence requirements for their members for purposes of the Dutch Corporate Governance Code. Audit Committee members are also required to qualify as independent for purposes of NYSE rules and Rule 10A-3 of the Exchange Act.

Indemnification of Directors

Under Dutch law, indemnification provisions may be included in a company's articles of association. Under the Articles of Association, the Company is required to indemnify any and all of its Directors, officers, former Directors, former officers and any person who may have served at its request as a director or officer of another company in which it owns shares or of which it is a creditor, who were or are made a party or are threatened to be made a party to or are involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (each a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorneys' fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Such indemnification shall not be deemed exclusive of any other rights to which those indemnified may be entitled otherwise. Notwithstanding the above, no indemnification shall be made in respect of any claim, issue or matter as to which any of the abovementioned indemnified persons shall be adjudged to be liable for gross negligence or willful misconduct in the performance of such person's duty to Ferrari. Ferrari has purchased directors' and officers' liability insurance for the members of the Board of Directors and certain other officers, substantially in line with that purchased by similarly situated companies.

Conflict of Interest

A Director shall not participate in discussions and decision making of the Board of Directors with respect to a matter in relation to which he or she has a direct or indirect personal interest that is in conflict with the interests of the Company and the business associated with the Company ("Conflict of Interest"), which shall be determined outside the presence of the Director concerned. All transactions, where there is a Conflict of Interest, must be concluded on terms that are customary in the branch concerned and approved by the Board of Directors. In addition, the Board of Directors as a whole may, on an ad hoc basis, resolve that there is such a strong appearance of a Conflict of Interest of an individual Director in relation to a specific matter, that it is deemed in the best interest of a proper decision making process that such individual Director be excused from participation in the decision making process with respect to such matter even though such Director may not have an actual Conflict of Interest.

At least annually, each Director shall assess in good faith whether (i) he or she is independent under (A) best practice provision 2.1.8 of the Dutch Corporate Governance Code, (B) the requirements of Rule 10A-3 under the Exchange Act, and (C) Section 303A of the NYSE Listed Company Manual; and (ii) he or she would have a Conflict of Interest in connection with any transactions between the Company and a significant shareholder or related party of the Company, including affiliates of a significant shareholder (such conflict, a "Related-Party Conflict"), it being understood that currently Exor N.V. ("Exor") would be considered a significant shareholder.

The Directors shall inform the Board of Directors through the Senior Non-executive Director or the Secretary of the Board of Directors as to all material information regarding any circumstances or relationships that may impact their characterization as "independent," or impact the assessment of their interests, including by responding promptly to the annual D&O questionnaires circulated by or on behalf of the Secretary that are designed to elicit relevant information regarding business and other relationships.

Based on each Director's assessment described above, the Board of Directors shall make a determination at least annually regarding such Director's independence and such Director's Related-Party Conflict. These annual determinations shall be conclusive, absent a change in circumstances from those disclosed to the Board of Directors, that necessitates a change in such determination.

Mr. Elkann is Chief Executive Officer of Exor, our and Stellantis's largest shareholder, and an executive director of Stellantis. Stellantis, Exor and a number of companies in the Stellantis and Exor groups are related parties to Ferrari. See "*Risk Factors—We may have potential conflicts of interest with Stellantis and Exor and its related companies*" and Note 28 "*Related Party Transactions*" to our Consolidated Financial Statements. Finally, Mr. Ferrari controls COXA S.p.A, from which Ferrari purchases components for Formula 1 racing cars, and HPE S.r.l., which provides consultancy engineering services to Ferrari, see Note 28 "*Related Party Transactions*" to our Consolidated Financial Statements.

Loyalty Voting Program

In connection with the separation from Fiat Chrysler Automobiles N.V. (the "Separation"), Ferrari issued special voting shares with a nominal value of one Euro cent (€0.01) per share, to FCA, Piero Ferrari and FCA shareholders holding FCA special voting shares prior to the Separation including Exor, in addition to Ferrari common shares.

As of February 9, 2024, Exor held approximately 36.48 percent of the voting power in the Company, Trust Piero Ferrari, a Jersey trust established by Piero Ferrari, held approximately 15.51 percent of the voting power in Ferrari and public shareholders held approximately 48.01 percent of the voting power in the Company. The percentages of voting power above are calculated based on the number of outstanding shares net of treasury shares. For more information on the Separation, see "*Overview—History of the Company*".

Subject to meeting certain conditions, our common shares can be registered in our loyalty register (the "Loyalty Register") and all such common shares may qualify as qualifying common shares ("Qualifying Common Shares"). The holder of Qualifying Common Shares is entitled to receive without consideration one special voting share in respect of each such Qualifying Common Share. Pursuant to the Terms and Conditions, and for so long as the Ferrari common shares remain in the Loyalty Register, such Ferrari common shares shall not be sold, disposed of, transferred, except in very limited circumstances (*i.e.,* transfers to affiliates or to relatives through succession, donation or other transfers (defined in the Terms and Conditions as "Loyalty Transferee"), but a shareholder may create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such Ferrari common shares, provided that the voting rights in respect of such Ferrari common shares and any corresponding special voting shares remain with such shareholder at all times. Ferrari's shareholders who want to directly or indirectly sell, dispose of, trade or transfer such Ferrari common shares or otherwise grant any right or interest therein, or create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over such Ferrari common shares with a potential transfer of voting rights relating to such encumbrances will need to submit a de-registration request as referred to in the Terms and Conditions, in order to transfer the relevant Ferrari common shares to the regular trading system (the "Regular Trading System") except that a Ferrari shareholder may transfer Ferrari common shares included in the Loyalty Register to a Loyalty Transferee (as defined in the Terms and Conditions) of such Ferrari shareholder without transferring such shares from the Loyalty Register to the Regular Trading System.

Ferrari's shareholders who seek to qualify to receive special voting shares can also request to have their Ferrari common shares registered in the Loyalty Register. Upon registration in the Loyalty Register such shares will be eligible to be treated as Qualifying Common Shares, provided they meet the conditions more fully described under "—*Terms and Conditions of the Special Voting Shares*" below.

Notwithstanding the fact that Article 13 of the Ferrari Articles of Association permits the Board of Directors of Ferrari to approve transfers of special voting shares, the special voting shares cannot be traded and are transferable only in very limited circumstances (*i.e.,* to a Loyalty Transferee described above, or to Ferrari for no consideration (*om niet*)).

Pursuant to Article 23 of the Ferrari Articles of Association, Ferrari shall maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall be issued and paid up against this special capital reserve.

The special voting shares have immaterial economic entitlements. Such economic entitlements are designed to comply with Dutch law but are immaterial for investors. The special voting shares carry the same voting rights as Ferrari common shares.

Section 10 of the Terms and Conditions include liquidated damages provisions intended to deter any attempt by holders to circumvent the terms of the special voting shares. Such liquidated damages provisions may be enforced by Ferrari by means of a legal action brought by Ferrari before competent courts of Amsterdam, the Netherlands. In particular, a violation of the provisions of the Terms and Conditions concerning the transfer of special voting shares, Electing Common Shares (common shares registered in the Loyalty Register for the purpose of becoming Qualifying Common Shares in accordance with the Ferrari Articles of Association) and Qualifying Common Shares may lead to the imposition of liquidated damages. Because we expect the restrictions on transfers of the special voting shares to be effective in practice we do not expect the liquidated damages provisions to be used.

Pursuant to Section 12 of the Terms and Conditions, any amendment to the Terms and Conditions (other than merely technical, non-material amendments and unless such amendment is required to ensure compliance with applicable law or regulations or the listing rules of any securities exchange on which the Ferrari common shares are listed) may only be made with the approval of the general meeting of shareholders of Ferrari.

At any time, a holder of Qualifying Common Shares or Electing Common Shares may request the de-registration of such shares from the Loyalty Register to enable free trading thereof in the Regular Trading System. Upon the de-registration from the Loyalty Register, such shares will cease to be Electing Common Shares or Qualifying Common Shares as the case may be and will be freely tradable and voting rights attached to the corresponding special voting shares will be suspended with immediate effect and such special voting shares shall be transferred to Ferrari for no consideration (*om niet*).

Terms and Conditions of the Special Voting Shares

The Terms and Conditions apply to the issuance, allocation, acquisition, holding, repurchase and transfer of special voting shares in our share capital and to certain aspects of Electing Common Shares, Qualifying Common Shares and Ferrari common shares, which are or will be registered in the Loyalty Register.

Application for Special Voting Shares

A Ferrari shareholder may at any time elect to participate in the loyalty voting program by requesting that Ferrari register all or some of the number of Ferrari common shares held by such Ferrari shareholder in the Loyalty Register. Such election shall be effective and registration in the Loyalty Register shall occur as of the end of the calendar month during which the election is made. If such Ferrari common shares (i.e. Electing Common Shares) have been registered in the Loyalty Register (and are thus blocked from trading in the Regular Trading System) for an uninterrupted period of three years in the name of the same shareholder, the holder of such Ferrari common shares will be entitled to receive one Ferrari special voting share for each such Ferrari common share that has been registered. If at any moment in time such Ferrari common shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder loses its entitlement to hold a corresponding number of Ferrari special voting shares.

Withdrawal of Special Voting Shares

As described above, a holder of Qualifying Common Shares or Electing Common Shares may request that some or all of its Qualifying Common Shares or Electing Common Shares be de-registered from the Loyalty Register and if held outside the Regular Trading System, transfer such shares back to the Regular Trading System, which will allow such shareholder to freely trade its Ferrari common shares, as described below. From the moment of such request, the holder of Qualifying Common Shares shall be considered to have waived his rights to cast any votes associated with the Ferrari special voting shares which were issued and allocated in respect of such Qualifying Common Shares. Any such request would automatically trigger a mandatory transfer requirement pursuant to which the Ferrari special voting shares will be offered and transferred to Ferrari for no consideration in accordance with the Ferrari Articles of Association and the Terms and Conditions. Ferrari may continue to hold the special voting shares as treasury stock, but will not be entitled to vote any such treasury stock. Alternatively, Ferrari may withdraw and cancel the special voting shares, as a result of which the nominal value of such shares will be allocated to the special capital reserves of Ferrari. Consequently, the loyalty voting feature will terminate as to the relevant Qualifying Common Shares being deregistered from the Loyalty Register. No shareholder required to transfer special voting shares pursuant to the Terms and Conditions shall be entitled to any consideration for such special voting shares and each shareholder expressly waives any rights in that respect as a condition to participation in the loyalty voting program.

Change of Control

A shareholder who is a holder of Qualifying Common Shares or Electing Common Shares must promptly notify the Agent and Ferrari upon the occurrence of a "change of control" as defined in the Ferrari Articles of Association, as described below. The change of control will trigger the de-registration of the relevant Electing Common Shares or Qualifying Common Shares or the relevant Ferrari common shares in the Loyalty Register. The voting rights attached to the special voting shares issued and allocated in respect of the relevant Qualified Common Shares will be suspended upon a direct or indirect change of control in respect of the relevant holder of such Qualifying Common Shares that are registered in the Loyalty Register.

For the purposes of this section a "change of control" shall mean, in respect of any Ferrari shareholder that is not an individual (*natuurlijk persoon*), any direct or indirect transfer in one or a series of related transactions as a result of which (i) a majority of the voting rights of such shareholder, (ii) the de facto ability to direct the casting of a majority of the votes exercisable at general meetings of shareholders of such shareholder and/or (iii) the ability to appoint or remove a majority of the Directors, executive Directors or board members or executive officers of such shareholder or to direct the casting of a majority or more of the voting rights at meetings of the board of Directors, governing body or executive committee of such shareholder has been transferred to a new owner, provided that no change of control shall be deemed to have occurred if (a) the transfer of ownership and/or control is an intra-group transfer under the same parent company, (b) the transfer of ownership and /or control is the result of the succession or the liquidation of assets between spouses or the inheritance, *inter vivos* donation or other transfer to a spouse or a relative up to and including the fourth degree or (c) the fair market value of the Qualifying Common Shares held by such shareholder represents less than twenty percent (20 percent) of the total assets of the Transferred Group at the time of the transfer and the Qualifying Common Shares held by such shareholder, in the sole judgment of the Company, are not otherwise material to the Transferred Group or the change of control transaction. "Transferred Group" shall mean the relevant shareholder together with its affiliates, if any, over which control was transferred as part of the same change of control transaction within the meaning of the definition of change of control.

Liability to Further Capital Calls

All of the outstanding Ferrari common shares and special voting shares are fully paid and non-assessable.

Additional Issuances and Rights of Preference

Issuance of Shares

The general meeting of shareholders of Ferrari (the "General Meeting") has the authority to resolve on any issuance of shares, unless such authority has been delegated to the Board of Directors of Ferrari. In such a resolution, the General Meeting must determine the price and other terms of issuance. The Board of Directors of Ferrari may have the power to issue shares if it has been authorized to do so by the General Meeting, or pursuant to the Ferrari Articles of Association. Under Dutch law, such authorization may not exceed a period of five years, but may be renewed by a resolution of the General Meeting for subsequent five-year periods at any time. The Board of Directors has been designated by the Ferrari Articles of Association as the competent body to issue Ferrari common shares and special voting shares up to the maximum aggregate amount of the Ferrari authorized share capital for an initial period of five years from January 2, 2016, which may be extended by the General Meeting with additional consecutive periods of up to a maximum of five years each. Pursuant to the resolution of the Annual General Meeting held on April 16, 2020, the authorization was renewed for the period starting from January 2, 2021 up to and including October 15, 2021. Pursuant to the resolution of the Annual General Meeting held on April 15, 2021, the authorization has been further renewed for the period starting from April 15, 2021 up to and including October 14, 2022. Pursuant to the resolution of the Annual General Meeting held on April 13, 2022, the authorization has been further renewed for the period starting from April 13, 2022 up to and including October 12, 2023. Pursuant to the resolution of the Annual General Meeting held on April 14, 2023, the authorization has been further renewed for the period starting from April 14, 2023 up to and including October 13, 2024.

Ferrari will not be required to obtain approval from a General Meeting to issue shares pursuant to the exercise of a right to subscribe for shares that was previously granted pursuant to authority granted by the shareholders or pursuant to delegated authority by the Board of Directors. The General Meeting shall, for as long as any such designation of the Board of Directors of Ferrari for this purpose is in force, no longer has authority to decide on the issuance of shares.

Rights of Pre-emption

Under Dutch law and the Ferrari Articles of Association, each Ferrari shareholder has a right of pre-emption in proportion to the aggregate nominal value of its shareholding upon the issuance of new Ferrari common shares (or the granting of rights to subscribe for Ferrari common shares). Exceptions to this right of pre-emption include the issuance of new Ferrari common shares (or the granting of rights to subscribe for common shares): (i) to employees of Ferrari or another member of its group pursuant to a stock compensation plan of Ferrari, (ii) against payment in kind (contribution other than in cash) and (iii) to persons exercising a previously granted right to subscribe for Ferrari common shares.

In the event of an issuance of special voting shares, shareholders shall not have any right of pre-emption.

The General Meeting may resolve to limit or exclude the rights of pre-emption upon an issuance of Ferrari common shares, which resolution requires approval of at least two-thirds of the votes cast, if less than half of the issued share capital is represented at the General Meeting. The Ferrari Articles of Association or the General Meeting may also designate the Board of Directors to resolve to limit or exclude the rights of pre-emption in relation to the issuance of Ferrari common shares. Pursuant to Dutch law, the designation by the General Meeting may be granted to the Board of Directors for a specified period of time of not more than five years and only if the Board of Directors has also been designated or is simultaneously designated the authority to resolve to issue Ferrari common shares. The Board of Directors is designated in the Ferrari Articles of Association as the competent body to exclude or limit rights of pre-emption for an initial period of five years from January 2, 2016, which may be extended by the General Meeting with additional periods up to a maximum of five years per period. Pursuant to the resolutions of the Annual General Meeting held on April 16, 2020, the Board of Directors was authorized to issue Ferrari common shares and to limit or exclude the rights of pre-emption in relation to the issuance of Ferrari common shares for the period starting from January 2, 2021 up to and including October 15, 2021. Pursuant to the resolutions of the Annual General Meeting held on April 15, 2021, the Board of Directors has been further authorized to issue Ferrari common shares and to limit or exclude the rights of pre-emption in relation to the issuance of Ferrari common shares for the period starting from April 15, 2021 up to and including October 14, 2022. Pursuant to the resolutions of the Annual General Meeting held on April 13, 2022, the Board of Directors has been authorized to issue Ferrari common shares and to limit or exclude the rights of pre-emption in relation to the issuance of Ferrari common shares for the period starting from April 13, 2022 up to and including October 12, 2023. Pursuant to the resolutions of the Annual General Meeting held on April 14, 2023, the Board of Directors has been authorized to issue Ferrari common shares and to limit or exclude the rights of pre-emption in relation to the issuance of Ferrari common shares for the period starting from April 14, 2023 up to and including October 13, 2024.

Repurchase of Shares

Upon agreement with the relevant Ferrari shareholder, Ferrari may acquire its own shares at any time for no consideration (*om niet*), or subject to certain provisions of Dutch law and the Ferrari Articles of Association for consideration, if: (i) Ferrari's shareholders' equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital and any statutory reserves, (ii) Ferrari would thereafter not hold a pledge over Ferrari common shares or together with subsidiaries hold Ferrari common shares with an aggregate nominal value exceeding 50 percent of the Ferrari's issued share capital and (iii) the Board of Directors has been authorized to do so by the General Meeting.

The acquisition of fully paid-up shares by Ferrari other than for no consideration (*om niet*) requires authorization by the General Meeting. Such authorization may be granted for a period not exceeding 18 months and shall specify the number of shares, the manner in which the shares may be acquired and the price range within which shares may be acquired. The authorization is not required for the acquisition of shares from employees of Ferrari or another member of its Group, under a scheme applicable to such employees and no authorization is required for repurchase of shares acquired in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Such shares must be officially listed on a price list of an exchange.

At a General Meeting the shareholders may resolve to designate the Board of Directors of Ferrari as the competent body to resolve on Ferrari acquiring any Ferrari's fully paid up Ferrari common shares other than for no consideration (*om niet*) for a period of up to 18 months.

Ferrari may, jointly with its subsidiaries, hold Ferrari shares in its own capital exceeding one-tenth of its issued capital for no more than three years after acquisition of such Ferrari shares for no consideration (*om niet*) or in certain other limited circumstances in which the acquisition takes place by operation of law, such as pursuant to mergers or demergers. Any Ferrari shares held by Ferrari in excess of the amount permitted shall transfer to all members of the Board of Directors jointly at the end of the last day of such three year period. Each member of the Board of Directors shall be jointly and severally liable to compensate Ferrari for the value of the Ferrari shares at such time, with interest at the statutory rate thereon from such time. The term Ferrari shares in this paragraph shall include depositary receipts for shares and shares in respect of which Ferrari holds a right of pledge.

No votes may be cast at a General Meeting on the Ferrari shares held by Ferrari or its subsidiaries. Also no voting rights may be cast at a General Meeting in respect of Ferrari shares for which depositary receipts have been issued that are owned by Ferrari. Nonetheless, the holders of a right of usufruct or pledge in respect of shares held by Ferrari and its subsidiaries in Ferrari's share capital are not excluded from the right to vote on such shares, if the right of usufruct or pledge was granted prior to the time such shares were acquired by Ferrari or its subsidiaries. Neither Ferrari nor any of its subsidiaries may cast votes in respect of a share on which it or its subsidiaries holds a right of usufruct or pledge.

Reduction of Share Capital

Shareholders at a General Meeting have the power to cancel shares acquired by Ferrari or to reduce the nominal value of the shares. A resolution to reduce the share capital requires a majority of at least two-thirds of the votes cast at the General Meeting, if less than one-half of the issued capital is present or represented at the meeting. If more than one-half of the issued share capital is present or represented at the meeting, a simple majority of the votes cast at the General Meeting is required. Any proposal for cancellation or reduction of nominal value is subject to general requirements of Dutch law with respect to reduction of share capital.

Transfer of Shares

In accordance with the provisions of Dutch law, pursuant to Article 12 of the Ferrari Articles of Association, the transfer or creation of Ferrari shares or a right *in rem* thereon requires a deed intended for that purpose and save when Ferrari is a party to the transaction, written acknowledgment by Ferrari of the transfer.

The transfer of Ferrari common shares that have not been entered into a book-entry system will be effected in accordance with Article 12 of the Ferrari Articles of Association.

Common shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants. Article 12 of the Ferrari Articles of Association does not apply to the trading of such Ferrari common shares on a regulated market or the equivalent thereof.

Transfers of shares held outside of DTC (including Monte Titoli S.p.A., as a participant in DTC) or another direct registration system maintained by Computershare, Ferrari's transfer agent in New York ("Transfer Agent") and not represented by certificates are effected by a stock transfer instrument and require the written acknowledgment by Ferrari. Transfer of registered certificates is effected by presenting and surrendering the certificates to the Transfer Agent. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer and stock transfer tax stamps for, or funds to pay, any applicable stock transfer taxes.

Ferrari common shares are freely transferable. As described below, special voting shares are generally not transferable.

At any time, a holder of Ferrari common shares that are registered in the Loyalty Register (i.e. Electing Common Shares or Qualifying Common Shares) wishing to transfer such Ferrari common shares other than in limited specified circumstances (*i.e.,* transfers to affiliates or to relatives through succession, donation or other transfers) must first request a de-registration of such shares from the Loyalty Register and if held outside the Regular Trading System, transfer such common shares back into the Regular Trading System. After de-registration from the Loyalty Register, such Ferrari common shares no longer qualify as Electing Common Shares or Qualifying Common Shares, as a result, the holder of such Ferrari common shares is required to offer and transfer the special voting shares associated with such Ferrari common shares that were previously Qualifying Common Shares to Ferrari for no consideration (*om niet*) as described in detail in "*—Loyalty Voting Program—Terms and Conditions of the Special Voting Shares—Withdrawal of Special Voting Shares*".

Annual Accounts and Independent Registered Public Accounting Firm

Ferrari's financial year is the calendar year. Within four months after the end of each financial year, the Board of Directors will prepare the annual accounts, which must be accompanied by an annual report and an auditors' report and will publish the accounts and annual report and will make those available for inspection at Ferrari's corporate address. All members of the Board of Directors are required to sign the annual accounts and in case the signature of any member is missing, the reason for this must be stated. The annual accounts are to be adopted by the General Meeting at the annual general meeting of shareholders, at which meeting the members of the Board of Directors will be discharged from liability for performance of their duties with respect to any matter disclosed in the annual accounts for the relevant financial year insofar this appears from the annual accounts. The annual accounts, the annual report and independent registered public accounting firm's reports are made available through Ferrari's website to the shareholders for review as from the day of the notice convening the annual general meeting of shareholders.

Payment of Dividends

Ferrari may make distributions to the shareholders and other persons entitled to the distributable profits only to the extent that its shareholders' equity exceeds the sum of the paid-up and called up portion of the share capital and the reserves that must be maintained in accordance with Dutch law. No distribution of profits may be made to Ferrari itself for shares that Ferrari holds in its own share capital.

Ferrari may only make a distribution of dividends to the shareholders after the adoption of its statutory annual accounts demonstrating that such distribution is legally permitted. The Board of Directors may determine that other freely distributable distributions shall be made, in whole or in part, from Ferrari's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the shareholders that are entitled to the relevant reserve upon the dissolution of Ferrari and provided further that the policy of Ferrari on additions to reserves and dividends is duly observed.

Holders of special voting shares will not receive any dividend in respect of the special voting shares. However Ferrari maintains a separate dividend reserve for the special voting shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the special voting shares. This allocation establishes a reserve for the amount that would otherwise be paid. The special voting shares do not carry any entitlement to any other reserve. Any distribution out of the special dividend reserve or the partial or full release of such reserve requires a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares.

Insofar as the profits have not been distributed or allocated to the reserves, they may, by resolution of the General Meeting, be distributed as dividends on the Ferrari common shares only. The General Meeting may resolve, on the proposal of the Board of Directors, to declare and distribute dividends in U.S. Dollars. The Board of Directors may decide, subject to the approval of the General Meeting and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares, that a distribution shall, wholly or partially, be made in the form of shares, or that shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

The right to dividends and distributions will lapse if the dividends or distributions are not claimed within five years following the day after the date on which they first became payable. Any dividends or other distributions made in violation of the Ferrari Articles of Association or Dutch law will have to be repaid by the shareholders who knew or should have known, of such violation.

General Meetings and Voting Rights

Annual Meeting

An annual General Meeting must be held within six months from the end of Ferrari's preceding financial year. The purpose of the annual General Meeting is to discuss, among other things, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the Board of Directors from liability for their management and supervision, and other proposals brought up for discussion by the Board of Directors.

General Meeting and Place of Meetings

Other General Meetings will be held if requested by the Board of Directors, the chairman of the Board of Directors, the chairperson or the chief executive officer, or by the written request (stating the exact subjects to be discussed) of one or more shareholders representing in aggregate at least 10 percent of the issued share capital of the company (taking into account the relevant provisions of Dutch law, and the Ferrari Articles of Association and the applicable stock exchange regulations). General Meetings will be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands.

Convocation Notice and Agenda

General Meetings can be convened by a notice, specifying the subjects to be discussed, the place and the time of the meeting and admission and participation procedure, issued at least 15 days before the meeting or 42 days if shares of Ferrari or depositary receipts issued with cooperation of Ferrari have been admitted to trading on the Euronext Milan or another regulated market as referred to in Article 1:1 of the Dutch Financial Supervision Act. All convocations, announcements, notifications and communications to shareholders and other persons entitled to attend the General Meeting must be made on the company's corporate website in accordance with the relevant provisions of Dutch law. The agenda for a General Meeting may contain the items requested by one or more shareholders representing at least three percent of the issued share capital of the company. Requests must be made in writing, including the reasons for adding the relevant item on the agenda, and received by the Board of Directors at least 60 days before the day of the meeting. The agenda of the annual general meeting of shareholders shall contain, inter alia, the following items:

a. adoption of the annual report;
b. the remuneration report;
c. at least every four years after adoption of the remuneration policy, the remuneration policy;
d. the policy of the Company on additions to reserves and on dividends, if any;
e. granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;
f. the appointment of Directors;
g. if applicable, the proposal to pay a dividend;
h. if applicable, discussion of any substantial change in the corporate governance structure of the Company; and
i. any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

The Board of Directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must give reasons.

Admission and Registration

Each shareholder entitled to vote, and each person holding a usufruct or pledge to whom the right to vote on the Ferrari common shares accrues, shall be authorized to attend the General Meeting, to address the General Meeting and to exercise its voting rights. The registration date of each General Meeting is the twenty-eighth day prior to the date of the General Meeting so as to establish which shareholders are entitled to attend and vote at the General Meeting. Only holders of shares and other persons entitled to vote or attend the General Meeting, at such registration date are entitled to attend and vote at the General Meeting. The convocation notice for the meeting shall state the registration date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

Those entitled to attend a General Meeting may be represented at a General Meeting by a proxy authorized in writing. The requirement that a proxy must be in written form is also fulfilled when it is recorded electronically.

Members of the Board of Directors have the right to attend a General Meeting. In these General Meetings they have an advisory role.

Voting Rights

Ferrari applies the one-share-one-vote principle, meaning that each Ferrari common share and each special voting share confers the right on the holder to cast one vote at a General Meeting. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Ferrari Articles of Association prescribes a larger majority. Blank votes shall not be counted as votes cast. Shares in respect of which Dutch law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital present or represented. Under Dutch law and/or the Ferrari Articles of Association, the following matters require at least two-thirds of the votes cast at a meeting if less than half of the issued share capital is present or represented:

- a resolution to reduce the issued share capital;
- a resolution to amend the Ferrari Articles of Association;
- a resolution to restrict or exclude rights of pre-emption;
- a resolution to authorize the Board of Directors to restrict or exclude shareholder rights of pre-emption;
- a resolution to enter into a legal merger or a legal demerger; or
- a resolution to dissolve Ferrari.

Under Dutch law, a resolution to adopt the remuneration policy requires three-fourths of the votes validly cast, unless the Ferrari Articles of Association include a lower threshold which could be inserted in the Ferrari Articles of Association through a resolution of the General Meeting pursuant to a prior proposal of the Board of Directors. Such a resolution to amend the Ferrari Articles of Association must be approved by a vote of a majority of at least two-thirds of the votes cast if less than one-half of the issued share capital is present or represented at such General Meeting and a simple majority vote if one-half or more than one-half of the issued share capital is present or represented at such General Meeting.

All votes shall be cast in writing or electronically. The chairman of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted.

Voting by acclamation shall be permitted if none of the shareholders present or represented objects.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Pledgees and usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the right of pledge or usufruct was created before the shares were owned by the Company or a subsidiary. Neither the Company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.

Without prejudice to the Articles of Association, the Company shall determine for each resolution passed:

- the number of shares on which valid votes have been cast;
- the percentage that the number of shares as referred to under a. represents in the issued share capital;
- the aggregate number of votes validly cast; and
- the aggregate number of votes cast in favor of and against a resolution, as well as the number of abstentions.

Limitations on rights of non-resident or foreign shareholders

There are no limitations imposed by Dutch law or by the Ferrari Articles of Association on the rights of non-resident or foreign shareholders to hold or vote Ferrari common shares.

Shareholders' Votes on Certain Transactions

Any important change in the identity or character of Ferrari must be approved by the General Meeting, including (i) the termination transfer to a third party of the business of Ferrari or practically the entire business of Ferrari; (ii) the entry into or breaking off of any long-term cooperation of Ferrari or a subsidiary with another legal entity or company or as a fully liable partner of a general partnership or limited partnership, where such entry into or breaking off is of far-reaching importance to Ferrari; and (iii) the acquisition or disposal by Ferrari or a subsidiary of an interest in the capital of a company with a value of at least one-third of Ferrari's assets according to the consolidated statement of financial position with explanatory notes included in the last adopted annual accounts of Ferrari.

Amendments to the Ferrari Articles of Association, including Variation of Rights

A resolution of the General Meeting to amend the Ferrari Articles of Association or to wind up Ferrari may be approved only if proposed by the Board of Directors and must be approved by a vote of a majority of at least two-thirds of the votes cast if less than one-half of the issued share capital is present or represented at such General Meeting.

The rights of shareholders may be changed only by amending the Ferrari Articles of Association in compliance with Dutch law.

Dissolution and Liquidation

The General Meeting may resolve to dissolve Ferrari, upon a proposal of the Board of Directors thereto. A majority of at least two-thirds of the votes cast shall be required if less than one-half of the issued capital is present or represented at the meeting. In the event of dissolution, Ferrari will be liquidated in accordance with Dutch law and the Ferrari Articles of Association and the liquidation shall be arranged by the members of the Board of Directors, unless the General Meeting appoints other liquidators. During liquidation, the provisions of the Ferrari Articles of Association will remain in force as long as possible.

If Ferrari is dissolved and liquidated, whatever remains of Ferrari's equity after all its debts have been discharged shall first be applied to distribute the aggregate balance of share premium reserves and other reserves (other than the special dividend reserve), to holders of Ferrari common shares in proportion to the aggregate nominal value of the Ferrari common shares held by each holder; secondly, from any balance remaining, an amount equal to the aggregate amount of the nominal value of the Ferrari common shares will be distributed to the holders of Ferrari common shares in proportion to the aggregate nominal value of Ferrari common shares held by each of them; thirdly, from any balance remaining, an amount equal to the aggregate amount of the special voting shares dividend reserve will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; fourthly, from any balance remaining, the aggregate amount of the nominal value of the special voting shares will be distributed to the holders of special voting shares in proportion to the aggregate nominal value of the special voting shares held by each of them; and, lastly, any balance remaining will be distributed to the holders of Ferrari common shares in proportion to the aggregate nominal value of Ferrari common shares held by each of them.

Liability of Directors

Under Dutch law, the management of a company is a joint undertaking and each member of the Board of Directors can be held jointly and severally liable to Ferrari for damages in the event of improper or negligent performance of their duties. Further, members of the Board of Directors can be held liable to third parties based on tort, pursuant to certain provisions of the Dutch Civil Code. All Directors are jointly and severally liable for failure of one or more co-Directors. An individual Director is only exempted from liability if he proves that he cannot be held seriously culpable for the mismanagement and that he has not been negligent in seeking to prevent the consequences of the mismanagement. In this regard a Director may, however, refer to the allocation of tasks between the Directors. In certain circumstances, Directors may incur additional specific civil and criminal liabilities.

Indemnification of Directors and Officers

Under Dutch law, indemnification provisions may be included in a company's articles of association. Under the Ferrari Articles of Association, Ferrari is required to indemnify its Directors, officers, former Directors, former officers and any person who may have served at Ferrari's request as a Director or officer of another company in which Ferrari owns shares or of which Ferrari is a creditor who were or are made a party or are threatened to be made a party or are involved in, any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative or investigative (each a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, against any and all liabilities, damages, reasonable and documented expenses (including reasonably incurred and substantiated attorney's fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Notwithstanding the above, no indemnification shall be made in respect of any claim, issue or matter as to which any of the abovementioned indemnified persons shall be adjudged to be liable for gross negligence or willful misconduct in the performance of such person's duty to Ferrari. This indemnification by Ferrari is not exclusive of any other rights to which those indemnified may be entitled otherwise. Ferrari has purchased directors' and officers' liability insurance for the members of the Board of Directors and certain other officers, substantially in line with that purchased by similarly situated companies.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code contains principles and best practice provisions that regulate relations between the board and the shareholders (including the General Meeting). The Dutch Corporate Governance Code is divided into five chapters which address the following topics: (i) sustainable long-term value creation; (ii) effective management and supervision; (iii) remuneration; (iv) the general meeting; and (v) one-tier governance structure.

Dutch companies whose shares are listed on a government-recognized stock exchange, such as the NYSE, are required under Dutch law to disclose in their annual reports whether or not they apply the provisions of the Dutch Corporate Governance Code and, in the event that they do not apply a certain provision, to explain the reasons why they have chosen to deviate.

Ferrari acknowledges the importance of good corporate governance and supports the best practice provisions of the Dutch Corporate Governance Code. Therefore, Ferrari intends to comply with the relevant best practice provisions of the Dutch Corporate Governance Code except as may be noted from time to time in Ferrari's annual reports.

The Dutch Corporate Governance Code has been revised in December 2016 and the revised Dutch Corporate Governance Code entered into force on January 1, 2018, being applicable retroactively as from the financial year 2017. Consequently, Ferrari has reported in 2018 regarding its application of the revised Dutch Corporate Governance Code with respect to the financial year 2017. On December 20, 2022, the Corporate Governance Code Monitoring Committee published an update to the 2016 Dutch Corporate Governance Code. The updated Dutch Corporate Governance Code has entered into force on January 1, 2024 and is applicable retroactively as from financial year 2023.

Disclosure of Holdings under Dutch Law

Home member state for purposes of the EU Transparency Directive

The Netherlands is Ferrari's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended). As of the listing of the Ferrari common shares on Euronext Milan, we are subject to financial and other reporting obligations under the Dutch act on Financial Supervision ("AFS") and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), which both implement the EU Transparency Directive in the Netherlands.

Disclosure of information

Ferrari is required to publish its annual report (consisting of the audited annual accounts, the annual report and the responsibility statement) within four months after the end of each financial year and its half-yearly figures within three months after the end of the first six months of each financial year.

Shareholder disclosure and reporting obligations

As a result of the listing of the Ferrari common shares on the Euronext Milan, chapter 5.3 of the AFS applies, pursuant to which any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or actual or potential voting rights in Ferrari must promptly give written notice to the Netherlands Authority for the Financial Markets (*stichting Autoriteit Financiële Markten*, the "AFM") of such acquisition or disposal by means of a standard form if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below the following thresholds: 3 percent, 5 percent, 10 percent, 15 percent, 20 percent, 25 percent, 30 percent, 40 percent, 50 percent, 60 percent, 75 percent and 95 percent.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person, (ii) shares and/or voting rights held (or, acquired or disposed of) by such person's controlled entities or by a third party for such person's account, (iii) voting rights held (or acquired or disposed of) by a third party with whom such person has concluded an oral or written voting agreement, (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment, and (v) shares which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares.

As a consequence of the above, special voting shares must be added to Ferrari common shares for the purposes of the above thresholds.

Controlled entities (within the meaning of the AFS) do not themselves have notification obligations under the AFS as their direct and indirect interests are attributed to their (ultimate) parent. If a person who has a three percent or larger interest in Ferrari's share capital or voting rights ceases to be a controlled entity it must immediately notify the AFM and all notification obligations under the AFS will become applicable to such former controlled entity.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares, (ii) such person may be obliged to purchase shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

If a person's capital interest and/or voting rights reaches, exceeds or falls below the abovementioned thresholds as a result of a change in Ferrari's issued and outstanding share capital or voting rights, such person is required to make a notification not later than on the fourth trading day after the AFM has published Ferrari's notification as described below.

Following the implementation of Directive 2013/50/EU into the AFS, every holder of three percent more of the issued and outstanding share capital or voting rights whose interest has changed compared to his most recent notification, and which holder knows or should know that pursuant to this change his interest reaches or crosses a threshold as a result of certain acts (as described above and including the exchange of a financial instrument or a contract (pursuant to which the holder is deemed to have issued and outstanding shares or voting rights at his disposal)), must notify the AFM of this change.

Ferrari is required to notify the AFM promptly of any change of one percent or more in its issued and outstanding share capital or voting rights since a previous notification. Other changes in Ferrari's issued and outstanding share capital or voting rights must be notified to the AFM within eight days after the end of the quarter in which the change occurred.

In addition to the above described notification obligations pertaining to capital interest or voting rights, pursuant to Regulation (EU) No 236/2012, as amended, notification must be made of any net short position of 0.2% in the issued share capital of Ferrari, and of every subsequent 0.1% above this threshold. Notifications starting at 0.5% and every subsequent 0.1% above this threshold will be made public via the short selling register of the AFM. Furthermore, gross short positions shall be notified in the event that a threshold is reached, exceeded or fallen below. With regard to gross short positions, the same disclosure thresholds as for holders of capital interests and/or voting rights apply.

Furthermore, each member of the Board of Directors must notify the AFM:

- within two weeks after his/her appointment of the number of shares he/she holds and the number of votes he/she is entitled to cast in respect of Ferrari's issued and outstanding share capital, and
- subsequently of each change in the number of shares he/she holds and of each change in the number of votes he/she is entitled to cast in respect of Ferrari's issued and outstanding share capital, immediately after the relevant change.

The AFM keeps a public register of all notifications made pursuant to these disclosure obligations and publishes any notification received which can be accessed via www.afm.nl. The notifications referred to in this paragraph should be made in writing by means of a standard form or electronically through the notification system of the AFM.

Non-compliance with these disclosure obligations is an economic offense and may lead to criminal prosecution. The AFM may impose administrative penalties for non-compliance, and the publication thereof. In addition, a civil court can impose measures against any person who fails to notify or incorrectly notifies the AFM of matters required to be notified. A claim requiring that such measures be imposed may be instituted by Ferrari and/or by one or more shareholders who alone or together with others represent at least three percent of the issued and outstanding share capital of Ferrari or are able to exercise at least three percent of the voting rights. The measures that the civil court may impose include:

- an order requiring appropriate disclosure;
- suspension of the right to exercise the voting rights for a period of up to three years as determined by the court;
- voiding a resolution adopted by the General Meeting, if the court determines that the resolution would not have been adopted but for the exercise of the voting rights of the person with a duty to disclose, or suspension of a resolution adopted by the general meeting of shareholders until the court makes a decision about such voiding; and
- an order to refrain, during a period of up to five years as determined by the court, from acquiring shares and/or voting rights in Ferrari. Shareholders are advised to consult with their own legal advisers to determine whether the disclosure obligations apply to them.

Shareholders are advised to consult with their own legal advisers to determine whether the disclosure obligations apply to them.

Mandatory Bid Requirement

Under Dutch law any person, acting alone or in concert with others, who, directly or indirectly, acquires 30 percent or more of Ferrari's voting rights will be obliged to launch a public offer for all outstanding shares in Ferrari's share capital. An exception is made for shareholders who, whether alone or acting in concert with others, had an interest of at least 30 percent of Ferrari's voting rights before the shares were first listed on the Euronext Milan (formerly Mercato Telematico Azionario or "MTA"), and who still maintained such an interest after such first listing. Immediately after the first listing of Ferrari common shares on MTA, now Euronext Milan, Exor held more than 30 percent of Ferrari's voting rights. Therefore Exor's interest in Ferrari was grandfathered and the exception that applies to it will continue to apply to it for as long as its holding of shares represents over 30 percent of Ferrari's voting rights.

Dutch Financial Reporting Supervision Act

On the basis of the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*), or the FRSA, the AFM supervises the application of financial reporting standards by, amongst others, companies whose official seat is in the Netherlands and whose securities are listed on a regulated market within the EU or in a non-EU country on a system similar to a regulated market.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from Ferrari regarding its application of the applicable financial reporting standards and (ii) recommend to us the making available of further explanations. If we do not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber order us to (i) make available further explanations as recommended by the AFM, (ii) provide an explanation of the way we have applied the applicable financial reporting standards to our financial reports or (iii) prepare our financial reports in accordance with the Enterprise Chamber's instructions.

Compulsory Acquisition

Pursuant to article 2:92a of the Dutch Civil Code ("DCC"), a shareholder who, for its own account, holds at least 95 percent of the issued share capital of Ferrari may institute proceedings against the other shareholders jointly for the transfer of their shares to it. The proceedings are held before the Dutch Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure. The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three expert(s) who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to it. Unless the addresses of all of them are known to it, it must also publish the same in a Dutch daily newspaper with a national circulation. A shareholder can only appeal against the judgment of the Enterprise Chamber before the Dutch Supreme Court.

In addition, pursuant to article 2:359c of the DCC, an offeror under a public offer is also entitled to start a squeeze out procedure, within three months after the public offer, if following the public offer it holds at least 95% of the issued share capital of Ferrari representing at least 95% of the total voting rights. In the event of a mandatory offer, the mandatory offer price is in principle deemed to be a reasonable price, which has to be accepted by minority shareholders. In the event of a voluntary public offer, the offer price is considered reasonable if at least 90% of the shares have been acquired under the public offer.

Pursuant to article 2:359d of the DCC, if the offeror has acquired at least 95% of the issued share capital of Ferrari representing at least 95% of the total voting rights, each remaining minority shareholder is entitled to demand a squeeze out. This procedure must be initiated with the Enterprise Chamber within three months after the end of the period for tendering Shares in the public offer. With regard to the price per share to be paid by the majority Shareholder, the same procedure as for squeeze out proceedings initiated by the offeror, as set out in the previous paragraph, applies.

Disclosure of Trades in Listed Securities

Disclosure under Dutch Law

Pursuant to the AFS and the Market Abuse Regulation (EU) No 596/2014 (the "Market Abuse Regulation"), each of the members of the Board of Directors and any other person discharging managerial responsibilities within Ferrari and who in that capacity is authorized to make decisions affecting the future developments and business prospects of Ferrari and who has regular access to inside information relating, directly or indirectly, to Ferrari (each, an "Insider") must notify the AFM of all transactions, conducted or carried out for his/her own account, relating to Ferrari common shares, special voting shares or financial instruments, the value of which is (in part) determined by the value of Ferrari common shares or special voting shares.

In addition, persons who are closely associated with members of the Board of Directors or any of the other Insiders must notify the AFM of all transactions conducted for their own account relating to Ferrari's shares or financial instruments, the value of which is (in part) determined by the value of Ferrari's shares. The Market Abuse Regulation designates the following categories of persons: (i) the spouse or any partner considered by applicable law as equivalent to the spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date, and (iv) any legal person, trust or partnership, among other things, whose managerial responsibilities are discharged by a member of the Board of Directors or any other Insider or by a person referred to under (i), (ii) or (iii) above.

The AFM must be forthwith notified of transactions effected in either Ferrari's shares or financial instruments, the value of which is (in part) determined by the value of Ferrari's shares, following the transaction date by means of a standard form. Notifications under the Market Abuse Regulation may however be postponed until the date that the value of the transactions carried out on a person's own account, together with the transactions carried out by the persons associated with that person, reaches or exceeds the amount of €5,000 in the calendar year in question. The AFM keeps a public register of all notifications made pursuant to the AFS and the Market Abuse Regulation.

Ferrari is required to make inside information public. Inside information is precise information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the trading price of the securities. Ferrari must also provide the CONSOB with this inside information at the time of publication. Furthermore, Ferrari must without delay publish the inside information on its website and keep it available on Ferrari's website for at least five years.

It is prohibited for any person to make use of inside information by conducting, effecting or attempting to conduct or effect a transaction in relevant financial instruments. In addition, it is prohibited for any person to pass on inside information relating to Ferrari or the trade in its securities to a third party or to recommend or induce, on the basis of inside information, any person to conduct a transaction in securities of Ferrari. Furthermore, it is prohibited for any person to manipulate or attempt to manipulate the market, for instance by conducting transactions which could lead to an incorrect or misleading signal of the supply of, the demand for or the price of the securities. The provisions of the Market Abuse Regulation concerning insider trading and manipulation of the market are self-executing and immediately applicable Italian law. Moreover, on October 2016 CONSOB started a process for the review (in light of the Market Abuse Regulation) of certain regulatory provisions contained in the Issuers' Regulation no. 11971/1999.

Non-compliance with these reporting obligations could lead to criminal penalties, administrative fines and cease-and-desist orders (and the publication thereof), imprisonment or other sanctions.

Shareholder Disclosure and Reporting Obligations under U.S. Law

Holders of Ferrari shares are subject to certain U.S. reporting requirements under the Securities Exchange Act of 1934 (the "Exchange Act") for shareholders owning more than 5 percent of any class of equity securities registered pursuant to Section 12 of the Exchange Act. Among the reporting requirements are disclosure obligations intended to inform the market of significant accumulations of shares that may lead to a change of control of an issuer.

If Ferrari were to fail to qualify as a foreign private issuer in the future, Section 16(a) of the Exchange Act would require Ferrari's Directors and executive officers, and persons who own more than ten percent of a registered class of Ferrari's equity securities, to file reports of ownership of, and transactions in, Ferrari's equity securities with the SEC. Such Directors, executive officers and ten percent stockholders would also be required to furnish Ferrari with copies of all Section 16 reports they file.

Disclosure Requirements under Italian law

Summarized below are the most significant requirements to be complied with by Ferrari in connection with the admission to listing of Ferrari common shares on the Euronext Milan. The breach of the obligations described below may result in the application of fines and criminal penalties (including, for instance, those provided for insider trading and market manipulation). Further requirements may be imposed by CONSOB and/or Borsa Italiana as a result of the listing of Ferrari common shares on the Euronext Milan.

In particular, the following main disclosure obligations provided for by the Legislative Decree no. 58/1998, or the Italian Financial Act, effective as of the date of this document shall apply to Ferrari, article 92 (equal treatment principle), article 114 (information to be provided to the public), article 114-*bis* (information to be provided to the market concerning the allocation of financial instruments to corporate officers, employees and collaborators), article 115 (information to be disclosed to CONSOB) and article 180 and the following (relating to insider trading and market manipulation). In addition to the above, the applicable provisions set forth under the market rules (including those relating to the timing for the payment of dividends) shall apply to Ferrari.

Disclosure of Inside Information

Pursuant to the Market Abuse Regulation, Ferrari shall disclose to the public, without delay, any inside information which: (i) is of a precise nature, (ii) has not been made public, (iii) relates, directly or indirectly, to Ferrari or Ferrari's common shares, and (iv) if it were made public, would be likely to have a significant effect on the prices of Ferrari's common shares or on the price of related derivative financial instruments (the "Inside Information").

In this regard, Inside Information shall be deemed to be of a precise nature if: (a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur and (b) it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or events on the prices of the financial instruments (i.e., Ferrari's common shares) or the related derivative financial instruments.

The above disclosure requirement shall be complied with through the publication of a press release by Ferrari, in accordance with the modalities set forth under the Market Abuse Regulation, Dutch and Italian law, disclosing to the public the relevant Inside Information. The provisions of the MAR concerning the disclosure of inside information are self-executing and immediately applicable under Italian law.

Under specific circumstances, CONSOB may at any time request: (a) Ferrari to disclose to the public specific information or documentation where deemed appropriate or necessary or alternatively (b) to be provided with specific information or documentation. For this purpose, CONSOB has wide powers to, among other things, carry out inspections or request information to the members of the managing board, the members of the supervisory board or to the external auditor.

Ferrari shall publish and transmit to CONSOB any information disseminated in any non-EU-countries where Ferrari's common shares are listed (i.e., the United States), if this information is significant for the purposes of the evaluation of Ferrari's common shares listed on the Euronext Milan.

Insiders' Register

Pursuant to the Market Abuse Regulation, Ferrari and its subsidiaries, as well as persons acting on their behalf or for their account, shall draw up, and keep promptly updated, a list of persons who, in the exercise of their employment, profession or duties, have access to Inside Information. Ferrari shall provide such list to the competent authority at its request.

Public Tender Offers

Certain rules provided for under Italian law with respect to both voluntary and mandatory public tender offers shall apply to any offer launched for Ferrari's common shares. In particular, among other things, the provisions concerning the tender offer price, the content of the offer document and the disclosure of the tender offer will be subject to the supervision by CONSOB and Italian law.

Election and Removal of Directors

The Ferrari Articles of Association provide that the Board of Directors shall be composed of three or more members.

Directors are appointed by a simple majority of the votes validly cast at a General Meeting. The General Meeting may at any time suspend or dismiss any Director.

Disclosures pursuant to Decree Article 10 EU-Directive on Takeovers

In accordance with the Dutch *Besluit artikel 10 overnamerichtlijn* (the "Decree"), the Company makes the following disclosures:

a. For information on the capital structure of the Company, the composition of the issued share capital and the existence of the two classes of shares, please refer to Note 13 to the Company Financial Statements in this Annual Report. For information on the rights attached to the common shares, please refer to the Company's Articles of Association. To summarize, the rights attached to common shares comprise pre-emptive rights upon issuance of common shares, the entitlement to attend to the general meeting of Shareholders and to speak and vote at that meeting and the entitlement to distributions of such amount of the Company's profit as remains after allocation to reserves. For information on the rights attached to the special voting shares, please refer to the Articles of Association and the Terms and Conditions for the Special Voting Shares which can both be found on the Company's website and more in particular to the paragraph "Loyalty Voting Program" of this Annual Report. At December 31, 2023, the issued share capital of the Company consisted of 193,923,499 common shares, representing approximately 75.38 percent of the aggregate issued share capital, and 63,349,112 special voting shares, representing approximately 24.62 percent of the aggregate issued share capital.

b. The Company has imposed no limitations on the transfer of common shares. The Articles of Association provide in Article 13 for transfer restrictions for special voting shares.

c. For information on participations in the Company's capital in respect of which pursuant to Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) notification requirements apply, please refer to the chapter "*Major Shareholders*" of this Annual Report. There you will find a list of Shareholders who are known to the Company to have holdings of 3 percent or more at the stated date.

d. No special control rights or other rights accrue to shares in the capital of the Company.

e. A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.

f. No restrictions apply to voting rights attached to shares in the capital of the Company, nor are there any deadlines for exercising voting rights. The Articles of Association allow the Company to cooperate in the issuance of registered depositary receipts for common shares, but only pursuant to a resolution to that effect of the Board of Directors. The Company is not aware of any depository receipts having been issued for shares in its capital.

g. The Company is not aware of the existence of any agreements with Shareholders which may result in restrictions on the transfer of shares or limitation of voting rights except for the shareholders' agreement, dated December 23, 2015 between Exor (formerly Exor S.p.A.) and Piero Ferrari, recently amended to reflect adherence by Trust Piero Ferrari, which became effective upon the completion of the Separation on January 3, 2016 (the "Shareholders' Agreement"). The Shareholders' Agreement includes certain preemption rights of Exor in the event of a proposed transfer of common shares by Piero Ferrari, and certain rights of first offer of Piero Ferrari in the event of a proposed transfer of common shares by Exor, in each case subject to the exceptions set forth in the Shareholders' Agreement. The Shareholders' Agreement will remain in force until the fifth anniversary of the Separation provided that if neither of the parties to the Shareholders' Agreement terminates the Shareholders' Agreement within six months before the end of the initial term, then the Shareholders' Agreement shall be renewed automatically for another five year term. Since neither of the parties to the Shareholders' Agreement terminated it within six months before January 3, 2021, the Shareholders' Agreement was automatically renewed for another five year term and, therefore, until January 3, 2026. On December 16, 2022, Exor N.V., Mr. Piero Ferrari and Trust Piero Ferrari entered into an adherence and amendment agreement whereby Trust Piero Ferrari became a party to the Shareholders' Agreement and certain terms of the Shareholders' Agreement were amended. The Shareholders' Agreement, as so amended, is governed by the laws of the Netherlands and it mainly concerns the "acting in concert" and certain pre-emption rights and rights of first offer with respect to the shares of the Company.

h. The rules governing the appointment and dismissal of members of the Board of Directors are stated in the Articles of Association of the Company. All members of the Board of Directors are appointed by the general meeting of Shareholders. The term of office of all members of the Board of Directors is for a period of approximately one year after appointment, such period expiring on the day the first Annual General Meeting of Shareholders is held in the following calendar year. The general meeting of Shareholders has the power to suspend or dismiss any member of the Board of Directors at any time. The rules governing an amendment of the Articles of Association are stated in the Articles of Association and require a resolution of the general meeting of Shareholders which can only be passed pursuant to a prior proposal of the Board of Directors.

i. The general powers of the Board of Directors are stated in the Articles of Association of the Company. Pursuant to the resolution of the Annual General Meeting held on April 14, 2023, the Board of Directors has been authorized to issue common shares in the capital of the Company and to grant rights to subscribe for common shares in the capital of the Company. This authorization is limited in respect of common shares to 10 percent of the issued common shares for general corporate purposes as of the date of the 2023 Annual General Meeting (i.e. April 14, 2023), which can be used for any and all purposes necessary in the opinion of the Board of Directors. The authorization has been granted for a period of 18 months starting from the date of the 2023 Annual General Meeting of Shareholders on April 14, 2023 up to and including October 13, 2024. The Board of Directors has also been designated for the same period as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the authority of the Board of Directors to issue common shares and grant rights to subscribe for common shares as referred to above. Pursuant to the resolution of the Annual General Meeting held on April 13, 2022, the Board of Directors has been further authorized to issue special voting shares in the capital of the Company and to grant rights to subscribe for special voting shares in the capital of the Company. This authorization is limited in respect of special voting shares to 10 percent of the maximum aggregate amount of special voting shares as provided for in the Company's authorized share capital. The authorization has been granted for a period of 5 years starting from the date of the 2022 Annual General Meeting of Shareholders on April 13, 2022 up to and including April 12, 2027. In the event of an issuance of special voting shares, shareholders have no right of pre-emption. The Company has the authority to acquire fully paid-up shares in its own share capital, provided that such acquisition is made for no consideration. Further rules governing the acquisition of shares by the Company in its own share capital are set out in article 8 of the Articles of Association.

j. The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of Section 5:70 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), provided that certain of the loan agreements entered into by the Company contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.

k. The Company did not enter into any agreement with a Director or employee of the Company providing for a payment / distribution upon termination of employment as a result of a public offer within the meaning of article 5:70 of the Dutch Financial Supervision Act.

General Meeting of Shareholders

At least one general meeting of shareholders shall be held every year, which meeting shall be held within six months after the close of the financial year.

Furthermore, general meetings of shareholders shall be held in the case referred to in Section 2:108a of the Dutch Civil Code as often as the Board of Directors, the Chairman or the Chief Executive Officer deems it necessary to hold them or as otherwise required by Dutch law, without prejudice to what has been provided in the next paragraph hereof.

Shareholders solely or jointly representing at least ten percent (10 percent) of the issued share capital may request the Board of Directors, in writing, to call a general meeting of shareholders, stating the matters to be dealt with.

If the Board of Directors fails to call a meeting, then such shareholders may, on their application, be authorized by the interim provisions judge of the court (*voorzieningenrechter van de rechtbank*) to convene a general meeting of shareholders. The interim provisions judge (*voorzieningenrechter van de rechtbank*) shall reject the application if he is not satisfied that the applicants have previously requested the Board of Directors in writing, stating the exact subjects to be discussed, to convene a general meeting of shareholders.

General meetings of shareholders shall be held in Amsterdam or Haarlemmermeer (Schiphol Airport), the Netherlands, and shall be called by the Board of Directors, the Chairman or the Chief Executive Officer, in such manner as is required to comply with the law and the applicable stock exchange regulations, not later than on the forty-second day prior to the day of the meeting.

All convocations of general meetings of shareholders and all announcements, notifications and communications to shareholders shall be made by means of an announcement on the Company's corporate website and such announcement shall remain accessible until the relevant general meeting of shareholders. Any communication to be addressed to the general meeting of shareholders by virtue of Dutch law or the Articles of Association, may be either included in the notice, referred to in the preceding sentence or, to the extent provided for in such notice, on the Company's corporate website and/or in a document made available for inspection at the office of the Company and such other place(s) as the Board of Directors shall determine.

Convocations of general meetings of shareholders may be sent to Shareholders through the use of an electronic means of communication to the address provided by such Shareholders to the Company for this purpose.

The notice shall state the place, date and hour of the meeting and the agenda of the meeting as well as the other data required by law.

An item proposed in writing by such number of Shareholders who, by Dutch law, are entitled to make such proposal, shall be included in the notice or shall be announced in a manner similar to the announcement of the notice, provided that the Company has received the relevant request, including the reasons for putting the relevant item on the agenda, no later than the sixtieth day before the day of the meeting.

Pursuant to Dutch law, the board of a listed company has the power to invoke a cooling-off period of up to 250 days in the event of (i) a request by one or more shareholders for consideration of a proposal to appoint, suspend or dismiss one or more members of the board, or (ii) when an unsolicited public bid has been announced or made for the shares of the listed company. The decision by the board to invoke the cooling-off period is subject to supervisory board approval. To invoke the cooling-off period, the request under i) or the public bid under ii) must in the view of the board be substantially contrary to the interest of the listed company and its affiliated enterprises.

The agenda of the annual general meeting of shareholders shall contain, *inter alia*, the following items:

a. adoption of the annual report;

b. the remuneration report;

c. at least every four years after adoption of the remuneration policy, the remuneration policy;

d. the policy of the Company on additions to reserves and on dividends, if any;

e. granting of discharge to the Directors in respect of the performance of their duties in the relevant financial year;

f. the appointment of Directors;

g. if applicable, the proposal to pay a dividend;

h. if applicable, discussion of any substantial change in the corporate governance structure of the Company; and

i. any matters decided upon by the person(s) convening the meeting and any matters placed on the agenda with due observance of applicable Dutch law.

The Board of Directors shall provide the general meeting of shareholders with all requested information, unless this would be contrary to an overriding interest of the Company. If the Board of Directors invokes an overriding interest, it must give reasons.

When convening a general meeting of shareholders, the Board of Directors shall determine that, for the purpose of Article 19 and Article 20 of the Articles of Association, persons with the right to vote or attend meetings shall be considered those persons who have these rights at the twenty-eighth day prior to the day of the meeting (the "Record Date") and are registered as such in a register to be designated by the Board of Directors for such purpose, irrespective whether they will have these rights at the date of the meeting. In addition to the Record Date, the notice of the meeting shall further state the manner in which shareholders and other parties with meeting rights may have themselves registered and the manner in which those rights can be exercised.

The general meeting of shareholders shall be presided over by the Chairman or, in his absence, by the person chosen by the Board of Directors to act as chairman for such meeting.

One of the persons present designated for that purpose by the chairman of the meeting shall act as secretary and take minutes of the business transacted. The minutes shall be confirmed by the chairman of the meeting and the secretary and signed by them in witness thereof.

The minutes of the general meeting of shareholders shall be made available, on request, to the shareholders no later than three months after the end of the meeting, after which the shareholders shall have the opportunity to react to the minutes in the following three months. The minutes shall then be adopted in the manner as described in the preceding paragraph.

If an official notarial record is made of the business transacted at the meeting then minutes need not be drawn up and it shall suffice that the official notarial record be signed by the notary.

As a prerequisite to attending the meeting and, to the extent applicable, exercising voting rights, the shareholders entitled to attend the meeting shall be obliged to inform the Board of Directors in writing within the time frame mentioned in the convening notice. At the latest this notice must be received by the Board of Directors on the day mentioned in the convening notice.

Shareholders and those permitted by Dutch law to attend the general meetings of shareholders may cause themselves to be represented at any meeting by a proxy duly authorized in writing, provided they shall notify the Company in writing of their wish to be represented at such time and place as shall be stated in the notice of the meetings. For the avoidance of doubt, such attorney is also authorized in writing if the proxy is documented electronically. The Board of Directors may determine further rules concerning the deposit of the powers of attorney; these shall be mentioned in the notice of the meeting.

The Company is exempt from the proxy rules under the Exchange Act.

The chairman of the meeting shall decide on the admittance to the meeting of persons other than those who are entitled to attend.

For each general meeting of shareholders, the Board of Directors may decide that shareholders shall be entitled to attend, address and exercise voting rights at such meeting through the use of electronic means of communication, provided that shareholders who participate in the meeting are capable of being identified through the electronic means of communication and have direct cognizance of the discussions at the meeting and the exercising of voting rights (if applicable). The Board of Directors may set requirements for the use of electronic means of communication and state these in the convening notice. Furthermore, the Board of Directors may for each general meeting of shareholders decide that votes cast by the use of electronic means of communication prior to the meeting and received by the Board of Directors shall be considered to be votes cast at the meeting. Such votes may not be cast prior to the Record Date. Whether the provision of the foregoing sentence applies and the procedure for exercising the rights referred to in that sentence shall be stated in the notice.

Prior to being allowed admittance to a meeting, a shareholder and each person entitled to attend the meeting, or its attorney, shall sign an attendance list, while stating his name and, to the extent applicable, the number of votes to which he is entitled. Each shareholder and other person attending a meeting by the use of electronic means of communication and identified in accordance with the above shall be registered on the attendance list by the Board of Directors. In the event that it concerns an attorney of a shareholder or another person entitled to attend the meeting, the name(s) of the person(s) on whose behalf the attorney is acting, shall also be stated. The chairman of the meeting may decide that the attendance list must also be signed by other persons present at the meeting.

The chairman of the meeting may determine the time for which shareholders and others entitled to attend the general meeting of shareholders may speak if he considers this desirable with a view to the orderly conduct of the meeting as well as other procedures that the chairman considers desirable for the efficient and orderly conduct of the business of the meeting.

Ferrari applies the one-share-one-vote principle, meaning that every share (whether common or special voting) shall confer the right to cast one vote.

Shares in respect of which Dutch law determines that no votes may be cast shall be disregarded for the purposes of determining the proportion of shareholders voting, present or represented or the proportion of the share capital present or represented.

All resolutions shall be passed with an absolute majority of the votes validly cast unless otherwise specified in the Articles of Association. Blank votes shall not be counted as votes cast.

All votes shall be cast in writing or electronically. The chairman of the meeting may, however, determine that voting by raising hands or in another manner shall be permitted.

Voting by acclamation shall be permitted if none of the shareholders present or represented objects.

No voting rights shall be exercised in the general meeting of shareholders for shares owned by the Company or by a subsidiary of the Company. Pledgees and usufructuaries of shares owned by the Company and its subsidiaries shall however not be excluded from exercising their voting rights, if the right of pledge or usufruct was created before the shares were owned by the Company or a subsidiary. Neither the Company nor any of its subsidiaries may exercise voting rights for shares in respect of which it holds a right of pledge or usufruct.

Without prejudice to the Articles of Association, the Company shall determine for each resolution passed:

a. the number of shares on which valid votes have been cast;

b. the percentage that the number of shares as referred to under a. represents in the issued share capital;

c. the aggregate number of votes validly cast; and

d. the aggregate number of votes cast in favor of and against a resolution, as well as the number of abstentions.

Issuance of shares

The general meeting of shareholders or alternatively the Board of Directors, if it has been designated to do so by the general meeting of shareholders, shall have authority to resolve on any issuance of shares and rights to subscribe for shares. The general meeting of shareholders shall, for as long as any such designation of the Board of Directors for this purpose is in force, no longer have authority to decide on the issuance of shares and rights to subscribe for shares.

For a period of five years from January 2, 2016 the Board of Directors has been irrevocably authorized to issue shares and rights to subscribe for shares up to the maximum aggregate amount of shares as provided for in the company's authorized share capital as set out in Article 4.1 of the Articles of Association, as amended from time to time.

The general meeting of shareholders or the Board of Directors if so designated in accordance with the Articles of Association, shall decide on the price and the further terms and conditions of issuance, with due observance of what has been provided in relation thereto in Dutch law and the Articles of Association.

If the Board of Directors is designated to have authority to decide on the issuance of shares or rights to subscribe for shares, such designation shall specify the class of shares and the maximum number of shares or rights to subscribe for shares that can be issued under such designation. When making such designation the duration thereof, which shall not be for more than five years, shall be resolved upon at the same time. The designation may be extended from time to time for periods not exceeding five years. The designation may not be withdrawn unless otherwise provided in the resolution in which the designation is made.

Pursuant to the resolution of the Annual General Meeting held on April 14, 2023, the Board of Directors has been authorized to issue common shares in the capital of the Company and to grant rights to subscribe for common shares in the capital of the Company. This authorization is limited in respect of common shares to 10 percent of the issued common shares for general corporate purposes as of the date of the 2023 Annual General Meeting (i.e. April 14, 2023), which can be used for any and all purposes necessary in the opinion of the Board of Directors. The authorization has been granted for a period of 18 months starting from the date of the 2023 Annual General Meeting of Shareholders on April 14, 2023 up to and including October 13, 2024. The Board of Directors has also been designated for the same period as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the authority of the Board of Directors to issue common shares and grant rights to subscribe for common shares as referred to above. Pursuant to the resolution of the Annual General Meeting held on April 13, 2022, the Board of Directors has been further authorized to issue special voting shares in the capital of the Company and to grant rights to subscribe for special voting shares in the capital of the Company. This authorization is limited in respect of special voting shares to 10 percent of the maximum aggregate amount of special voting shares as provided for in the Company’s authorized share capital. The authorization has been granted for a period of 5 years starting from the date of the 2022 Annual General Meeting of Shareholders on April 13, 2022 up to and including April 12, 2027.

Payment for shares shall be made in cash unless another form of consideration has been agreed. Payment in a currency other than Euro may only be made with the consent of the Company.

The Board of Directors has also been designated as the authorized body to limit or exclude the rights of pre-emption of shareholders in connection with the authority of the Board of Directors to issue common shares and grant rights to subscribe for common shares as referred to above.

In the event of an issuance of common shares every holder of common shares shall have a right of pre-emption with regard to the common shares or rights to subscribe for common shares to be issued in proportion to the aggregate nominal value of his common shares, provided however that no such right of pre-emption shall exist in respect of shares or rights to subscribe for common shares to be issued to employees of the Company or of a group company pursuant to any option plan of the Company.

A shareholder shall have no right of pre-emption for shares that are issued against a non-cash contribution.

In the event of an issuance of special voting shares to qualifying shareholders, shareholders shall not have any right of pre-emption.

The general meeting of shareholders or the Board of Directors, as the case may be, shall decide when passing the resolution to issue shares or rights to subscribe for shares in which manner the shares shall be issued and, to the extent that rights of pre-emption apply, within what period those rights may be exercised.

Ferrari Leadership Team

On certain key operational matters, the CEO is supported by the FLT, which is responsible for reviewing the operating performance of the business, collaborating on certain operational matters, supporting the Chief Executive Officer with his tasks, and executing decisions of the Board of Directors and the day-to-day management of the Company, primarily as it relates to the operational management. Set forth below are the names, year of birth and position of each of the members of the FLT of Ferrari. Unless otherwise indicated, the business address of each person listed below will be c/o Ferrari, Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy.

Name	Year of Birth	Position
John Elkann	1976	Executive Chairman and Executive Director
Benedetto Vigna	1969	Chief Executive Officer
Antonio Picca Piccon	1964	Chief Financial Officer
Davide Abate	1984	Chief Technologies and Infrastructures Officer
Andrea Antichi	1979	Chief Manufacturing Officer
Michele Antoniazzi	1969	Chief Human Resources Officer
Carlo Daneo	1968	General Counsel
Gianmaria Fulgenzi	1969	Chief Product Development Officer
Silvia Gabrielli	1969	Chief Digital & Data Officer
Enrico Galliera	1966	Chief Marketing and Commercial Officer
Lorenzo Giorgetti	1970	Chief Racing Revenue Officer
Ernesto Lasalandra	1972	Chief Research & Development Officer
Maria Carla Liuni	1968	Chief Brand Officer
Marco Lovati	1972	Chief Internal Audit, Risk and Compliance Officer
Flavio Manzoni	1965	Chief Design Officer
Francesca Montini	1979	Chief Communications Officer
Angelo Pesci	1974	Chief Purchasing & Quality Officer
Frédéric Vasseur	1968	Scuderia Ferrari Team Principal & General Manager

Summary biographies for the current members of the FLT are included below:

John Elkann. See the *"—Board of Directors"* section above.

Benedetto Vigna. See the *"—Board of Directors"* section above.

Antonio Picca Piccon. Mr. Antonio Picca Piccon is Chief Financial Officer since July 2018. Before joining Ferrari, he held the position of CFO in Ariston Thermo Group, including responsibilities for Legal and Corporate Affairs and ICT, since November 2014. Prior to such assignment he spent 15 years within Fiat Group and FCA, where he covered several senior roles in finance and financial services, including CFO of Iveco Group, CEO of FGA Capital (now FCA Bank) and Group Treasurer and Head of Financial Services for FCA. He started his career in banking, in various positions within Sanpaolo IMI group. He also served as a member of the Board of Directors of Ferrari, Fiat Group Automobiles, Magneti Marelli, Maserati and Teksid. Mr. Picca Piccon graduated in Economics and Business Administration from the University of Turin and holds an MPhil in Economics from the University of Cambridge.

Davide Abate. Mr. Davide Abate is Chief Technologies and Infrastructures Officer since January 2022. Previously he held the position of Head of Technologies at Ferrari since October 2020, and various managerial roles in the manufacturing area such as Head of Prototype Construction from 2017 to 2020. Prior to joining Ferrari in 2012, he covered technical managerial roles at Ducati Motor Holding. Mr. Abate holds the Ferrari Corporate Executive MBA from the Bologna Business School and a master in Process Engineering at Bocconi School of Management, as well as a masters' degree in Automotive Engineering from the Turin Polytechnic.

Andrea Antichi. Mr. Andrea Antichi was appointed Chief Manufacturing Officer in January 2022. Previously he was Head of Vehicle at Ferrari since June 2018. During his career he covered various managerial roles at Ferrari in the manufacturing area such as Head of Engine Assembly and Machining from 2014 to 2018 and Engine Assembly and Machining Process Engineering Manager from 2008 to 2013. Prior to joining Ferrari in 2006, he held technical roles in Piaggio and researcher in Computational Biomechanics at Istituti Ortopedici Rizzoli. Mr. Antichi holds the Ferrari Corporate Executive MBA from the Bologna Business School, as well as a masters' degree in Mechanical Engineering from the University of Pisa.

Michele Antoniazzi. Mr. Michele Antoniazzi is Chief Human Resources Officer since April 2016. Before joining Ferrari, he held several senior roles in Magneti Marelli, becoming the Human Resources Director of the Automotive Lighting business line in 2012. Prior to that experience he was the Human Resources Director of the Suspension Systems business line from 2009 to 2012 and the Head of Organizational Development for the Sector Magneti Marelli from 2006 to 2012. He graduated from the University of Padova with a degree in Industrial and Organizational Psychology.

Carlo Daneo. Mr. Carlo Daneo was appointed as our General Counsel in July 2015, as a member of the Board of Directors of Ferrari North America Inc. in February 2017, as a member of the Supervisory Body of Ferrari S.p.A. in August 2015 and Data Protection Officer of the Ferrari Group in February 2018. Prior to joining Ferrari, he held several senior positions in the FCA legal area, including the role of Senior Vice President and Legal Counsel in Finance and Financial Services of FCA from 2008 until 2015 and the role of General Counsel in Fiat Chrysler Finance S.p.A. (previously Fiat Finance S.p.A.) from 2003 to 2015. He started his career in 1995 with a work experience at the United Nations at the International Trade Center Unctad / WTO in Geneva and since 1996 in the legal profession in law firms with experience in the Corporate, Finance and Capital Markets areas in primary international law firms in Italy and abroad until 2003. He graduated in Law at the University of Turin, did a master's degree organized by the University Institute of European Studies in international law at the International Labour Organization of Turin and obtained the title of Lawyer.

Gianmaria Fulgenzi. Mr. Gianmaria Fulgenzi is Chief Product Development Officer since January 2022. Previously he was Head of GeS Supply Chain of Ferrari since March 2019. He also worked in the product development and manufacturing area, as Head of Rear Engine Car Platform from 2015 to 2019 and Head of Powertrain Production from 2008 to 2010. Prior to joining Ferrari in 2002, he covered technical managerial roles at PiaggioAero Industries. Mr. Fulgenzi holds a master in Management from the London Business School, as well as a masters' degree in Aerospace Engineering from the Turin Polytechnic.

Silvia Gabrielli. Ms. Silvia Gabrielli was appointed Chief Digital & Data Officer in January 2022. Previously, she held the position of Head of IT Digital & Analytics since July 2019. Prior to joining Ferrari she held the position of Digital Transformation Advisor at Microsoft. From 1996 to 2017 she worked as a business consultant and business development manager in different companies, such as SAP, A.T. Kearney and Accenture. Ms. Gabrielli holds a masters' degree in Business Administration from the Bocconi University.

Enrico Galliera. Mr. Enrico Galliera was appointed as our Chief Marketing and Commercial Officer in April 2010. From 1990 to 2010 he worked for Barilla S.p.A, where he held multiple positions, ultimately becoming Europe and export market unit director. During his time at Barilla S.p.A., Mr. Galliera also served as director of customer business development for Europe, general manager for South West Europe and trade marketing director for Italy. Mr. Galliera holds a degree in economics and political science from the University of Parma.

Lorenzo Giorgetti. Mr. Lorenzo Giorgetti was appointed Chief Racing Revenue Officer in February 2023. His career has seen him gain extensive experience in growing businesses across sports clubs, the media and the world of luxury. Prior to joining Ferrari, he was Chief Commercial Officer at AC Milan; he has also been Head of Licensing for major sporting events, such as the Turin 2006 Winter Olympic Games and Milan Cortina 2026. From 2007 to 2017, he led the commercial management of RCS Media Group's sports division, where he was also CEO of the UAE sport branch and is currently a member of the board of the Global Esports Federation. He graduated in engineering from the Politecnico di Milano and has an MBA from SDA Bocconi.

Ernesto Lasalandra. Mr. Ernesto Lasalandra is Chief Research & Development Officer since January 2022. He joined Ferrari from his previous role as Group VP R&D General Manager in STMicroelectronics, where over the past decades he covered roles of increasing responsibilities in Product Development and R&D. Mr. Lasalandra holds a degree in Electronic Engineering from University of Pavia.

Maria Carla Liuni. Ms. Maria Carla Liuni joined Ferrari as Chief Brand Officer in September 2022. Previously, she was Chief Marketing Officer at Pandora, where she played a key part in relaunching the company and boosting its desirability. She has also led Bulgari's marketing division and global communications. In addition, she spent almost 20 years at Procter & Gamble, where she was General Manager of the Prestige division which includes perfume, makeup and skincare for brands such as Dolce & Gabbana, Gucci and Hugo Boss. This encompassed multiple roles including Regional Leader for the Asia-Pacific region and leading on marketing, communication and product development for the entire portfolio, working closely with the fashion houses. She graduated in economics at Rome's Luiss University and has a master's degree in marketing from the IPSOA business school in Milan.

Marco Lovati. Mr. Marco Lovati is Chief Internal Audit, Risk and Compliance Officer since December 2023, Chief Internal Audit Officer since April 2015 and a member of the Supervisory Body of Ferrari S.p.A. since July 2014. Prior to such assignment he spent 14 years in the Internal Audit and Compliance department of Fiat Group and FCA, where he covered several senior positions including the role of "Financial & Insurance Companies, Luxury Cars" and "Automotive Europe & Financial JV Companies" Head of Audit, also serving as member of the Supervisory Body of different Fiat Group and FCA legal entities. Mr. Marco Lovati graduated in Economics and Business Administration from the University of Turin and holds an MBA in Finance jointly organized by the University of Turin and the Italian Association of Finance Directors (ANDAF).

Flavio Manzoni. Mr. Flavio Manzoni was appointed as our Chief Design Officer in January 2010. From 2007 to 2010 he was Director of Creative Design at the Volkswagen Group where he was involved in designing most of the Skoda, Bentley, Bugatti and Volkswagen recent cars as well as redefining the aesthetic philosophy of these brands. From 2001 to 2006, he worked at Fiat Group as Head of Design for Lancia, Fiat and LCV. He has also held design positions at Lancia and Seat. Mr. Manzoni holds a degree in architecture with a thesis in industrial design from the University of Florence. On June 28, 2019, at the University of Sassari, he was awarded an honorary master's degree in "Humanities, Modern Philology and Cultural Industry".

Francesca Montini. Ms. Francesca Montini is Chief Communications Officer since April 2023. She joined Ferrari in January 2018 as Head of Brand and Corporate Communications. Over her career, Ms. Montini has built a strong international profile in corporate and brand communications working across multiple markets (Europe, the Middle East and the U.S.A.) and a variety of powerful global brands, including Nike, Nokia, Ford, Jeep and Ferrari. Ms. Montini holds a Masters degree in Corporate Communications from University of Rome, La Sapienza and the Ferrari Corporate Executive MBA from the Bologna Business School.

Angelo Pesci. Mr. Angelo Pesci is Chief Purchasing & Quality Officer since January 2022. Angelo Pesci joined Ferrari from STMicroelectronics, where over the past decades he covered roles of increasing responsibilities in Financial Planning, Supply Chain and Product Planning, Services and Operations. Mr. Pesci holds a Master in Business Administration from SDA Bocconi, as well as a masters' degree in Physics from University of Trieste.

Frédéric Vasseur. Mr. Frédéric Vasseur was born in Draveil, France on May 28, 1968. In 1995, he graduated in Aeronautical Engineering at ESTACA (École Supérieure des Techniques Aéronautiques et de Construction Automobile) in Paris. In 1992, while still studying, he established RPM, preparing Formula 3 engines for Renault. In 1996, he set up the ASM team, racing in Formula 3. He ran the operation up to 2015, winning various titles including the French one in 1998 with David Saelens at the wheel, going on to win the European title four times between 2004 and 2007, with Jamie Green, Lewis Hamilton, Paul Di Resta and Romain Grosjean. In 2004, he created a second team, ART Grand Prix, winning eighth teams' championships across GP2 and GP3 and eleven drivers' titles including clinching the 2016 GP3 crown with Charles Leclerc. An enquiring mind and a willingness to explore new avenues led Vasseur to set up AOTech in 2010, a company specialising in driving simulators and CFD design. Two years later, along came Spark Racing Technology, dealing in the design and manufacture of hybrid and electrical systems. The company secured the contract to supply Formula E chassis, when the category for fully electric single-seaters was first set up by the FIA (Federation Internationale Automobile) in 2014. Frédéric first appeared in the Formula 1 paddock in 2016 as Renault Team Principal. The following year, he moved on to become Managing Director of the Sauber Group, as well as Team Principal of the Alfa Romeo Sauber F1 Team, which morphed into Alfa Romeo Racing in 2019, running Ferrari power units. After the 2022 season, he was asked to take on the role of Scuderia FerrariTeam Principal & General Manager, starting in his new position on January 9, 2023.

Corporate offices

The Company is incorporated under the laws of the Netherlands. It has its official seat in Amsterdam, the Netherlands, and the place of effective management of the Company is Via Abetone Inferiore n. 4 I-41053 Maranello (MO) Italy.

The business address of the Board of Directors and the senior managers is Via Abetone Inferiore n. 4 I-41053 Maranello (MO) Italy.

The Company is registered at the Dutch trade register under number 64060977.

The Netherlands is the Company's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended).

Internal Control System

The Company has in place an internal control system (the "System"), based on the model provided by the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission Report – Enterprise Risk Management model) and the principles of the Dutch Corporate Governance Code, which consists of a set of policies, procedures and organizational structures aimed at identifying, measuring, managing and monitoring the principal risks to which the Company is exposed. The System is integrated within the organizational and corporate governance framework adopted by the Company and contributes to the protection of corporate assets, as well as to ensuring the efficiency and effectiveness of business processes, reliability of financial information and compliance with laws, regulations, the Articles of Association and internal procedures.

The System, which has been developed on the basis of international best practices, relies on the so called "Three Levels of Controls Model" as referred to and outlined in the "Risk Management Process and Internal Control Systems" section of this Report.

Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting

The Company has in place a system of risk management and internal control over financial reporting based on the model provided by the COSO Framework, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives.

In relation to the financial reporting process, reliability, accuracy, completeness and timeliness of the information contribute to the achievement of such corporate objectives. Risk management is an integral part of the internal control system. A periodic evaluation of the system of internal control over financial reporting is designed to ensure the overall effectiveness of the components of the COSO Framework (control environment, risk assessment, control activities, information and communication, and monitoring) in achieving those objectives.

The Company has a system of administrative and accounting procedures in place that ensure a high degree of reliability in the system of internal control over financial reporting.

The approach adopted by the Company for the evaluation, monitoring and continuous updating of the system of internal control over financial reporting, is based on a 'top-down, risk-based' process consistent with the COSO Framework. This enables focus on areas of higher risk and/or materiality, where there is risk of significant errors, including those attributable to fraud, in the elements of the financial statements and related documents. The key components of the process are:

- identification and evaluation of the source and probability of material errors in elements of financial reporting;
- assessment of the adequacy of key controls in enabling ex-ante or ex-post identification of potential misstatements in elements of financial reporting; and
- verification of the operating effectiveness of controls based on the assessment of the risk of misstatement in financial reporting, with testing focused on areas of higher risk.

Identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and the related accounts, in addition to specific activities, which could potentially generate significant errors. Under the methodology adopted by the Company, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Significant risks identified through the assessment process require definition and evaluation of key controls that address those risks, thereby mitigating the possibility that financial reporting will contain any material misstatements.

In accordance with international best practices, the Group has two principal types of control in place:

- controls that operate at Group or subsidiary level, such as delegation of authorities and responsibilities, separation of duties, and assignment of access rights to information technology systems; and
- controls that operate at process level, such as authorizations, reconciliations, verification of consistencies, etc. This category includes controls for operating processes, controls for financial closing processes and cross-sector controls carried out by captive service providers. These controls can be preventive (i.e., designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (i.e., designed to reveal errors or fraud that have already occurred). They may also be classified as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of information technology systems supporting business activities.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed by the Internal Audit department, both at group and subsidiary level, using sampling techniques recognized as best practices internationally.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by the manager responsible for the Company's financial reporting and communicated by him to senior management and to the Audit Committee (which in turn reports to the Board of Directors).

Since 6 December 2023, our risk management and internal control system has been enhanced with the creation of a new department tasked with coordinating the system as a whole: the Internal Audit, Risk and Compliance Department, which reports directly to the CEO and works to ensure, in an integrated manner, that business operations are conducted with transparency, in the interests of shareholders and all stakeholders.

The Internal Audit, Risk and Compliance Department comprises the following groups:

- **Enterprise Risk Management**, which will now report to this new department. The purpose of this group is to create an organized system for identifying, assessing, managing, and monitoring major risks that could compromise the achievement of our strategic, operational and financial objectives.
- **Compliance**, the purpose of which is to ensure that the actions taken within the Company are consistent with the applicable rules of ethics, laws and regulations, as well as Ferrari's internal procedures, in order to increase the confidence of stakeholders in the fairness of our management.
- **Internal Audit**, the purpose of which is to provide an independent and objective assessment of the adequacy of our internal control system as well as of the efficiency of operations conducted within Ferrari. This is achieved through the execution of, among others, operational, compliance, financial and technology audits as well as consulting activities designed to enhance and protect company assets and relevant information also providing support to internal stakeholders in the implementation of projects, as applicable. The Internal Audit function continues to report to the Audit Committee of the Board of Directors of Ferrari N.V.

The Internal Control Committee regularly monitors all Group risks and is composed of General Counsel, the CFO, the Chief Digital & Data Officer, the Chief Internal Audit, Risk and Compliance Officer, the Chief Human Resources Officer, Enterprise Risk Management, and the Enterprise Cybersecurity department. It reports at least once a year to the Audit Committee and the Privacy Committee.

Code of Conduct and Company Policies

Code of Conduct

We have adopted, at a group level, a Code of Conduct which applies to all of our employees, including our principal executive, principal financial and principal accounting officers. It also applies to the Company's subsidiaries and other individuals or companies that act in the name and on behalf of the Company. Our Code of Conduct is available on our website at https://cdn.ferrari.com/cms/network/media/pdf/codice_condotta_ferrari_eng_def.pdf.

Ferrari's Code of Conduct was updated in February 2023, also strengthening the reference to ESG aspects, with the approval by the Board of Directors of Ferrari N.V.

Should any further amendments, or should any waiver be granted under, the Code of Conduct, this will be disclosed in accordance with the applicable rules and regulations.

The Code of Conduct represents a set of values recognized, adhered to and promoted by the Company which understands that conduct based on the principles of diligence, integrity and fairness is an important driver of social and economic development.

The Code of Conduct is a pillar of the governance system, which regulates the decision-making processes and operating approach of the Company and its employees in the interests of sustainable long-term value creation while taking into account the impact the actions have on people and the environment and to that end weighs the stakeholder interests that are relevant in this context. Explicit reference is made to the UN's Universal Declaration on Human Rights, the principal Conventions of the International Labor Organization (ILO) and the OECD Guidelines for Multinational Enterprises. Furthermore, the Code of Conduct provides for the guiding principles relating to: health and safety, business ethics and anticorruption, antitrust, human resource management and the central role of the individual and the respect of human rights, personal data privacy, conflicts of interest, the importance of the Community, of the environment and, in general terms, of sustainability.

The Company promotes adoption of the Code of Conduct as a best practice standard of business conduct by partners, suppliers, agents, dealers and any other business partner. In fact, the Company's contracts worldwide include specific clauses relating to recognition and adherence to the principles underlying the Code of Conduct and related guidelines, as well as compliance with local regulations.

The Company closely monitors the effectiveness of and compliance with the Code of Conduct, with the help of the Group Compliance department. Violations of the Code of Conduct are usually determined through, among other things: periodic activities of compliance monitoring carried out by Group Compliance department, periodic and/or specific activities carried out by the Internal Audit department of the Group; the whistleblowing reports and management procedures and checks forming part of the standard operating procedures. Periodic reporting is provided to the Chairman and CEO as well as to the Audit Committee. For all Code of Conduct violations, the disciplinary measures taken are commensurate with the seriousness of the case and comply with local legislation. The relevant corporate departments are notified of violations, irrespective of whether criminal action is taken by the authorities. The Internal Audit department of the Group should inform the Board of Directors and the chairman of the Audit Committee without delay if, during the performance of its duties, it discovers or suspects an instance of material misconduct or irregularity. If the actual or suspected material misconduct or irregularity pertains to the functioning of one or more Directors, the Internal Audit department should report this to the Chairman.

More detailed information about the Code of Conduct, among which compliance therewith in 2023, is included in the Non-Financial Statement section of our 2023 Annual Report.

Insider Trading Policy

As of January 3, 2016 the Company's Board of Directors adopted an insider trading policy setting forth guidelines and recommendations to all Directors, officers and employees of the Group with respect to transactions in the Company's securities. This policy, which also applies to immediate family members and members of the households of persons covered by the policy, is designed to prevent insider trading or allegations of insider trading, and to protect the Company for integrity and ethical conduct.

Cybersecurity

Cybersecurity management

Cybersecurity and IP protection are among Ferrari top priorities. Cybersecurity risks are managed at multiple levels within the organization. The internal processes through which our Enterprise Cybersecurity department (as referred to below) operates are built to assess, identify and manage material risks from cybersecurity threats and are integrated in our overall enterprise risk management framework.

In addition, a global Enterprise Risk Management department (part of Internal Audit, Risk and Compliance) considers and evaluates all risks that could affect the Group and cybersecurity has been integrated into this risk management process. For additional information on our Enterprise Risk Management department and processes, please see *"Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting"* and *"Risk Management Process and Internal Control System—Cybersecurity Including Third Parties Vulnerabilities"*.

We evaluate cyber risks that can directly or indirectly affect the Group, including dealers and suppliers, and assess, identify, mitigate and manage material cybersecurity risks. Ferrari is accountable for this process, which involves several external partners for both monitoring and analysis/remediation activities, such as a security operation service and cybersecurity operations with a triage service, both of which are 24 hours a day, 7 days a week, as well as a primary and worldwide known cybersecurity incident management company and several cybersecurity companies specialized in different areas. Such procedures are regularly verified and, in some cases, formally audited, either externally (UNECE R155, NYDFS500) by government agencies or internally by the Internal Audit, Risk & Compliance Department.

Cybersecurity governance

Ferrari considers cybersecurity a strategic matter since 2008, when a dedicated department was established. It evolved to an articulated structure currently composed of 14 full time people plus several external services.

The Enterprise Cybersecurity department is responsible for cybersecurity and provides cybersecurity services and training to the whole Ferrari Group. The responsibility of Enterprise Cybersecurity department includes operational technology and vehicle cybersecurity. It is part of the Digital & Data department, whose Chief Digital & Data Officer directly reports to the CEO. The Chief Digital & Data Officer has substantial relevant expertise in the areas of information security and cybersecurity risk management, and has more than 8 years of experience in information technology.

The Enterprise Cybersecurity department manages and coordinates every aspect of cybersecurity: policies, controls, incidents, awareness, countermeasures, remediation, relations with public institutions.

Cybersecurity governance primarily involves the following committees:

i) The Cyber Crisis Committee, which overviews and manages material (or significant) cyber incidents. It is composed mainly by executives and C-level executives representing:

- Enterprise Cybersecurity;
- Data & Digital;
- Legal;
- Finance;
- Communications;
- Compliance, and
- relevant internal business functions (e.g. sales, procurement, design, racing, etc.), as applicable.

ii) The Internal Control Committee, which regularly monitors all Group risks, including cyber risks, and reports at least once a year to the Audit Committee and the Privacy Committee. The Internal Control Committee is composed of executives and C-level executives representing:

- Enterprise Cybersecurity;
- Data & Digital;

- Legal;
- Finance;
- Internal Audit;
- Compliance;
- Enterprise Risk Management, and
- Human Resources.

iii) The Audit Committee, which periodically reviews the cybersecurity strategy, governance and management, and is regularly updated about cybersecurity matters.

Cybersecurity reporting

The Enterprise Cybersecurity department periodically reports to management with different frequencies. For example, it provides weekly reporting in relation to cyber incidents to the Chief Digital & Data Officer and the CEO, and every six months it reports to the CFO, the Chief Internal Audit, Risk and Compliance Officer and the Chief Digital & Data Officer. It also prepares and shares specific reports and updates in case of relevant incidents with the relevant stakeholders (which usually include the CEO, General Counsel, the CFO and the Chief Data & Digital Officer.

Cybersecurity strategy

Technical countermeasures

Ferrari relies on several cybersecurity technical tools to prevent cyber incidents and detect any deviation from standard behaviors and seeks to continuously strengthen its security processes and controls by investing in new and improved security technologies, improving incident response plans, providing regular employee training and keeping up to date with several cybersecurity compliance frameworks, such as SOX, NYDFS500, UNECE R155 and the EU GDPR. Cybersecurity is technically provided through the adoption of available tools, protecting the whole perimeter of network, applications, devices, services and accounts. Policies and procedures define the rules for the correct management and execution of the cybersecurity services. Additionally, the Group has purchased cybersecurity insurance and it engages external consultants with extensive technical expertise in cybersecurity matters to assist management in implementing its cybersecurity strategy. The Group also performs penetration tests, data recovery testing, security audits and risk assessments throughout the year.

Cybersecurity controls

Controls are performed on a shorter-than-daily basis, generally with a delay of minutes or few hours at most. Vulnerabilities are monitored every day, and action plans are defined accordingly. Since 2020 logs are continuously analyzed and correlated 24 hours a day, 7 days a week by a security operation service. Other controls are performed throughout the year. For example, with “friendly phishing” campaigns aimed to identify users more prone to mail scams.

Training & awareness

Human behavior is central to cybersecurity. Both employees and external workers are specifically trained in cybersecurity in several ways, in person and/or online, including through several security pills via email or intranet, “friendly phishing” campaigns and personal support for phishing analysis or general cybersecurity questions. Specific departments particularly exposed to cyber risks receive dedicated classroom training, with more than 1,000 people involved in 2023.

Dealers & suppliers

The cybersecurity of third parties, dealers and suppliers, is part of the Group’s overall cybersecurity program. Dealers and suppliers are subject to specific and tailored analysis to evaluate their maturity level with a specific focus on technical, procedural or organizational nature. The evaluation is based on questionnaires dealing with all aspects related to cybersecurity. In case of weaknesses, we may request a mitigation plan to be implemented and monitored.

Cyber incidents

As previously disclosed, in March 2023 Ferrari was hit by a ransomware attack. Data protection authorities, media and clients were promptly informed and the ransom request was publicly rejected. Rejection of the ransom request led to the leak of a significant amount of customers’ personal identifiable information, and we were provided evidence of such leak with respect to several hundred customers. In addition, in the last twelve months, cybersecurity threats and other attacks have occurred, especially against some of our suppliers. None of these incidents have had material financial impacts or serious consequences for Ferrari. Ferrari reports incidents in compliance with the requirements of different authorities. If necessary, specialized incident management services are hired to provide support to both analysis and remediation activities. Data protection authorities (Italian and of other countries) have been immediately informed whenever necessary. If necessary, specialized cybersecurity service providers are hired. Furthermore, a long standing cooperation with police forces in Italy and other countries provides an additional layer of security. As of the date of this report, we have not experienced any further material cybersecurity incidents. See *"Risk Factors — A disruption in our information technology, including as a result of cybercrimes, could compromise confidential, proprietary and sensitive information"* for further information about data protection and cybersecurity risks.

Diversity Policy

The Board of Directors adopted an updated diversity policy for the Board of Directors (the "Diversity Policy") effective as of September 14, 2023, since the Company believes that diversity in the composition of the Board of Directors in terms of age, sex, gender, nationality, expertise, experience, competencies, or other personal qualities, and cultural or other background is an important mean of promoting debate, balanced decision making and independent actions of the Board of Directors.

The Diversity Policy gives weight to the following diversity factors in Board of Directors composition age, sex, gender, nationality, expertise, experience, competencies, or other personal qualities, and professional cultural or other background. The Company considers each of these aspects key drivers to support the abovementioned goals and to achieve sufficient diversity of views and the expertise needed for a proper understanding of current affairs and longer-term risks and opportunities related to the Company's business. The Board of Directors and its ESG Committee consider such factors when evaluating nominees for election to the Board of Directors and during the annual performance assessment process.

Gender diversity targets

a) Board of Directors diversity targets

The Company has set the following concrete targets to be achieved by 2027: (a) at least 30 percent of the seats of the Board of Directors to be occupied by women and at least 30 percent by men; (b) at least 33% of the seats of the non-executive members of the Board of Directors to be occupied by women and at least 33% by men; (c) the nationality of the members of the Board of Directors to be reasonably consistent with the geographic presence of the Company's business, and no nationality should count for more than 60% of the members of the Board of Directors; and (d) diversity in the age of the members of the Board of Directors by having one or more members of the Board of Directors aged under 50 at the day of their nomination; provided that, in the candidate selection process, rules and generally accepted principles of non-discrimination (on grounds such as ethnic origin, race, disability or sexual orientation) will be taken into account. Given the current composition of the Board of the Company in one-tier system, composed only by two (2) executive directors (of the same gender), the Company has decided not to set a specific gender diversity target for executive directors in the Policy while targets have been set for the Board of Directors as a whole.

To ensure its correct implementation, the Diversity Policy will be taken into account in the nomination of executive Directors, and in the adoption of a profile for non-executive Directors as well as in nominating and recommending non-executive Directors.

As of December 31, 2023, the Company has achieved (i) the gender targets of the non-executive members of the Board of Directors, (ii) the target on nationality and (iii) the age target. Due to the appointment of one extra male to the Board of Directors compared to 2022, the percentage of women in the Board as a whole has dropped just below the 30% target.

Please find below a chart representing the Board's gender and age as of December 31, 2023.

DIRECTORS BY AGE GROUP AND GENDER

	December 31, 2023			
Directors	30-50	>50	Total	Total %
Male	2	6	8	73%
Female	1	2	3	27%
Total	**3**	**8**	**11**	**100%**

b) Manager Diversity Targets (sub-top) & Diversity and Inclusion Practice

Ferrari places people at its core. We believe in the importance of inclusion and the enhancement of diversity and continuously improve our people strategies in order to maintain an engaging, meritocratic and fair environment, in which all Ferrari people can and want to do their best. Equal opportunities are the best way to ensure that merit is the decisive factor to keep on attracting, retaining and developing the talents, accelerating Ferrari's innovation process.

In order to guarantee equal opportunities, our Company operates a merit-based remuneration policy, not discriminating on the basis of gender, age, nationality, social status or cultural background. In addition, Ferrari S.p.A. started an in-depth analysis on remuneration, which led, in July 2020, to the award of the Equal Salary Certificate for providing equal pay to men and women with the same qualifications and positions in the Company. This certificate has been maintained also for 2023, it has been extended at global level in 2023 and testifies to the Company's commitment to creating an inclusive and diverse working environment while fostering career development for all. Ferrari sees this certification not as an end point but as a further stage of growth and an opportunity to implement tangible actions to ensure that everyone can pursue his or her own professional development.

Reflecting the Company's ambition for diversity and inclusion in the entire Company, The Board of Directors adopted a diversity and inclusion practice (the "Diversity and Inclusion Practice") effective as of September 14, 2023. Ferrari Group promotes the valorization of human resources and encourages the diffusion of a corporate culture based on Inclusion and mutual respect in the belief that Diversity represents a source of creativity, enrichment and innovation. In carrying out its activities, the Group adopts an approach aimed at guaranteeing equal opportunities at all levels of the organization as well as rejecting any form of discrimination. The Diversity and Inclusion Practice identifies and implements diversity and inclusion principles for the whole employees' population of Ferrari Group as well as the Board of Directors. Among the actions we have taken to implement the Diversity and Inclusion Practice, the monitoring of diversity in panel of hiring candidates, the analysis of the percentage of men and women involved in remuneration and promotion processes to support with these data the decision making, the definition of clear diversity objectives for all levels in the organization.

The progresses in our journey are evident looking at some figures: women in managerial positions at December 31, 2017 were 11.8% (while women represented 12.2% of the total employee population), at December 31, 2022 were 15.2% (while women represented 15.4% of the total employee population) and at December 31, 2023 were 16.2% (while women represented 15.7% of the total employee population). Compared to 2022, at the end of December 2023, the percentage of women in managerial positions increased by 1%.

Our goal is to proceed in this direction: indeed we aim to maintain a healthy growth rate in women in managerial positions, considering the percentage of women in the total employee population. We define as an appropriate target to have at least 18% women in managerial positions by 2027.

Our plan to achieve the target is to continue the implementation of initiatives and actions put in place in 2023, as mentioned above fostering the value of diversity in panel of hiring candidates, monitoring the percentage of men and women involved in career plans and salary review, defining clear diversity objectives for all levels in organization. For Ferrari it is important to guarantee equal opportunities at all levels, so the consistency between global percentage and managerial percentage is a key indicator in our diversity strategy.

Stakeholder Engagement Practice

On September 14, 2023, the Board of Directors adopted the updated version of the stakeholder engagement practice (the "Stakeholder Engagement Practice"), as the Company firmly believes that maintaining a profitable dialogue with its stakeholders, by listening to their expectations and perspectives, is key in the path to sustainable long-term value creation. This Stakeholder Engagement Practice aims at enhancing Ferrari's communication with its stakeholders and at giving all members of the Board, managers and employees of the Ferrari Group, and anyone else working for it or on its behalf in Italy or any other country, guidelines on the right methods and forms of interaction with such different stakeholders.

For more information our stakeholder engagement, see the chapter entitled "Stakeholder Engagement" in the Non-Financial Statement section of our 2023 Annual Report.

Profile of the non-executive Directors

In respect of the composition of the Board of Directors, a profile of the non-executive Directors (the "Profile") has been adopted by the Company. The purpose of this profile is to provide guidance with respect to the composition and expertise of the non-executive Directors. The Profile provides that the Board of Directors shall be composed in such manner that its composition reflects an adequate mix of technical abilities, professional background and experience, both general and specific, gained in an international environment and pertaining to the dynamics of the macro-economy and globalization of markets, more generally, as well as the industrial and financial sectors, more specifically. In selecting and nominating new non-executive Directors, the Company shall ensure that such non-executive Directors complement the knowledge and experience of the other non-executive Directors and that the independency requirements under the Dutch Corporate Governance Code and the NYSE rules are taken into account. In selecting and nominating new non-executive Directors, the Company shall also ensure that the Diversity Policy, including the gender diversity target ratios as described under "—Diversity Policy" above, is taken into account. In recommending prospective candidates for nomination to the Board of Directors, the ESG Committee shall take into account the Profile. The Profile is posted on our website at https://corporate.ferrari.com/sites/ferrari15ipo/files/e_fnv_profile_non-executive_directors_13_09_2018_clean_final_new_0.pdf.

Compliance with Dutch Corporate Governance Code

The Company endorses the principles and best practice provisions of the Dutch Corporate Governance Code, except for the following best practice provisions which are explained below:

- *Best practice provision 2.2.4 of the Dutch Corporate Governance Code: The supervisory board should also draw up a retirement schedule in order to avoid, as much as possible, supervisory board members retiring simultaneously. The retirement schedule should be published on the company's website.*

The Company does not have a retirement schedule as referred to in best practice provision 2.2.4 of the Dutch Corporate Governance Code, because the Company's Articles of Association provide for a term of office of member of the Board of Directors for a period of approximately one year after appointment, such period expiring on the day the first annual general meeting of shareholders is held in the following calendar year. Short terms of office for board members are customary for companies listed in the U.S. As the Company is listed on the NYSE, the Company also follows certain common U.S. governance practices, one of which is the reappointment of our Directors at each annual general meeting of shareholders. In light of this term of office, the Company does not have a retirement schedule in place.

- *Best practice provision 4.1.8 of the Dutch Corporate Governance Code: Management board and supervisory board members nominated for appointment should attend the general meeting at which votes will be cast on their nomination.*

Pursuant to best practice provision 4.1.8 of the Dutch Corporate Governance Code, every executive and non-executive Director nominated for appointment should attend the general meeting at which votes will be cast on its nomination. Since, pursuant to Article 14.3 of the Articles of Association, the term of office of Directors is approximately one year, such period expiring on the day the first annual general meeting of shareholders of the Company is held in the following calendar year, all members of the Board of Directors are nominated for (re)appointment each year. By publishing the relevant biographical details and curriculum vitae of each nominee for (re)appointment, the Company ensures that the

Company's general meeting of shareholders is well informed in respect of the nominees for (re)appointment and in practice only the Chairman, the Chief Executive Officer and the Vice-Chairman will therefore be present at the general meeting.

- *Best practice provision 5.1.4 of the Dutch Corporate Governance Code: Neither the audit committee nor the remuneration committee can be chaired by the chairman of the management board or by a former executive director of the company.*

Our Senior Non-Executive Director and Chair of the Board of Directors, Mr. Duca, is also the Chairperson of the Audit Committee, which is not in line with best practice provision 5.1.4 of the Dutch Corporate Governance Code. The Company believes that Mr. Duca, in light of his extensive experience with audits and his knowledge in this respect, brings a valuable contribution to the Audit Committee and therefore believes it is in Ferrari's best interest and appropriate for Mr. Duca to chair the Audit Committee.

- *Best practice provision 5.1.4 of the Dutch Corporate Governance Code: The committees referred to in best practice 2.3.2 should be comprised exclusively of non-executive directors.*

Mr. Elkann, our Executive Chairman and Executive Director, has a position on the ESG Committee, to which best practice provision 5.1.4 of the Dutch Corporate Governance Code applies. The position of Mr. Elkann as executive Director in this committee follows *inter alia* from the duties of the ESG Committee, which are more extensive than the duties of a selection and appointment committee and include duties that warrant participation of an executive Director in the view of the Company.

Italian Corporate Governance Code

As regards the Italian framework for corporate governance, the Company is aware that a new version of the corporate governance code (the "Italian CGC") has been issued by Borsa Italiana S.p.A., applicable (starting from January 2021) to all companies with shares listed on Euronext Milan.

As of December 31, 2022, the Company's corporate governance structure is substantially in line with all the principles and recommendations set forth in the Italian CGC, especially due to the fact that the Company has adopted, and complies with, the Dutch Corporate Governance Code, which contains principles and best practice provisions largely similar to those highlighted in the Italian CGC, exception being made for the following:

a) *The independent Chair of the Board of Directors cannot chair the control and risk committee* (Article 2, Recommendation no. 7 of the Italian CGC).

Our Senior Non-Executive Director and Chair of the Board of Directors, Mr. Duca, is also the Chairperson of the Audit Committee, which is not in line with best practice provision under Article 2, Recommendation no. 7 of the Italian CGC. The Company believes that Mr. Duca, in light of his extensive experience with audits and his knowledge in this respect, brings a valuable contribution to the Audit Committee and therefore believes it is in Ferrari's best interest and appropriate for Mr. Duca to chair the Audit Committee.

b) *In large companies, the Board of Directors expresses its guidelines on the maximum number of offices that can be considered compatible with an effective performance and the time commitment required by the role of the directors. The relevant offices are those held in corporate bodies of other listed companies or of companies having a significant size* (Article 3, Recommendation no. 15 of the Italian CGC)

Applicable Dutch corporate law already expressly regulates the maximum number of offices that may be held by directors. Pursuant to Dutch law, persons may not be appointed as non-executive Directors if such persons are non-executive director, member of the supervisory board or other similar bodies for five or more (Dutch) companies of a certain size and such persons cannot be appointed as executive Directors if such persons are non-executive director at more than two other (Dutch) companies of a certain size or if such person is the chairperson of the board of supervisors or the one tier board of another (Dutch) company of a certain size. Ferrari is compliant with the abovementioned Dutch limits.

c) *In large companies, the Board of Directors elaborates, with the support of the nomination committee, a plan for the succession of the Chief Executive Officer and executive directors by identifying, at least, the procedures to be followed in the event of an early termination of office* (Article 4, Recommendation no. 24 of the Italian CGC)

The Company's Board of Directors believes that the members of the Board of Directors itself – chosen and appointed on the basis of their respective expertise, level of professionalism and knowledge of the Company's business – would be capable to carry out (in the absence, due to early termination of the office, of the Chief Executive Officer and/or any other executive officer) the ordinary business of the Company until the appointment, by the competent corporate body, of the new Chief Executive Officer and/or other executive officer(s).

Further, the Company's Board of Directors believes that the decision whether to adopt a succession plan shall be further analysed bearing in mind the sensitivity of the topic.

Furthermore, the Company believes that the overall system of delegated powers adopted by the Company is sufficient to mitigate the risk of a vacancy for an executive Director or a senior manager and ensure the continuity of the Company's business. The overall system of delegated powers adopted by the Company already includes a succession plan for the top management which in the Company is represented by the Ferrari Leadership Team. The Company believes that the above measures help the Company achieving the objective underlying the Code's principles and in any case contributes to good corporate governance. Finally, it should be noted that the Company's Board of Directors has already defined a procedure to be applied for the appointment of, at least, the Chief Executive Officer, which provides for, inter alia, the involvement of, inter alia, a specific committee (i.e., the CEO Search Committee), who will assist the ESG Committee with selecting a new candidate for this office.

Exchange Controls

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, the Ferrari common shares. There are no special restrictions in the Ferrari Articles of Association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote the Ferrari common shares.

REPORT OF THE NON-EXECUTIVE DIRECTORS

Introduction

This is the report of the non-executive Directors of the Company over the financial year 2023, as referred to in best practice provision 5.1.5 of the Dutch Corporate Governance Code, and it provides further information on the performance of the non-executive Directors' duties throughout 2023.

It is the responsibility of the non-executive Directors to supervise the policies carried out by the executive Directors and the general affairs of the Company and its affiliated enterprise, including the implementation of the strategy of the Company regarding sustainable long-term value creation. *Inter alia,* non-executive Directors should focus on the effectiveness of the Company's internal risk management and control systems and the integrity and quality of the financial reporting and the sustainability reporting. It is also the responsibility of the non-executive Directors to determine the remuneration of the executive Directors and to nominate candidates for the Director appointments. In so doing, the non-executive Directors act solely in the interest of the Company. With a view of maintaining supervision on the Company, the non-executive Directors regularly discuss Ferrari's long-term business plans, the implementation of such plans and the risks associated with such plans with the executive Directors.

According to the Articles of Association, the Board of Directors is a single board and consists of three or more members, comprising both members having responsibility for the day-to-day management of Ferrari (executive Directors) and members not having such day-to-day responsibility (non-executive Directors). The tasks of the executive and non-executive Directors in a one-tier board such as the Company's Board of Directors may be allocated under or pursuant to the Articles of Association, provided that the general meeting of shareholders has stipulated whether such Director is appointed as executive or as non-executive Director and furthermore provided that the task to supervise the performance by the Directors of their duties can only be performed by the non-executive Directors. Regardless of an allocation of tasks, all Directors remain collectively responsible for the proper management and strategy of the Company (including supervision thereof in case of non-executive Directors).

Details of the current composition of the Board of Directors, including the non-executive Directors, and its committees are set forth in the section "Board of Directors".

Supervision by the non-executive Directors

The non-executive Directors supervise the policies carried out by the executive Directors and the general affairs of the Company and its affiliated enterprise. In so doing, the non-executive Directors have also focused on the effectiveness of the Company's internal risk management and control systems, the integrity and quality of the financial reporting and Ferrari's long-term business plans, the implementation of such plans and the risks associated.

The non-executive Directors also determine the remuneration of the executive Directors and nominate candidates for the Director appointments. Furthermore, the Board of Directors may allocate certain specific responsibilities to one or more individual Directors or to a committee comprised of eligible Directors of the Company and subsidiaries of the Company. In this respect, the Board of Directors has allocated certain specific responsibilities to the Audit Committee, the Compensation Committee and the ESG Committee. Further details on the manner in which these committees have carried out their duties, are set forth in the sections "The Audit Committee", "The Compensation Committee" and "The ESG Committee".

The non-executive Directors supervised the adoption and implementation of the strategies and policies by the Group, reviewed this annual report, including the Compensation Report and the Group's financial results, received updates on legal and compliance matters and they have been regularly involved in the review and approval of transactions entered into with related parties. The non-executive Directors have also reviewed the reports of the Board of Directors and its committees and the recommendations for the appointment of Directors.

Meetings and attendance

During 2023, there were four meetings of the Board of Directors. The average attendance at those meetings was 97.73 percent. Members of the FLT were invited to give presentations to the Board of Directors. Portions of these meetings took place with the participation of the non-executive Directors only, without the executive Directors or any other attendees being present, in order for the non-executive Directors to independently review and discuss certain matters. In addition, the

Senior Non-Executive Director and the Chief Executive Officer held regular one-to-one meetings to discuss progress and key topics. Members of the Board of Directors had contact with various levels of management to ensure that they remained well-informed about the Company's operations. All non-executive Directors set aside adequate time to give sufficient attention to the Company's matters.
An overview of the attendance of the individual Directors per meeting of the Board of Directors and its committees set out against the total number of such meetings is set out below:

Name	Meeting Board of Directors	Audit Committee	ESG Committee	Compensation Committee
John Elkann	4/4		1/1	
Benedetto Vigna	4/4			
Piero Ferrari	4/4			1/1
Sergio Duca	4/4	7/7		
Delphine Arnault	4/4		0/1	
Francesca Bellettini	4/4	4/7		
Eddy Cue	4/4		1/1	1/1
John Galantic	4/4			1/1
Maria Patrizia Grieco	4/4	7/7		
Adam Keswick	3/4			
Mike Volpi	3/3 (1)			

(1) Mr. Mike Volpi was appointed as non-executive director by the AGM of Ferrari N.V. as of April 14, 2023.

Board focus

During these meetings, key topics discussed were, amongst others: the Group's strategy, the Group's financial results and reporting, sustainability, acquisitions and divestments, executive compensation, technological developments, risk management, updates on legal and compliance, risk management, human resources with the Head of Human Resources, implementation of the Remuneration Policy and the compensation report. The non-executive Directors were actively involved in the process of reviewing strategic and growth projects for the Company.

Independence of the non-executive Directors

The non-executive Directors are required by Dutch law to act solely in the interest of the Company. The Dutch Corporate Governance Code stipulates the corporate governance rules relating to the independence of non-executive Directors and requires under most circumstances that a majority of the non-executive Directors be "independent".

Currently, nine out of nine non-executive Directors are considered to be independent under the NYSE definition while eight non-executive Directors are considered to be independent under the Dutch Corporate Governance Code given the right of usufruct Mr. Pierro Ferrari holds over shares (including the right to exercise the voting rights of such shares) held by Trust Piero Ferrari (as described in this Annual Report). Mr. Sergio Duca, the Senior Non-Executive Director of the Board of Directors, is independent under the Dutch Corporate Governance Code in accordance with best practice provision 2.1.9 of the Dutch Corporate Governance Code.

Ferrari is of the opinion that the independency requirements as referred to in best practice provision 2.1.10 of the Dutch Corporate Governance Code are met by the Company.

Evaluation by the non-executive Directors

The non-executive Directors are responsible for supervising the Board of Directors and its committees, as well as the individual executive and non-executive Directors, and are assisted by the ESG Committee in this respect. Each year, the Board of Directors formally assesses its performance, including with respect to its composition, diversity and how effectively its members work together, with the aim of helping to improve the effectiveness of the functioning of the Board of Directors and its committees.

In accordance with the ESG Committee Charter, the ESG Committee assists and advises the Board of Directors with respect to periodic assessment of the performance of individual Directors. In this respect, the ESG Committee has, amongst others, the duties and responsibilities to review annually the Board of Directors' performance and the performance of its committees and to review each Director's continuation on the Board of Directors at appropriate regular intervals as determined by the ESG Committee.

In 2023, the ESG Committee's periodic assessments took place during the meeting held on February 22. During that meeting, the ESG Committee focused on the results of the periodic assessments and the performance of the Board of Directors, its committees and the individual Directors, keeping also into account the self-assessment prepared by each Director. During such meeting and on the basis of such evaluations, the ESG Committee dealt also with the directors' nomination process, the assessment of Directors' qualifications, the size and composition of the Board of Directors and its committees, as well as the recommendations for Directors' election, in which the outcome of the evaluations has been reflected.

The non-executive Directors have been regularly informed by each committee as referred to in best practice provision 2.3.5 of the Dutch Corporate Governance Code and the conclusions of those committee were taken into account when drafting this report of the non-executive Directors.

The non-executive Directors were able to review and evaluate the performance of the Audit Committee, the ESG Committee and the Compensation Committee based on the assessments made by the ESG Committee. The self-assessment of the Committees were also discussed by the Board of Directors. The outcome of the evaluations is that there is no need to amend the size or composition of the Audit Committee, the ESG Committee and the Compensation Committee, nor is there any reason to amend their charters on this basis. Further details on the manner in which these committees have carried out their duties, are set forth in sections "The Audit Committee", "The Compensation Committee" and "The ESG Committee".

On the basis of the preparations by the ESG Committee, the non-executive Directors were able to review the Board of Director's assessments, the individual Directors' assessments and the recommendation for Directors' election. The Board of Directors concluded that each of the Directors continues to demonstrate commitment to its respective role in the Company.

Also, pursuant to the Compensation Committee Charter, the Compensation Committee implements and oversees the remuneration policy as it applies to non-executive Directors, executive Directors and senior officers reporting directly to the executive Directors. The Compensation Committee administers all the equity incentive plans and the deferred compensation benefits plans. On the basis of the assessments performed, the non-executive Directors determine the remuneration of the executive Directors and nominate candidates for the Director appointments.

The non-executive Directors have supervised the performance of the Audit Committee, the Compensation Committee and the ESG Committee.

RESPONSIBILITIES IN RESPECT TO THE ANNUAL REPORT

The Board of Directors is responsible for preparing the Annual Report, inclusive of the Consolidated and Company Financial Statements and Board Report, in accordance with Dutch law and International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (IFRS).

In accordance with Section 5:25c, paragraph 2 of the Dutch Financial Supervision Act, the Board of Directors states that, to the best of its knowledge, the Consolidated and Company Financial Statements prepared in accordance with IFRS as adopted by the European Union provide a true and fair view of the assets, liabilities, financial position and profit or loss for the year of the Company and its subsidiaries and that the Board Report provides a true and a fair view of the performance of the business during the financial year and the position at the balance sheet date of the Company and its subsidiaries, together with a description of the principal risks and uncertainties that the Company and the Group face.

February 22, 2024

Board of Directors

John Elkann
Benedetto Vigna
Piero Ferrari
Sergio Duca
Delphine Arnault
Francesca Bellettini
Eddy Cue
John Galantic
Maria Patrizia Grieco
Adam Keswick
Mike Volpi

Non Financial Statement

Ferrari Group

Our DNA

At Ferrari, we redefine the limits of what is possible across everything we do. We are a team with a relentless will to progress, and an audacious desire to challenge the status quo through tradition and innovation.

Working at Ferrari means being part of a uniquely passionate and future-focused company in which people are our most valuable asset. Together, we compete on circuits and in markets all over the world.

Our Values

INDIVIDUAL AND TEAM
Our talented individuals are our greatest resource. However, they can only pursue the extraordinary by working together as a team. By fostering integrity, excellence and generosity, we give each of our people the possibility to express their own full potential - and be part of something greater.

TRADITION AND INNOVATION
Tradition and innovation drive each other. The ongoing quest for lasting firsts is what fuels the Ferrari legend. Our ability to combine revolutionary technological solutions with exceptional artisanal craftsmanship is what enables us to create icons that stay timeless in a fast-changing world.

PASSION AND ACHIEVEMENT
Ferrari's racing spirit lives on in emotions that transcend the road and the track, ultimately becoming an authentic attitude towards life. Nothing excites us more than setting ambitious targets and expectations – and then exceeding them, to push every boundary. It is how the power of passion becomes the beauty of achievement.

Our Strategy

Our strategy focuses on maintaining our leading position in the luxury performance sports car market, while enhancing and protecting the value and exclusivity of the Ferrari brand.

We focus on cost-efficiencies and aim to achieve profitable growth by pursuing the following strategies:

- Low volumes and controlled growth
- Regular new model introductions and enhancements
- Pursue excellence in racing
- Controlled growth in adjacent luxury and lifestyle categories

Our Journey to Sustainability

Sustainability is a pervasive attitude in the way we operate across our company pillars: sports cars, racing and lifestyle. It never ceases to inspire our decisions, and to push every one of us towards audacious solutions that can determine the impact we have both on our local and global community.

To successfully act as a catalyst for change, sustainability is intended here at Ferrari in the form of a ripple, that enlarges its impact in wider circles of influence.

1. First and foremost, we take much care of the impact we have within our own home and family: **our company**.
2. We then widen our gaze to embrace **our local community**, that still represents the nurturing foundation of all our ventures.
3. But above all, we aspire to drive an impact on **our global community**, awakening both awareness and actions towards a sustainable future.

Environmental issues are just a part – even if a very crucial one – to our approach to sustainability, which is inherently holistic. The building blocks of our ESG approach are in fact three:

a. Education
b. People
c. Environment

Within the perimeter of these areas, we let our behavior be guided by a science based approach, constantly developing and deploying tangible actions to have a measurable and positive impact in the changing world we all share.

Open Innovation is a powerful accelerating tool to fuel our evolution with groundbreaking technology: we believe that cross contamination between excellent and diversified innovative companies is the best way to stay true to our founder Enzo Ferrari's continuous will to progress.

Double Materiality Analysis and Stakeholder Engagement

Double Materiality Analysis of Ferrari Group

The materiality is the process of identifying the topics that are relevant for the Group and are based on an assessment of impacts, risks and opportunities.

In 2023, we updated the analysis of the most relevant sustainability topics (materiality analysis) for the Group and our stakeholders, to better reflect sustainability context developments, changes in our drivers and goals, as well as our 2022-2026 Strategic Plan and our sustainability strategy.

For this Fiscal Year 2023, we decided to conduct a double materiality analysis taking into consideration the guidelines[3] of the European Sustainability Reporting Standards (ESRS). The Double Materiality analysis has been implemented on the basis of the GRI Standards and inspired by the ESRS requirements.

The Double Materiality assessment entails the evaluation of the impacts following an inside-out perspective, considering the positive or negative, actual or potential impacts of Ferrari on the different stakeholders and the environment, and the evaluation of risks and opportunities following an outside-in perspective, considering all the risks and the opportunities arising for Ferrari from the external context. For both the inside-out and the outside-in perspective, we consider the impacts and the risks from an inherent point of view.

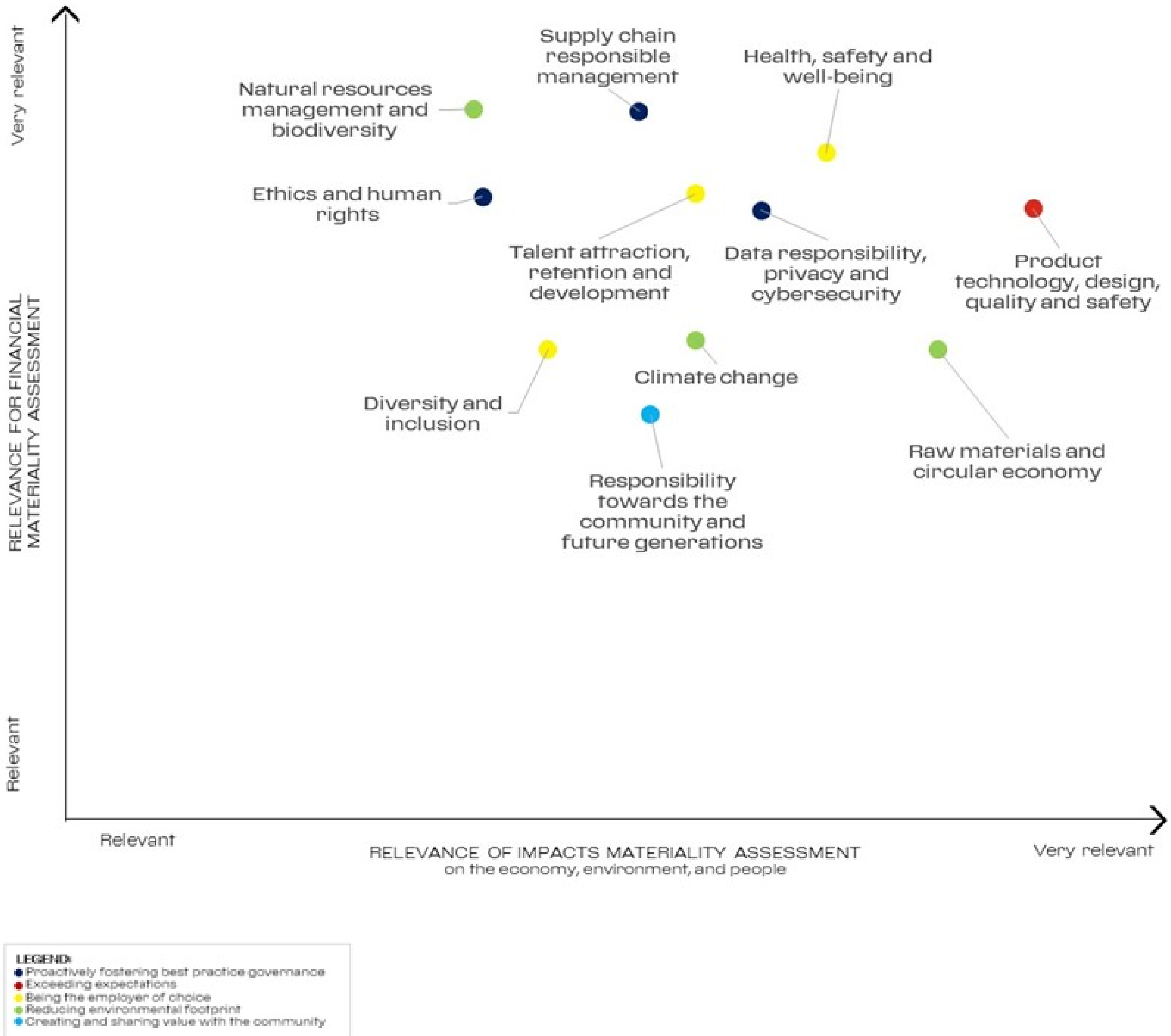
For the inside-out perspective, Ferrari data owners have been involved, through one-to-one interviews, to identify and evaluate our most relevant impacts[4] on the economy, environment, and people, including impacts on human rights, across our activities and business relationships. For the complete list and description of the impacts considered, please refer to the table present in the *"Methodology and Scope*" section.

The analysis includes the evaluation of the material topics identified by a selected panel of Ferrari stakeholders. This Stakeholder engagement activity is better described in *"—Stakeholder Engagement"*.

For the outside-in perspective we have cooperated with the Enterprise Risk Management team to identify the sustainability risks that could potentially arise. The activities to identify, assess and quantify potential risks (Risk Assessment & Measurement) are part of Ferrari's Enterprise Risk Management process. Regarding further aspects see *"Risk Management Process and Internal Control System".*

The results of the analyses carried out during the year were organized into material topics, represented in the matrix below.

[3] *As of the date of publication of this Report, the double materiality guidelines are still in draft: "Draft EFRAG IG 1: Materiality assessment implementation guidance".*
[4] *The potentially relevant impacts are identified by taking into consideration sector benchmarking analyses, UN Sustainable Development Goals (SDGs), and relevant international studies and publications.*



The double materiality matrix highlights our strategic sustainability priorities by showing our most relevant impacts, including the impact areas most relevant to our stakeholders, on the economy, environment and people as well as the risks and opportunities arising from the external context.

Compared to the matrix published in 2022, the topics “Clients and enthusiasts’ satisfaction”, “Relationship with stakeholders”, “Image and brand reputation” and “Economic value creation and distribution” are no longer reported. This is due to the rationalization of the material topics according to the new methodology applied. From an Impact Materiality point of view the most relevant topics for us in 2023 are “Product, technology, quality, design and safety”, “Raw materials and circular economy” and “Health, safety and well-being”. The first and third maintained similar position compared to the previous year while the most significant shifts (“Raw Materials and circular economy” increasing and “Ethics and Human Rights” decreasing) are mainly due to the change in the impact evaluation methodology applied. From a Financial Materiality point of view, the most important risks are related to the “Natural resources management and biodiversity”, “Supply chain responsible management” and “Health, safety and well-being” topics.

This matrix is directly linked with our sustainability strategy, based on the following five pillars:

EXCEEDING EXPECTATIONS

Drive technological innovation while pursuing excellence in design and craftsmanship to fuel the passion of our clients and enthusiasts.

MATERIAL TOPIC

- Product technology, design quality and safety

RELEVANT UNITED NATIONS SDGs

BEING THE EMPLOYER OF CHOICE

Provide an inclusive, educational, and inspiring work environment to unleash everyone's passion, creativity and talent.

MATERIAL TOPIC

- Talent attraction, retention and development
- Health, safety and well-being
- Diversity and inclusion

RELEVANT UNITED NATIONS SDGs

PROACTIVELY FOSTERING BEST PRACTICE GOVERNANCE

Maintain Ferrari's corporate governance and risk management systems aligned with best practices to ensure an ethical business conduct while providing superior and sustainable returns to our shareholders.

MATERIAL TOPIC

- Ethics and human rights
- Supply chain responsible management
- Data responsibility, privacy and cybersecurity

RELEVANT UNITED NATIONS SDGs

REDUCING OUR ENVIRONMENTAL FOOTPRINT

Increase our environmental awareness to continuously set and implement related programs and actions.

MATERIAL TOPIC

- Climate change
- Raw materials and circular economy
- Natural resources management and biodiversity

RELEVANT UNITED NATIONS SDGs

CREATING AND SHARING VALUE WITH THE COMMUNITY

Encourage strategic partnerships and the creation of positive externalities for all stakeholders.

MATERIAL TOPIC

- Responsibility towards the community and future generations

RELEVANT UNITED NATIONS SDGs

The above-mentioned material topics have been linked to the Sustainable Development Goals (SDGs) that are impacted by our business. Each material topic is analyzed in the subsequent chapters and includes a qualitative description of the management approach and, where available, selected performance indicators. The table below shows the pursued policies, the related key risks and risk trends, and the relevant chapters within this Report related to the material topics identified.

MATERIAL TOPICS	PURSUED POLICIES	KEY RISKS AND RISK TRENDS	MOST RELEVANT CHAPTERS OF THIS ANNUAL REPORT
Product technology, design quality and safety	Developing new technologies and distinctive designs Designing and manufacturing while keeping the safety of our customers and other road-users always in mind	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes; Competition; Technology, Product and Regulation; Human Capital Management and Internal Organization; Climate Change;	Exceeding Expectations

Climate change	Researching technologies that further reduce emissions to prepare for a low-emission future	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes; Technology, Product and Regulation; Climate Change; Production disruption and transformation costs; Supply Chain resilience;	Reducing Our Environmental Footprint
Natural resources management and biodiversity	Managing resources responsibly and protecting biodiversity	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes	Reducing Our Environmental Footprint
Raw materials and circular economy	Promoting circular economy strategies and initiatives	Technology, Product and Regulation; Climate Change; Social and Geopolitical Instability; Production disruption and transformation costs; Supply Chain resilience;	Reducing Our Environmental Footprint
Talent attraction, retention and development	Creating an inspiring working environment, enabling the development of everyone's talent	Human Capital Management and Internal Organization; Delays in Lifestyle Strategy Execution; Scuderia Ferrari Success;	Being the Employer of Choice
Health, safety and well-being	Enforcing a safety-first culture	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes;	Being the Employer of Choice
Diversity and inclusion	Spreading an inclusive culture within Ferrari and ensuring equal opportunities at all levels of our organization	With respect to this topic, no key risks have been identified	Being the Employer of Choice
Responsibility towards the community and future generations	Managing our operations responsibly towards our community and future generations; Promoting the education of young talents	With respect to this topic, no key risks have been identified	Creating and Sharing Value with the Community
Ethics and human rights	Fostering a culture dedicated to integrity, responsibility and ethical behavior	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes; Supply Chain resilience;	Proactively Fostering Best Practice Governance

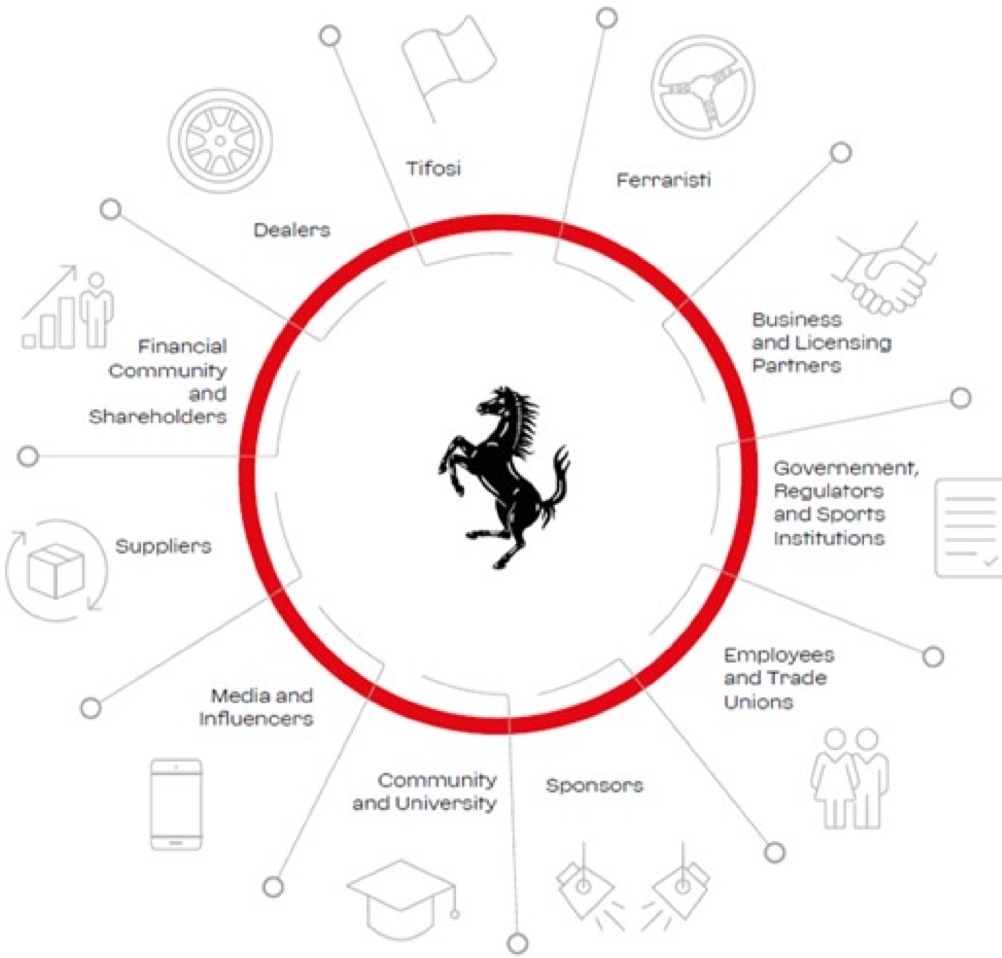
Supply chain responsible management	Implementing a responsible and efficient supply chain management; Encouraging the adoption of sustainable practices and sharing among our business partners and suppliers	Cybersecurity Including Third Parties Vulnerabilities; Climate Change; Supply Chain resilience; Social and Geopolitical Instability;	Overview of Our Business/ Procurement
Data responsibility, privacy and cybersecurity	Enforcing a data-secure environment for our stakeholders	Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes; Cybersecurity Including Third Parties Vulnerabilities;	Proactively Fostering Best Practice Governance

Further disclosure on key risks is presented within "*Risk Management Process and Internal Control Systems*".

Stakeholder Engagement

As an international firm with ambitious corporate objectives and a complex value chain, we need to develop forms of communication and collaboration with both our internal and external stakeholders that allow us to understand their needs, interests, and expectations. Our approach to engaging stakeholders aims for honest, clear, and effective communication and consultation, based on constant dialog. Fully understanding the needs and perspectives of our stakeholders is a fundamental part of the value generation process we continuously strive to promote both inside and outside our organization.

This Statement is addressed to all stakeholders involved in our activities, as shown in the following image:



With regard to stakeholder involvement, we support our brand value by promoting a strong connection with the Ferrari community: our tifosi and Ferraristi[5]. We focus on strengthening this connection by rewarding our most loyal clients through a range of initiatives. The high attention and care towards our products are the foundation upon which our success is built, and this is achieved thanks to the efforts of our employees. We rely on a significant number of suppliers who play an important part in the success of the Group. For the sourcing of certain key components with high technological specifications, we have developed strong synergistic relationships with some of our suppliers, which are considered "key strategic innovation partners". We continue to invest heavily to minimize our environmental impact. Our vehicles must comply with extensive regional, national, and local laws and regulations, as well as industry self-regulations (including those that regulate vehicle safety).

We are a dual-listed Company, therefore, the financial discipline, enhanced through the relationship with the financial community and shareholders, further supports the Company in pursuing its business targets.

[5] *We identify our clients as Ferraristi.*

Furthermore, we collaborate with universities and high schools to provide scholarships to talented students.

We believe that building and honing effective communication and collaboration with our internal and external stakeholders is a key element of sustainable and lasting growth, with a view to conciliate interests and expectations.

With this in mind, over the years we set an ongoing process of stakeholder engagement carrying out initiatives with different levels of interaction and methods of involvement.

Our *Stakeholder Engagement Practice*, inspired by the values and principles of the Code of Conduct, seeks to give all directors, managers and employees of the Ferrari Group, and anyone else working for it or on its behalf, guidelines on the right methods and forms of interaction with different stakeholders. In line with the *Stakeholder Engagement Practice*, in 2023 we carried out various specific activities to enhance the voice of our stakeholders on sustainability topics. We engaged with our employees, both "Scuola dei Mestieri" and "Scuola delle Professioni" participants, and MUNER students through face-to-face workshops that had a dual purpose: to further communicate the importance of sustainability and explain what it stands for within Ferrari, and to collect their priorities and suggestions.

Finally, we regularly engage with our investors to better understand what they consider to be the main ESG drivers for Ferrari, as well as participate every year in a variety of ESG questionnaires such as the S&P Global Corporate Sustainability Assessment (CSA), ranking in the top quartile of our industry in the last assessment, the CDP Climate Change and CDP Water questionnaires, obtaining a "A-" and "B" rating respectively in 2023. All these activities allowed us to further strengthen our materiality analysis.

These engagement activities are an important part of the sustainability approach that helps us identify potential updates in our sustainability impact areas, risks and opportunities, as well as support management in achieving the Company's objectives.

We firmly believe that keeping a profitable dialog and collaboration with our stakeholders is essential and intends to continue the path of engagement undertaken, with a view to continuous improvement.

STAKEHOLDER DIALOGUE

Stakeholders	Areas of interest	Communication methods
TIFOSI	• Racing • Sports car • "Ferrari classiche" • Brand Value • Innovation • Lifestyle	› Motorsport events › Sports cars unveilings › Advertising › Earned media, website, social media
FERRARISTI	• Image and brand reputation • Clients and enthusiasts' satisfaction • Product technology, design quality and safety • Privacy and security • "Ferrari classiche"	› Client relations: client and driving events › Client satisfaction survey › Media, website, social media
BUSINESS AND LICENSING PARTNERS	• Image and brand reputation • Continuity of the service • Contract terms and conditions • Financial soundness	› Meetings › Website

GOVERNMENT, REGULATORS AND SPORTS INSTITUTIONS	• Compliance with the law • Sport fair play	› Dialogs concerning new regulations and available technologies › Scuderia Ferrari › Financial statements › Website
EMPLOYEES AND TRADE UNIONS	• Motivation and development • Work-life balance • Welfare • Health, safety and well-being • Equal opportunities • Industrial relations • Ethical business conduct	› Induction for new employees and training programs › Internal initiatives › Meetings with Top Management › Collective bargaining agreements › Participation in management-worker health and safety committees › Website, social media
SPONSORS	• Racing • Image and brand reputation	› Scuderia Ferrari › Website, social media
COMMUNITY AND UNIVERSITIES	• Support local initiatives • Employment support	› Partnerships with universities › Meeting and local events › Website, social media › Sustainability workshops
MEDIA AND INFLUENCERS	• Transparency • Racing • Image and brand reputation • Product technology, design quality and safety	› Scuderia Ferrari › Press releases › Website, social media › Communication with journalists › New model/technology launch events
SUPPLIERS	• Continuity of the service • Supplier risk assessment • Contract terms and conditions	› Website › Meeting › Contractual documents
FINANCIAL COMMUNITY AND SHAREHOLDERS	• Market transparency • Financial soundness • Economic performance • Corporate governance	› Financial earnings › Investor conference › Roadshow › Website
DEALERS	• Image and brand reputation • Transparency • Motivation and development	› Communication with Management › Convention › Training course › Website

Proactively Fostering Best Practice Governance

Our Governance

Ferrari N.V. is a public limited liability Company, incorporated under the laws of the Netherlands and endorses the principles and best practice provisions of the Dutch corporate governance code issued by the Dutch Corporate Governance Code Monitoring Committee, and discloses, and intends to disclose, in this Report and in its future annual reports any material deviation from the best practice provisions contained in the Dutch corporate governance code.

Regarding further aspects of our governance see *"Corporate Governance"*.

Our Decision-Making Process

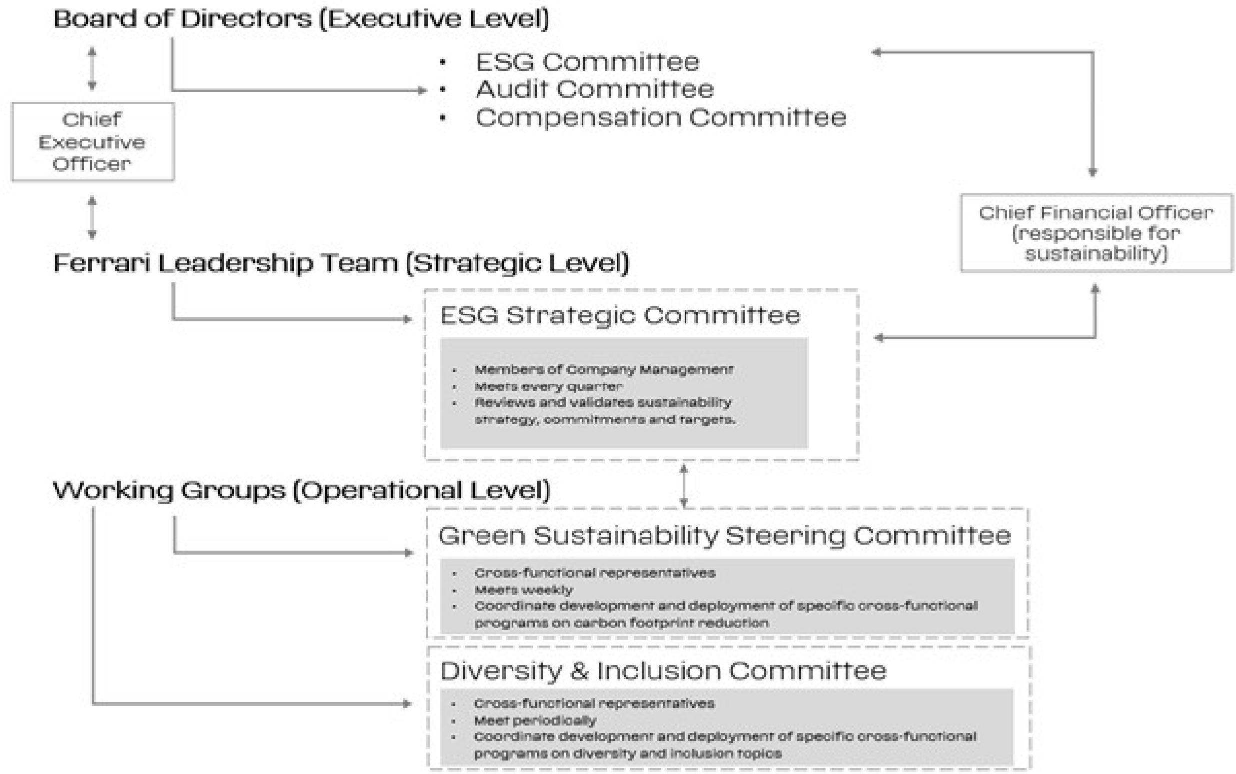
The Ferrari Leadership Team (FLT) is responsible for reviewing the operating performance of the business, collaborating on certain operational matters, supporting the Chief Executive Officer with his tasks and executing the decisions of the Board of Directors and the day-to-day management of the Company, primarily as it relates to operational management. The FLT is led by the Chief Executive Officer and is composed of the heads of the operating and central functions.

At the strategic level we have defined cross-functional committees, responsible for cross-functional projects to sustain excellence in every area, among which the ESG Strategic Committee. The ESG Strategic Committee, composed of all the members of the FLT, is in charge of defining the ESG strategy of the Ferrari Group and of monitoring the achievement of the targets.

At the operational level, we have established two committees focused on certain environmental and social issues, responsible for translating strategies into concrete decisions and action plans. The Diversity and Inclusion Committee, headed by the Chief Human Resources Officer, focuses on gender diversity, disability inclusion, generational diversity and educational opportunities. Whereas, the Green Sustainability Steering Committee, headed by the Head of Green Committee and Carbon Neutrality, has the priority to reach carbon neutrality by 2030, addressing direct and indirect GHG emissions, focusing on energy and materials, in addition to our electrification journey.

Our Chief Financial Officer, a member of the FLT and Head of the ESG Strategic Committee, is responsible for the sustainability function, which oversees the coordination of the sustainability activities within the Group, promoting dialog between different teams and functions, and identifying risks and opportunities. The Chief Financial Officer reports periodically back to the Board of Directors on the management of the organization's impacts on the economy, environment, and people.

Integrating sustainability into our Company relies on a formal structure with clear accountabilities at different levels of the organization.



Integrity of Business Conduct

At Ferrari, we seek to develop a cooperative environment in which the dignity of each individual is respected and that embodies the highest ethical standards in business conduct. We are committed to maintaining a fair, secure, productive and inclusive workplace for all members of our workforce, in which everyone is valued for its unique contribution.

The basis of Ferrari's governance model is the Code of Conduct that embodies a set of values recognized, adhered to and promoted by the Company. Ferrari believes that a conduct based on the principles of diligence, integrity and fairness is a key driver for the social and economic development.

Ferrari endorses the United Nations ("UN") Declaration on Human Rights, the International Labor Organization ("ILO") Conventions and the Organization for Economic Co-Operation and Development ("OECD") Guidelines for Multinational Companies.

Accordingly, our Code of Conduct aims to ensure that all members of the Ferrari Group workforce act with the highest level of integrity and comply with applicable laws, thus contributing to build a better future for our Company and the communities in which we do business.

Ferrari's Code of Conduct can be found on our corporate website at https://cdn.ferrari.com/cms/network/media/pdf/codice_condotta_ferrari_eng_def.pdf

Ferrari's integrity system sets the foundation for the corporate governance of the Ferrari Group and includes a framework comprised of the following primary elements:

- Principles, set out in the Code of Conduct, that capture Ferrari's commitment to important values in business and personal conduct;
- Practices that are the basic rules that must guide our daily behaviors in order to achieve our overarching Principles;
- Procedures that further articulate Ferrari's specific operational approaches for achieving compliance and that may have specific applications limited to certain geographical regions and/or businesses, as appropriate.

Ferrari's Practices and Procedures are drafted taking into consideration the needs of stakeholders and the precautionary principle. During 2023, we strengthened our ESG commitments by introducing two Practices regarding the

Environment and Diversity and Inclusion. Our public Practices are available on the Ferrari Corporate Website at the following link: https://www.ferrari.com/en-EN/corporate/practices

Our Code of Conduct, which was updated in early 2023, also strengthening the reference to ESG aspects, has been approved by the Board of Directors of Ferrari N.V. and is applicable to the whole Ferrari Group. It applies to all Ferrari Group board members and officers, full-time and part-time employees, as well as to all temporary, contract and all other individuals and companies that act on behalf of the Ferrari Group, regardless of their location. The Code of Conduct also applies to Ferrari's commercial partners and suppliers. Compliance with the Code of Conduct in its entirety would not be possible without their contribution and consequently they are required to comply with principles such as integrity, transparency and responsibility.

At the beginning of 2023, Ferrari N.V. adopted a Compliance Model in order to assess and govern, at a high level, corporate responsibility laws and regulations that apply to the Company in all relevant jurisdictions. The Model consists of a general part that describes the governance principles and structure of the Company, and a special part that highlights the at-risk areas together with a description of the principles and specific controls implemented to prevent the perpetration of offenses relevant for the Company. As for the Code of Conduct, the principles set out in the Compliance Model are incorporated in our Practices and Procedures.

The Group Compliance and Internal Audit departments investigate possible violations of the Code of Conduct, reported either through the Ethics Helpline, or eventually identified during standard audits.

In 2023, in light of the update of the Code of Conduct, a series of training activities have been carried out involving our employees. Moreover, in 2023, Ferrari implemented a training and verification project in different departments to raise awareness on the topic of information confidentiality.

Furthermore, specific Business Ethics and Compliance ("BEC") surveys are conducted by the Internal Audit and Compliance departments in order to assess the Ferrari Group worldwide workforce's awareness of the Code of Conduct and of other ethics related procedures. In 2023, BEC surveys were conducted on topics such as: Code of Conduct, Whistleblowing Procedure, Gifts and Entertainment Expenses' Management, Group Regulatory Framework and Information Confidentiality. On the basis of the outcomes, dedicated and targeted training sessions and awareness activities were carried out.

Human Rights

Ferrari's commitment to respect, protect and promote human rights is laid down in the *Human Rights Practice*, which is inspired by the guiding principles set forth in the Code of Conduct and defines Ferrari's main commitments to a corporate culture dedicated to ethics and integrity. In particular, the *Human Rights Practice* sets out key principles such as the prohibition of child labor, compulsory labor and forced labor, the attention to a healthy and safe working environment for our employees, the rejection of any form of abuse, harassment and discrimination, the zero tolerance in respect of corruption and the protection of the rights of local communities.

Moreover, in 2023, we adopted a dedicated *Diversity and Inclusion Practice* to encourage the diffusion of a corporate culture based on inclusion and mutual respect in the belief that diversity represents a source of creativity, enrichment and innovation, see "*Corporate Governance—Diversity Policy*".

The table below provides an overview of the relevant information on human rights policies regarding four of our stakeholder groups, particularly related to human rights issues.

REFERENCE TABLE ON HUMAN RIGHTS

STAKEHOLDERS PARTICULARLY RELATED TO HUMAN RIGHTS ISSUES	MATERIAL TOPICS	KEY APPLICABLE POLICIES	Section Reference of MAIN KPIs	Section Reference of RISKS, OPPORTUNITIES AND MANAGEMENT ACTIONS
Employees and trade unions	• Talent attraction, retention and development • Health, safety and well-being • Diversity and inclusion • Ethics and human rights	• Human Rights Practice • Ethics Helpline • Code of Conduct • Stakeholder Engagement Practice • Diversity and Inclusion Practice	• Being the Employer of Choice/Our Employees in Numbers • Being the Employer of Choice/Occupational Health and Safety • Being the Employer of Choice/Training and Talent Development • Being the Employer of Choice/Talent Recruitment and Employee Retention • Proactively Fostering Best Practice Governance/Integrity of Business Conduct/ Whistleblowing • SASB index/Labor practices	• Proactively Fostering Best Practice Governance/ Sustainability Risks • Being the Employer of Choice
Suppliers	• Supply chain responsible management • Ethics and human rights	• Human Rights Practice • Stakeholder Engagement Practice • Ethics Helpline • Third Parties' Compliance Practice • Anticorruption Compliance Practice	• Overview of Our Business/Procurement/ Responsible Supply Chain • Overview of Our Business/ Procurement/ Conflict Minerals • Proactively Fostering Best Practice Governance/Integrity of Business Conduct/ Whistleblowing	• Proactively Fostering Best Practice Governance/ Sustainability Risks • Overview of Our Business/Procurement/ Responsible Supply Chain • Overview of Our Business/Procurement/ Conflict Minerals

STAKEHOLDERS PARTICULARLY RELATED TO HUMAN RIGHTS ISSUES	MATERIAL TOPICS	KEY APPLICABLE POLICIES	Section Reference of MAIN KPIs	Section Reference of RISKS, OPPORTUNITIES AND MANAGEMENT ACTIONS
Community and university	• Responsibility towards the community and future generations • Ethics and human rights	• Human Rights Practice • Stakeholder Engagement Practice	• Creating and Sharing Value with the Community/ Ferrari & Education	• Creating and Sharing Value with the Community/ Ferrari & Education
Clients	• Product technology, design quality and safety • Ethics and human rights	• Human Rights Practice • Stakeholder Engagement Practice • Ethics Helpline	• Proactively Fostering Best Practice Governance/Data Protection, Privacy and Cybersecurity • Exceeding Expectations/Vehicle Safety	• Proactively Fostering Best Practice Governance/ Sustainability Risks • Exceeding Expectations/Vehicle Safety

Anti-Bribery and Corruption

The Ferrari Group is committed to the highest standards of integrity, honesty and fairness in all internal and external affairs and does not tolerate any kind of bribery.

The laws of virtually all countries in which Ferrari operates prohibit bribery and any violation of anti-bribery and anticorruption laws would entail serious consequences for both companies and individuals, which can result in significant fines, imprisonment of individuals and reputational damages.

Ferrari's policy is that no one– director, officer or other employee, consultant, agent, representative, supplier or business partner– shall, directly or indirectly, give, offer, request, promise, authorize, solicit or accept bribes or any other perquisite (including gifts or gratuities, with the exception of commercial items universally accepted in an international context of modest economic value, permitted by applicable laws and in compliance with the Code of Conduct and all applicable practices and procedures) in connection with their work for Ferrari at any time or for any reason.

In this respect, Ferrari has adopted the *Anticorruption Compliance Practice*, which is considered the document of reference for anticorruption matters by all worldwide Ferrari branches and subsidiaries and is applied in each country in accordance with local legislation. The *Anticorruption Compliance Practice* establishes the general rules of conduct that must be followed in order to prevent corruption-related crimes and ensure compliance with the anticorruption laws to which Ferrari is subject. Such rules are further enhanced in internal Procedures regulating those specific areas deemed at risk from an anticorruption perspective.

Furthermore, during 2023 dedicated trainings and awareness initiatives on Anticorruption have been provided to our employees, with the aim to promote the consistency of their behaviors with the applicable anticorruption laws and regulations.

Dealings with Third Parties

Dealing with third parties entails inherent risks, in particular in terms of potential corporate liabilities, as well as financial and reputational damages that Ferrari may suffer as a consequence of unlawful conducts carried out by third parties with which it does business ("**Third Parties**"). Hence, Ferrari strongly believes that the capability to adequately evaluate Third Parties, as well as promptly address any threats and risk factors, represents an essential requirement for the protection of its assets, integrity and reputation in an overall and long-term vision.

Ferrari is committed to only collaborating with third parties that meet certain requirements both in terms of compliance with applicable laws and regulations and in relation to ethics, integrity and transparency. In this respect, Ferrari has adopted the *Third Parties Compliance Practice*, that establishes the general rules of conduct that must be followed at Group level when dealing with any Third Parties, including active and passive counterparties as well as any further Third Parties with which Ferrari may establish contractual relationships.

In particular, the *Third Parties Compliance Practice* underlines the importance of carrying out a "compliance evaluation" before establishing any business relationship with a Third Party in order to examine its ethical reliability and reputation, its involvement in a legitimate and lawful business, and its commitment to share Ferrari's values of integrity and fairness.

By adhering to the principles outlined in the *Third Parties Compliance Practice*, Third Parties are therefore expected not only to comply with applicable laws and Ferrari's ethical principles and standards, but also to become active parties towards their own employees and their respective third parties in order to disseminate a culture of compliance, integrity and transparency.

Antitrust

Ferrari Group recognizes the paramount importance of a competitive market and is committed to fully comply with antitrust and other pro-competition legislation in force in the countries where it operates ("**Antitrust Laws**"), believing that compliance with Antitrust Laws is crucial to the Ferrari Group's reputation.

Ferrari defines and pursues its commercial activities and targets in autonomy and independence with respect to any competitors, operating on the basis of its own strategic and commercial decisions, and strictly rejects any form of anticompetitive conduct. The Ferrari Group and its directors, officers, and other employees shall comply with these principles and refrain from any form of action, omission or business practices that might represent an antitrust violation.

To strengthen its commitment to a free and fair competition, Ferrari adopted the *Antitrust Compliance Practice*, which outlines - at group level - the rules and principles that all members of Ferrari's workforce must follow as well as the actions and controls that they shall perform in order to prevent antitrust offences and ensure compliance with Antitrust Laws.

In 2022 Ferrari completed the adoption of an *Antitrust Compliance Program* in line with the Guidelines on Antitrust Compliance developed by the Italian Competition Authority, which includes procedures, internal controls, as well as training and awareness activities.

Furthermore, during 2023 dedicated trainings and awareness initiatives on Antitrust have been provided to our employees, with the aim to promote the consistency of their behaviors with the applicable antitrust laws and regulations.

Environmental Practice

Ferrari's commitment to minimizing its impact on the global environment is laid down in the *Environmental Practice*, which is inspired by the guiding principles set forth in the Code of Conduct and defines Ferrari's main commitments to a corporate culture dedicated to the protection of the environment.

Ferrari considers environmental protection to be a decisive aspect to be promoted in its overall approach to business and is committed to continuously improving the environmental performance of its operations and complying with the provisions contained in applicable laws and regulations.

In particular, the *Environmental Practice* sets out key principles such as compliance with applicable regulatory and legal requirements, periodic and systematic establishment of improvement objectives and their monitoring and measurement through KPIs, the development of products that meet customers' needs while ensuring respect for the environment, safety and quality, and the adoption of the best available technologies for the efficiency of production processes and the reduction of emissions and environmental impacts.

For this reason, Ferrari is committed to reducing greenhouse gas emissions produced throughout the product life cycle, to minimizing water use, to promoting the reuse of waste materials in the production process, to monitoring emissions into the atmosphere and sewage system, and to helping protect biodiversity in the area on which its production processes impact.

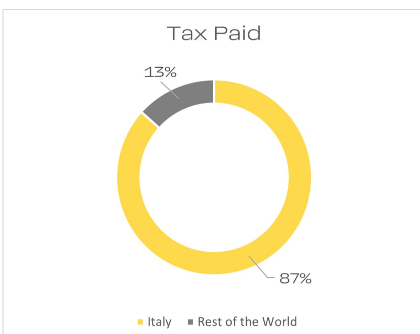
Tax Strategy

Ferrari Tax Strategy is inspired by the Code of Conduct, it was approved by the Board of Directors of the Company and it applies to the Ferrari Group. The Audit Committee of Ferrari is responsible for overseeing that the Company's compliance practices are in line with the Tax Strategy.

Tax Values

Inspired by the Code of Conduct, Ferrari tax management is carried out in accordance with the following tax values:

a. Integrity, the Ferrari Group strives to maintain high standards of integrity concerning tax accounting and tax compliance, in order to pay the amount of taxes legally due in any territory, in accordance with the rules set out by governments.
b. Zero tolerance, to maintain Ferrari Group's worldwide reputation, Ferrari does not tolerate infringement and complies with all applicable tax laws and regulations.
c. Sustainable and lasting growth, considering that taxes are a key contribution to the sustainable and lasting growth of the economies of the countries where the Group carries out its business, Ferrari is committed to apply sustainable practices in its tax risk management activities.
d. Tax Authorities engagement, Ferrari engages proactively with the competent Tax Authorities in the jurisdictions where the Group operates, approaching them with openness, honesty and integrity.
e. Tax Disclosure, Ferrari is committed to disclose the most appropriate set of tax information in its financial and non-financial reporting, enabling it to communicate its approach in relation to tax and its own effective tax.



Compliance with Economic Sanctions' Regulations

Economic Sanctions are those provisions adopted by governments and institutions for managing crisis scenarios, such as resolution of conflicts and fight against terrorism, and guaranteeing respect for human rights and fundamental freedoms, in the common foreign and security policy.

Such provisions may include export license obligations, commercial restrictions, such as the so-called trade embargoes, financial restrictions and restrictions on movement, which can be targeted to states, organizations, natural and legal persons.

It follows that the Ferrari Group, in carrying out its activities, is required to evaluate and respect such blocks, prohibitions and restrictive measures, in particular in relation to dealings with third parties and transactions that potentially determine the involvement of countries for which Sanctions risks apply.

In this respect, in 2021 Ferrari adopted the *Sanctions Compliance Practice*, designed to formalize the internal roles and responsibilities as well as the principles and general rules aimed at preventing conducts that may violate Economic Sanctions laws and regulations.

Whistleblowing

The Ferrari Group adopts the Ethics Helpline, a channel which allows all stakeholders (employees, customers, suppliers and partners) to request advice and/or report concerns about alleged situations, events or actions which may be inconsistent with the values and principles set out in the Code of Conduct, Organizational Models, laws and regulations, as well as business practices and corporate rules. The allegations are assessed by the relevant departments of Ferrari and managed in accordance with the Whistleblowing Procedure, that has been prepared on the basis of the international best practices as well as to the applicable laws and regulations.

The Ethics Helpline can be accessed either by phone or by web (with multiple languages available) and is an essential element of the management process, in accordance with the Code of Conduct. It is managed by an independent provider, available 24 hours a day, seven days a week. All reported subjects and facts are processed with the utmost confidentiality, so that the individuals who report an alleged violation in good faith are not subject to any form of retaliation. In addition, stakeholders can report alleged violations anonymously if permitted by local law. The training course on Ferrari's Code of Conduct also includes a section devoted to whistleblowing to ensure that all employees know how the Ethics Helpline works.

Furthermore, Ferrari employees may also seek advice concerning the application and/or interpretation of the Code of Conduct by contacting the Group Compliance department.

The Internal Audit and Group Compliance departments, with the potential support of the Legal Affairs and Human Resources departments, as well as other business functions possibly involved, assess all the allegations, classifying the reports received into four categories: Conducting Business, Interacting with external parties, Managing our assets and Information and Protecting our workforce. The results and potential disciplinary actions resulting from each allegation are then notified to the relevant internal functions.

In addition, in order to provide maximum transparency to the entire process, a Whistleblowing Committee has been appointed, composed of the heads of the Internal Audit, Group Compliance, Legal Affairs and Human Resources departments. The Whistleblowing Committee meets periodically to monitor the progress of the investigations and ensures that the concerns raised are handled appropriately. Periodic reporting on whistleblowing management is provided to the CEO as well as to the Audit Committee and further internal control bodies.

The reports received and investigated in 2023 have been categorized as per the table below.

WHISTLEBLOWING REPORTING AS OF DECEMBER 31, 2023

Category	Reports received in 2023	Reports closed in 2023	Reports in which a violation was confirmed
Conducting business	1	1	1
Interacting with external parties	1	2	1
Managing our assets and information	5	4	1
Protecting our workforce	4	4	3
Total	**11**	**11**	**6**

In this context, the reports received are a key instrument for the Internal Audit and Group Compliance departments to identify violations of the Code of Conduct. For all Code of Conduct violations, the disciplinary measures taken are commensurate with the seriousness of the case and comply with the applicable legislation.

Furthermore, a dedicated training on whistleblowing has been provided in favor of new employees hired in 2023, to raise awareness on the importance of a company culture based on ethics and integrity, as well as to detail the process by which employees can report suspected or actual misconducts.

Relation with Public Institutions and Trade Associations

We are committed to conducting our government and public institution relations, including corporate lobbying activities, in compliance with the laws and regulations in force where Ferrari operates, as well as in accordance with the principles established in our Code of Conduct and *Anticorruption Compliance Practice*.

Our institutional relations are underpinned by criteria of transparency, legitimacy and responsibility, both with reference to information disseminated in public offices and relationships with institutional interlocutors. We aim to contribute positively to the future development of regulations and standards in the automotive industry and in all other sectors related to the mobility of people and goods.

We are registered with the European Transparency Register. The Register provides information about the interest representatives that seek to contribute to the decision-making processes of the European Union, and a code of conduct serving as a framework to regulate their activities.

As required by the applicable legislation, the estimated annual costs attributable to activities covered by the Register are publicly disclosed through the EU Transparency Register, also available online. We are a member of trade associations in main host countries. The main organizations of which we are a member are:

- Europe: ACEA – European Automobile Manufacturers' Association;
- Italy: ANFIA – Associazione Nazionale Filiera Industria Automobilistica;
- United Kingdom: SMMT – Society of Motor Manufacturers and Traders;
- USA: AFAI – Alliance For Automotive Innovation;
- Canada: GAC – Global Automakers of Canada.

In 2023, our membership fees for trade associations accounted for about € 700 thousand.

Furthermore, we are member of several other associations as well as national and international advocacy organizations. Please refer to the GRI content index for the list of the main associations Ferrari is member of.

Data Protection, Privacy and Cybersecurity

Data Protection and Privacy

We care about processing data in a safe and transparent manner and act in accordance with the current legislative framework that governs the processing of our personal data at a global scale, including but not limited to the General Data Protection Regulation "GDPR" (EU Regulation no. 2016/679), the UK GDPR and the California Consumer Privacy Act of 2018 "CCPA". The data protection legal framework has steadily developed in recent years and has brought a new consciousness about privacy.

Data protection and privacy law requires, among others, the application of increased transparency obligations, the introduction of common records of processing activities, the appointment of a Data Protection Officer "DPO", an effective response mechanism to data subjects' privacy-related requests and – where advisable – privacy impact assessments before processing personal data.

Within this context, we have adopted a progressive approach to ensure compliance with data protection and privacy law requirements, such as the implementation of new processes (e.g. system collecting consents and privacy notices, adoption of a Governance tool in order to periodically update the records of processing activities, to perform privacy impact assessments, to perform the balancing test, to manage cookies), the creation of internal procedures (e.g. Privacy Procedure, Privacy by Design, Data Retention Procedure, Data Breach Procedure, Appointment and management of system administrators, Management of requests from data subjects etc.), the guarantee of an effective and prompt response to requests from data subjects (e.g. implementation of an online portal which will allow consumers to make privacy requests), the update of privacy notices, the drafting of operating instructions for authorized persons within the Company, the identification of internal privacy referents within Company departments and the creation of an internal Privacy Committee.

In case a transfer of Personal Data to third parties is necessary, we have implemented a Data Processing Agreement (DPA) to be signed by the third party. The process provides for the filling out of a specific "DPA" section during the issuance of the purchase request in favor of the supplier. An Intercompany Data Protection Agreement has been signed by Ferrari S.p.A. and its subsidiaries. E-learning courses, aimed at raising awareness on data privacy regulations and requirements, are organized for and addressed to the employees who are involved in the processing of personal data. An e-learning course relating to the correct collection of clients' data and their consents is organized for the Dealer Network. Dedicated face-to-face trainings have been delivered to the Privacy Referents.

Cybersecurity

As our technology continues to evolve, we anticipate collecting and storing even more data in the future, and that our Information Technology (IT) systems will improve security countermeasures against the risks of willful and unintentional security breaches. Much of our value is derived from our confidential business information, including car design, proprietary technology and trade secrets.

We also collect, retain and use certain personal information, including data we gather from clients for product development and marketing purposes, and data we obtain from employees. Any unauthorized access to our information technology systems may compromise the confidentiality of Ferrari's intellectual property or the privacy of our clients' information and expose us to claims as well as reputational damage. For these reasons, we have always paid the utmost attention to cybersecurity. We have created a system of procedures, policies, services, infrastructures and trainings as well as awareness to address all facets of cybersecurity currently known.

The area that has been nurtured the most is information protection with a focus on preventing data breaches, which has been addressed through several tools and countermeasures.

In 2023, 75 cyber incidents were recorded, of which one was significant. It involved the theft of customer data for which a monetary ransom was demanded. Ferrari not only did not pay any ransom but reported to all customers and media the incident and the refusal to pay. After the announcement the threat actor disappeared and no additional data publication occurred. Since then the entry point of the attack has been hardened, and additional cybersecurity countermeasures, both preventive and detective, have been put in place.

Cybersecurity topics are discussed in various internal Committees several times per year, as well as at the Audit Committee level at least once a year. For further details see "*Corporate Governance—Cybersecurity*".

INFORMATION/CYBERSECURITY INCIDENTS[6] & BREACHES

	2023	2022	2021
Total number of information security breaches or other cybersecurity incidents	75	72	45
Total number of substantiated complaints received from regulatory authorities concerning breaches of customer privacy	0	0	0
Total number of identified incident involving customer data	1	1	0
Total amount of fines/penalties received from regulatory authorities (€ million)	0	0	0

[6] *Incident: an event that negatively affects the confidentiality, integrity, and/or availability (CIA) at an organization in a way that could significantly impact the business, as consequences of, for example, of viruses, hackers, insiders, human errors, software and hardware failures. All incidents have been solved with no impact on business activities in each year.*

Compliance with Applicable Laws and Regulations

In 2023, there were no significant final judgements relating to the breach of (i) corruption laws, (ii) anti-competitive, antitrust and monopoly laws.

With reference to the same period, there were no significant[7] final judgements relating to non-compliance with laws and regulations. During the reporting period, there were no significant fines and/or non-monetary sanctions with respect to compliance with laws and regulations and no incidents of discrimination were identified.

Sustainability Risks

We are committed to creating a culture of sustainability. Creating such a culture requires effective risk management, responsible and proactive decision-making, and innovation. Our efforts are aimed at minimizing the negative impacts of our business. We have integrated the analysis and assessment of socio-environmental risks in our risk management framework and are currently integrating our risk management activities with the outcomes of the double materiality analysis described in *"Double Materiality Analysis and Stakeholder Engagement—Double Materiality Analysis of Ferrari Group"*.

Below, the key risks and risk trends most relevant to our material topics. Further information on sustainability risks and the related management approaches put in place by Ferrari are reported throughout this Statement.

Key Risk	Material topics	Further references
Competition (Strategic risk)[8]	Product technology, design quality and safety	Exceeding Expectations

Key Risk	Material topics	Further references
Technology, Product and Regulation (Strategic risk)	Product technology, design quality and safety; Climate change; Raw materials and circular economy	Exceeding Expectations; Reducing Our Environmental Footprint

Key Risk	Material topics	Further references
Execution of lifestyle strategy for retail (Strategic risk)	Talent attraction, retention and development	Being the Employer of Choice

Key Risk	Material topics	Further references
Social and Geopolitical Instability (Operational risk)[9]	Raw materials and circular economy; Supply chain responsible management	Reducing Our Environmental Footprint; Overview of Our Business/ Procurement; Proactively Fostering Best Practice Governance

[7] *We define as significant the judgements and the fines that are above the financial materiality threshold considered for the Financial Statement. For more detail on how it was determined, please refer to the Independent Auditor's Report in this Report.*

[8] *Strategic risks: risks which affect or are created by Ferrari's business strategy and could affect Ferrari's long-term positioning and performance.*

[9] *Operational risks: risks which impact the internal processes, people, systems and/or external resources of the organization and affect Ferrari's ability to execute its business plan.*

Key Risk	Material topics	Further references
Production Disruption and Transformation Costs (Operational risk)	Raw materials and circular economy; Climate change	Reducing Our Environmental Footprint

Key Risk	Material topics	Further references
Supply Chain Resilience (Operational risk)	Ethics and human rights; Supply chain responsible management; Climate Change; Raw materials and circular economy	Proactively Fostering Best Practice Governance; Overview of Our Business/ Procurement; Reducing Our Environmental Footprint

Key Risk	Material topics	Further references
Human Capital Management and Internal Organization (Operational risk)	Product technology, design quality and safety; Talent attraction, retention and development	Exceeding Expectations; Being the Employer of Choice

Key Risk	Material topics	Further references
Scuderia Ferrari Success (Operational risk)	Talent attraction, retention and development	Being the Employer of Choice

Key Risk	Material topics	Further references
Cybersecurity Including Third Parties Vulnerabilities (Operational risk)	Supply chain responsible management; Data responsibility, privacy and cybersecurity	Overview of Our Business/ Procurement; Proactively Fostering Best Practice Governance

Key Risk	Material topics	Further references
Climate Change (Health, Safety and Environmental risk and Strategic risk)[10]	Product technology, design quality and safety; Climate Change; Raw materials and circular economy; Supply chain responsible management	Further Climate-related Disclosures (TCFD)

Key Risk	Material topics	Further references
Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes (Compliance risk)[11]	Product technology, design quality and safety; Climate change; Health, safety and well-being; Natural resources management and biodiversity; Ethics and human rights; Data responsibility, privacy and cybersecurity	Reducing Our Environmental Footprint; Exceeding Expectations; Being the Employer of Choice; Proactively Fostering Best Practice Governance

A detailed description of these risks and how we respond to them can be found in the section "*Risk Management Process and Internal Control Systems*".

[10] *Health, Safety and Environmental risks: risks which affect health and safety and the environment.*

[11] *Compliance risks: risks of non-compliance with laws, regulations, local standards, code of conduct, internal policies and procedures.*

Exceeding Expectations

Research, Innovation and Technology

Innovation is in our DNA and we will continue pushing boundaries to anticipate clients' desires, always setting new standards in the "Ferrari way".

Innovation drives products and processes, which represents one of our key differentiating factors. This is why we are focused on developing new technologies and distinctive designs.

Participation in the FIA Formula 1 World Championship with Scuderia Ferrari and the World Endurance Championship with the Ferrari Endurance Team is an important source of innovation to support the technological advancement of Ferrari's product portfolio. Moreover, our development efforts focus on innovation with the goal to enhance design, performance, as well as driving thrills. This will provide the basis for a future powertrain offering, including full electric, and other technologies. In addition to these internally driven factors, regulation is key in determining the direction of technical innovation.

One of our other main focuses is on innovating our working methods, which involves stimulating the creativity of our employees. At Ferrari, we constantly propose and welcome new ideas. This determination is also reflected in the significant increase in the number of patent proposals submitted by Ferrari employees in recent years. In May 2023, we celebrated the "Inventori Ferrari" at our Maranello headquarters, this initiative was dedicated to employees who have distinguished themselves in the development of patents during the year 2022.

Quality has always been at the basis of our success. With this in mind, we first certified our quality management system in 1996 and in 2015 we were among the first companies to be certified in conformity to the latest version of the ISO 9001:2015 standard, relating to the planning, design, development, production, sales and after-sales service regarding our Sports Cars. Our approach to quality creates a fertile environment for the development of innovative ideas and solutions that will improve products, methods and the working environment. Among the programs that we have implemented, Pole Position rewards ideas put forward by individual staff members. In 2023, we received around 13 thousand suggestions from employees with a focus on carbon neutrality and process efficiency.

Our focus on excellence requires a strong collaboration with our suppliers, and a handful of them are considered "key strategic innovation partners". Collaborations with leading universities are also in place to foster the development of new ideas.

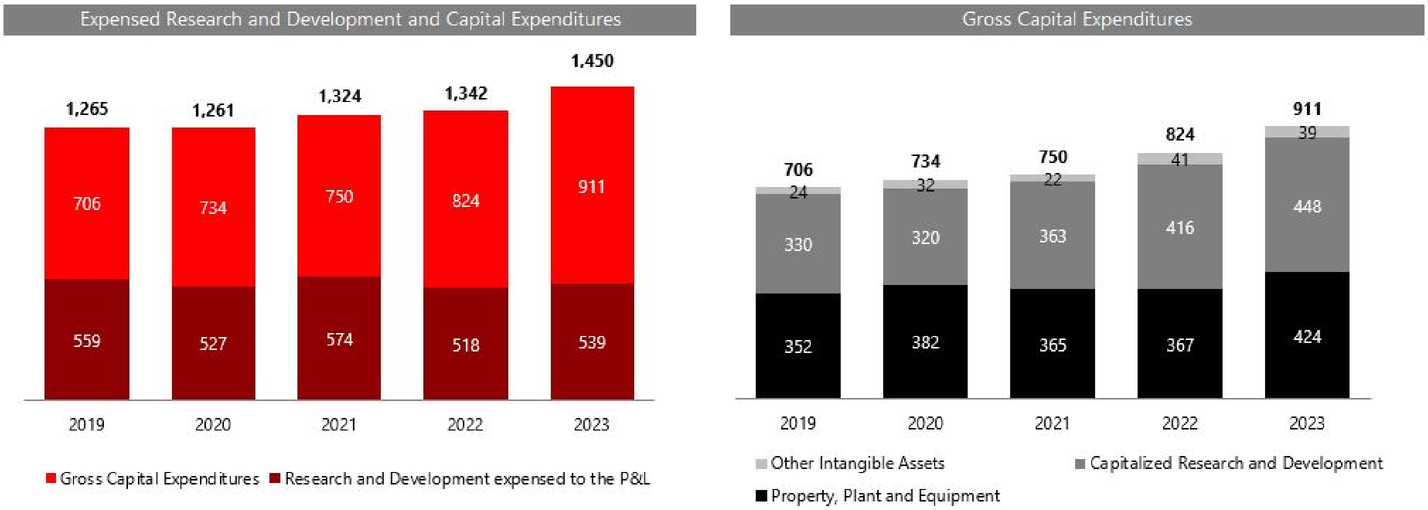
Technological breakthroughs are further enhanced through design. In 2010, the Ferrari Design Center was established as a best-in-class in-house design department to improve control over the design process and to ensure long-term continuity of the Ferrari style. A guiding principle of the Ferrari style is that each new model represents a clear departure from prior models and introduces new and distinctive aesthetic elements, delivering constant innovation within the furrow of tradition. Our designers, modelers and engineers work together to create car bodies that incorporate the most innovative aerodynamic solutions within the elegant and powerful lines typical of Ferrari cars. The Design team has been presented with several design awards, among which in 2023 the "Red Dot: Best of the Best" award. We continue to regularly launch new cars with enhanced technological innovations and design improvements.

We confirm our ambition to launch 15 new models between 2023-2026 with the purpose of maintaining the product portfolio's leading position and uniqueness. Clients will have the possibility to choose from a range of powertrains: internal combustion engine, hybrid and electric. In addition, we are committed to develop solutions in energy efficiency and alternative fuels for internal combustion engines.

The Research and Development (R&D) investments and expenses to fuel the growth of the Group, as described above, are represented in the charts below[12].

[12] *Capital expenditures (Capex) include right-of-use assets recognized in accordance with IFRS 16 – Leases within PP&E, for approx. € 42 million in 2023, for approx. € 19 million in 2022, for approx. € 13 million in 2021, and for approx. € 25 million in 2020. R&D expensed to the P&L refers to research and development costs expensed during the year, as indicated in note 7 "Research and Development costs".*

Research and Development and Capital Expenditures (€ million)



Open Innovation

Innovation runs within Ferrari and we are well aware that partnerships and synergies with external entities of different sectors have to be established to face the future challenges of the automotive industry.

By getting access to the most advanced research and studies, we aim to develop new practical solutions for our industrial processes and technical products. We believe that open innovation is a proficient tool capable of helping us cross the boundaries between different sectors and technologies. Below are just a few examples on how we lead innovation in our Company.

We have established partnerships with universities and research centers to convert the most advanced theoretical research, especially in technology, engineering and computer science, into practical solutions for our industrial processes. We also collaborate with research centers and other organizations to find common solutions to technological problems, combining state-of-the-art expertise from different sectors.

The spreading of cross-fertilization and high-end know-how between different companies is becoming increasingly relevant for the emergence of innovative ideas. Ferrari is one of the founding members of CRIT, a private company specialized in the research and analysis of technical and scientific information, and in the development of research project activities. The aim of CRIT is to spread collaborative innovation between different enterprises and to share different needs and knowledge in order to generate new ideas and access enabling technologies. In December 2023, Ferrari was proud to host CRIT’s bi-annual Technical-Scientific Committee meeting.

A more fertile environment for innovation can also be created by generating a virtuous circle between big companies and start-ups. Ferrari, with the help of specialized partners, is scouting start-ups worldwide to develop specific innovation projects that will result in the realization of proof-of-concept prototypes. In 2023, we continued our partnership with technology scouting specialist CDILabs to identify interesting start-ups according to several targeted development topics. Collaborations with start-ups are also intended to support their development journey and facilitate them to become Ferrari’s future potential partners.

In 2023, Ferrari became an official partner of the Motor Valley Accelerator start-up program, based in Modena, administered by Plug & Play, a globally recognized specialist in start-up incubation, acceleration and investment.

By working in close contact with key suppliers to foster innovative solutions and by sharing different expertise, we were able to overcome challenges in many different fields. An example of this approach can be found in the partnership created with component suppliers for our new electric and hybrid powertrains and additive manufacturing for vehicle components.

Several added-value ideas are generated within our company. With the objective of sharing “innovation pills” to allow the flow of ideas across all technical fields and improving the network of opportunities in the innovation ecosystem, we share, twice a month, an “Innovation Newsletter” to all employees of the company with news and insights on future mobility, connectivity and advancements in science and technology, as well as news on innovative developments by our competitors, partners and start-ups.

In 2023 we launched the “Open Innovation Hub”, an internal intranet site aiming to provide a single point of contact within Ferrari to find research and innovation resources, including a calendar of Tech Days, when external suppliers bring their roadshows to Maranello for all employees to join in and interact with.

Vehicle Safety

Vehicle safety is among our top priorities and Ferrari cars are always designed and manufactured with the safety of our clients and other road users in mind.

Given the nature of our cars, the electronic equipment is developed with an integrated approach, ensuring the best balance between safety, control and best-in-class performance, to further enhance the Ferrari driving thrills.

All of our models are subject to a series of tests to obtain approval from the relevant authorities. Moreover, we start assessing all our new models at an early stage of planning and design to identify areas of improvement.

To guarantee the highest level of passenger safety, we develop both passive and active safety systems. Passive safety requirements are the initial guidelines assigned to the engineers in order to define the design of every component, from car framework to all the retain components (airbags, seat belts, etc.). Moreover, specific devices are installed in racing cars to obtain FIA (Federation International de l’Automobile) approval.

With the aim of solving issues beforehand and reducing the environmental impact of these activities, all tests are reproduced in a state-of-the-art virtual environment before conducting them with real cars.

Regarding active safety, we believe that the future developments of vehicle safety will be linked to Advanced Driver Assistance Systems (ADAS) and Human-Machine Interface (HMI), capable of preventing or mitigating crash occurrences. We are currently assessing the implementation of the most recent trends and developments in terms of simplifying and facilitating the interaction between the car and the driver to avoid any distraction. ADAS are included into our entire fleet, and we are working to implement new solutions for our upcoming models, such as lane keeping assist, intelligent speed assist and driving drowsiness.

The SF90 Stradale, the first hybrid series-production car in Ferrari’s history, encapsulates the most advanced technologies developed in Maranello, including the HMI which, with its track-derived “eyes on the road, hands on the steering wheel” philosophy, takes on a truly central role. The result is an HMI (Human- Machine Interface) that is a complete departure from previous models. The “hands-on-the-steering-wheel” philosophy has consistently driven the development of the human machine interface in every Ferrari Formula 1 car and its subsequent gradual transfer to our roadgoing sports cars.

The SF90 Stradale’s steering wheel completes the transfer process from racing and also ushers in a new era by introducing a series of touch commands that allow the driver to control the most important performance-related aspect of the car without ever taking their hands off the wheel. The Head Up Display is another part of the innovative HMI and allows various data to be projected onto the windshield within the driver’s field of vision so that their attention is not distracted from driving. We extended this innovative HMI to the Roma and the 296 GTB, among others.

For Ferrari, safety is also about on the road behavior. To this effect, Charles Leclerc is also a testimonial for 3500 LIVES, a campaign launched by FIA with the aim of promoting road safety and making the roads safer for everyone by outlining the golden rules that can help save lives when driving.

Regarding further aspects of vehicle safety see “*Overview of Our Business—Regulatory Matters—Vehicle safety*”.

Being the Employer of Choice

Our People

"I BELIEVE FACTORIES ARE MADE OF MACHINES, WALLS AND PEOPLE. FERRARI IS MADE MOST OF ALL BY PEOPLE" - Enzo Ferrari

The high attention and care for our products is the foundation upon which Ferrari's success is built and this is feasible thanks to the efforts of the people working in Ferrari.

One of the many strengths is the ability to attract, retain and develop talents. Since 1997, we have developed the "Formula Uomo" initiative, with the intention of developing a high-quality working life for our employees. Over the years, the project has become a pillar of our culture, based on redesigning the working environment, enforcing a safety-first culture, enabling individual development, enhancing teamwork and building a community now comprising 71 different nationalities.

After COVID-19 we committed to favor the physical presence of people in offices and facilities while allowing certain categories of workers, such as white collars, to work in remote working 2 days per week, based on an individual agreement between the Company and the employee.

In 2023, we continued the program "Formula Insieme", whose aim is to pursue the continuous development of Ferrari through a "plan, do, check, act" approach, starting from our employees' opinions, gaining awareness of their points of view and identifying opportunities for continuous improvement. We analyzed the important results of an online survey, which took place in 2023, through which we collected the opinions of our employees on different topics concerning the working environment like safety, change readiness, open culture and many others. Following the survey, which involved more than 95% of our employees, aggregated results were shared with employees and analyzed to identify possible areas for improvement and gather suggestions/proposals for action. The program will be repeated on a two-year basis, following a process of continuous improvement.

Working Environment

We know that the best individual and team performance is only achieved if employees feel they are in the right environment. We also believe that the quality of our products cannot be separated from the lives of the people working at Ferrari.

This is why the working environment and well-being of the Company's employees are among our most important priorities, representing the key focus of our "Formula Uomo" initiatives.

Our complex in Maranello, a state-of-the-art work environment, was designed to reinforce the synergistic relationship between work and results. With the needs of our employees firmly in mind, our manufacturing facilities are specifically created to combine carefully designed lighting systems, projected to maximize the amount of natural light, and several external and internal green areas. Thermal comfort throughout the factory is also a crucial requirement and, since 2013, the in-plant foundry is equipped with a cooling system that makes it air-conditioned and climate controlled. Special measures aimed at reducing the environmental impact and noise using advanced technologies are also in place. As an example, the design of our Machining department is aimed at providing the workplace with maximum acoustic comfort thanks to noise reduction solutions (source and reverberation).

To promote an active lifestyle among our employees, we rely on our "Formula Benessere" program, aimed at providing preventative healthcare to employees and their children. A gym is available for all the employees in Maranello, while employees at the Modena plant have a free membership in one of the city gyms, initially provided to the F1 racing team as part of their training program for the Grand Prix activities. As part of the "Formula Benessere" benefits, preventative healthcare and sports check-ups are provided to all employees and their children. Medical specialists are available for consultation in areas such as ophthalmic, cardiology, osteopathy and dermatology, among others. A free annual check-up focusing on general health and fitness is also provided to managers and employees' children aged 5 to 15. In 2023, more than 1,900 employees and 820 children benefitted from medical and specialist check-ups performed through "Formula Benessere". This program aims to foster people's health by enhancing their psycho/physical performance through annual medical check-ups and nutritional, performance and medical programs. For our people involved in F1 World Championship we developed the “Check-Up F1”. Moreover, people can access medical and physiotherapeutic support during trips related to the Formula 1 World Championship.

Our attention to the promotion of health and safety among our employees goes beyond what is required by law and, to this effect, special workshops are organized for employees to raise awareness on the importance of these topics.

We have launched the program “Formula Estate Junior” to foster a sense of belonging among employees and their families and to offer concrete support to working parents with the demanding duties of childcare during school holidays. This initiative consists of a free day camp for employees’ children aged 3 to 13, with various programs including sports, outdoor activities, excursions and workshops. The program, which has reached its 15^{th} edition, allows children to enjoy an exciting experience with a didactic purpose: each edition of the “Formula Estate Junior” camp has an educational theme developed by professional educators (124 in 2023) and is organized in collaboration with the local community. The 2023 edition saw the participation of more than 800 children.

Education is also the focus of a series of different initiatives that provide scholarships to talented junior high, high school and university students. Our scholarship program, named after our founder Enzo Ferrari, is intended for children of employees and employees who have continued their studies and who have achieved excellent academic results. In 2023, our scholarship program was awarded to 104 talented students with the awards handed out by our Chairman and our Chief Executive Officer during an outdoor event. Moreover, in 2023 we reimbursed approximately 940 employees for the cost of their children’s textbooks (reimbursement is offered to all employees’ children until high school and, in certain cases, we reimburse the cost of school textbooks for employees in continued education).

We offer additional benefits to our employees in five different areas – food, free time, wellness, travel and personal services – including personalized loans at competitive rates within the internal branch of a local bank, special rates for housing needs and discounts at the Ferrari Museums, Ferrari Stores and at the Ferrari Company Outlet.

Regarding sustainable mobility, we offered our employees the possibility of long-term rental of electric cars and bicycles. The project “Bike to work” in collaboration with local authorities to encourage the use of bicycles to reach the workplace has also continued.

To foster the sense of belonging, the Company usually organizes multiple events. In 2023, we hosted at the Mugello circuit the Ferrari Challenge championship *Finali Mondiali*, an event that brings together drivers and fans of the various Prancing Horse series on a single circuit to celebrate the end of the sporting season. The event was attended by over 1,400 of our employees together with their guests. The aim of the project is to create a more familiar work environment and cohesion, interaction and collaboration among Ferrari employees.

In December, we also organized the Ferrari Light Experience at our Maranello plant, a journey dedicated to our Ferrari People and their loved ones through lights, sounds, and images that reflected the essence of who we are and celebrate the successes of our team. Moreover, during the month of December, over 2 thousand children of our employees from 0 to 10 years old received their Christmas gifts.

In 2023, in order to strengthen the sense of belonging and allow our employees to experience the emotions associated with our models, we continued “Esperienza Ferrari”, an initiative that gives all employees the opportunity to take a ride in a Ferrari driven by a professional pilot on the Fiorano circuit.

Over the last years, several culture and sport associations have been created: employees and former employees that share a common interest have the opportunity to cultivate their passions and organize sport and recreational activities together.

All these benefits are provided to all of our employees.

Training and Talent Development

Along with the need to hire, develop and retain talents, we are aware that we must manage human capital as a critical resource to achieve the best possible results.

The success, prestige and appeal of our brand depends on the ability to attract talents and retain them. In particular, top drivers, racing management, engineering talents and all the employees that make Ferrari unique have to be rewarded based on their ability, determination, and expectations. This is why we offer career progression opportunities tailored to each individual's strengths, ambitions and our Company's requirements, underpinned by substantial investments in training.

A total of over 135 thousand hours (up 71% vs. 2022) of training have been provided to the Company's employees in 2023, covering many areas, such as digitalization, globalization, sustainability and continuous improvement. This result was achieved mostly thanks to the high-quality volunteering training we provide to our employees, such as the "Agile learning for an Agile Company" project, the Harvard Manage Mentor e-learning platform and the two MBA programs. The increase in the number of training hours is mainly attributed to the "Agile learning for an Agile Company" project. What makes Ferrari's craftsmanship unique is the direct transfer of knowledge and expertise from senior to junior workers, which in our manufacturing process takes place directly on the job because we believe in constantly maintaining excellence through "learning by doing".

Human capital development ensures that our Company has the appropriate skill set to execute the business strategy and improve employee attraction, retention, as well as motivation, and, as a result, enhance productivity and the quest for innovation. Training requests for employees who receive a regular performance and career development review, are identified during this review process in order to address the needs of both parties.

A Training Plan with three specific objectives is in place:

TO PROTECT AND PASS ON THE STRATEGIC AND SPECIFIC KNOW-HOW OF FERRARI AND TO PROJECT OURSELVES INTO THE FUTURE OF INNOVATION.

Among all the training initiatives in Ferrari, we are very proud of our "Scuola dei Mestieri", started in 2009. It is a unique, in-house, technical training project for both white collars and blue collars, which increases the professionalism of junior talents and motivates senior employees, recognizing their competencies by asking them to become Maestri and to pass on Ferrari's unique heritage to the next generation. The initiative combines different didactic methodologies, including on the job sessions and in-classroom training, both focused on the consolidation of competencies and skills, with a particular focus on innovation, and visits to partner companies to learn about their best practices. Being a Maestro is an aspirational position and key to the Company's success.

In 2023, we further consolidated the activities of the previous years, with the three main areas of focus being: product innovation (mainly with regard to hybridization, HMI and new components, in a cross-functional training), process innovation (as in the case of welding and screwing processes) as well as support and induction of new colleagues. In particular, in 2023 the topic of the transition to full electric vehicles was enhanced in order to ensure that future models respect Ferrari quality standards. Moreover, the new courses on Cyber Security Management System were continued.

To support teaching activities, the use of augmented reality is also being experimented with to complement classrooms and laboratories. This application, which makes it possible for attendants to take advantage of this technology through specific tools but also through tablets or cell phones, will become structural in the coming years.

In 2023, to ensure effective training opportunities for our employees, we continued to provide courses in hybrid mode through e-learning platforms, webinars and in classrooms. Employees were given access to a dedicated virtual library containing all the courses and tablets were distributed among participants to guarantee accessibility and to increase the experiential level of the course.

Furthermore, within "Scuola dei Mestieri" we have implemented an activity called "Scuola delle Professioni", dedicated to young engineers and all employees of the Purchasing and Quality department, in order to provide them with an overview of all the phases of product development and to pass on the Ferrari DNA. The course is based on four macro areas: product development, vehicle technology, testing and factory, and supporting activities. The course comprises more than 40 lectures and more than 80 hours. The participants can conduct "technical" visits to all production departments and understand the unique manufacturing process in Ferrari.

We started a training course for blue collars appointed as Conduttori, workers without hierarchical responsibilities who play the role of link between the team and the supervisor (team leader). Conduttori are chosen not only for their technical skills but also for their soft skills. The training course lasts 40 hours and covers management, hard and soft competences and problem-solving aspects. The training and improvement of their competences is essential as they have the task of training new employees.

TO SHAPE AND PREPARE THE FUTURE MANAGERIAL CLASS FOR BUSINESS, INNOVATION, MANAGEMENT AND HUMAN CAPITAL DEVELOPMENT CHALLENGES.

In 2023, we completed the fourth edition of the Ferrari Corporate Executive MBA (EMBA), our master's program which aims to improve the management skills of the attendees, to let them gain experience on the most recent innovation trends and to convey the Ferrari leadership model. This master's degree, which over the past four years has involved more than 150 people, offers a unique tailor-made program to form a critical mass within the management class that will be able to grasp the challenges of the future, while at the same time preserving the tradition of Ferrari. The EMBA is designed for 30 managers of the Ferrari Group who, for about 12-15 months, participate to face-to-face and online lectures. During the course of study, innovation talks, leadership workshops and site visits to production plants are carried out. This master's degree helped to develop a group of managers with a shared approach to leadership, while respecting and valuing individual differences. A group on which Ferrari can rely on to tackle future challenges.

In addition to the Executive MBA, since 2021 a new program was launched for employees aged between 27 and 35 who have been mapped as high potential talents by the performance evaluation system: the Ferrari Global Corporate MBA. This master's degree provides participants with managerial skills, paying special attention to the three main disruptive trends of our time: technological innovation, digital transformation and sustainable transition. The master's program concludes with an 8-weeks project work or internship in an innovative company operating in sectors other than the automotive one, at the end of which the main results are discussed through a session in front of the FLT.

In order to strengthen the cohesion and fellowship of the Company's top management, several team-building initiatives involving the FLT and certain departments were carried out during 2023. This enabled our leadership team to consolidate the values of team collaboration, transparency and communication, as well as to share new ideas. In particular, two main team-building projects were launched. The first involved the employees of the experimental construction area at the E.Do learning center. The project allowed the various groups to observe the dynamics of teamwork and identify potential areas for improvement. The second team-building project involved the technical assistance service, the so called "flying doctors", 20 people worldwide who work globally to solve problems related to Ferrari car systems. The objective was to stimulate mutual knowledge and create a sense of belonging to increase the efficiency in terms of collaboration and coordination as well as share best practices.

TO FOSTER AND SUPPORT THE INCLUSION, GROWTH AND DEVELOPMENT OF OUR PEOPLE.

In line with business and Company requirements, and consistent with the needs expressed in the One Ferrari Performance and Feedback process[13], training activities were provided with respect to managerial, technical and language skills.

Launched in 2019, we continue to offer our employees the possibility to access the Harvard Manage Mentor e-learning platform. The training provided through this platform has been customized according to our needs and the following three lines of development: to integrate this platform with the One Ferrari Performance and Feedback process; to give employees, especially newcomers, the basic managerial skills that we consider essential requirements; and to adapt professional development paths based on employees' career levels. Soft skills and language courses are included in this platform, as well as several training activities on diversity topics sustaining our Equal Salary Certification.

In 2023, we launched the "Agile learning for an Agile Company" project. The goal of this project was to engage managers and individual contributors in a journey of skills reflection and learning, to live effectively and in balance with the constantly evolving context and work patterns. Interviews and focus groups were conducted with the help of an external supplier to understand the main challenges faced during the remote working experience, adopted in 2020. Based on these results, the training was structured around 9 winning practices, which include working and communicating successfully with others through digital tools, the achievement of a work-life balance, the use of feedback to strengthen relationships, the value of effective meetings, the creation of a strong network, and the ability to learn from study and experience. The training sessions were made more interesting thanks to gamification, the creation of competitions and structured growth paths, and they were integrated with several online group meetings to share experiences and put into action what was learned. Moreover, a forum was opened for the exchange of ideas and opinions. The project was also extended to agency workers with more than 150 participants resulting in more than 3,500 training hours.

[13] *One Ferrari Performance and Feedback process refers to our performance management process.*

The digitalization of processes and systems is one of the key aspects of our strategy, as part of the digital transition promoted by the Company, in fact, in 2023 we created a digitalization path for our employees. In addition to this, in 2022 we launched a course on vehicle connectivity in compliance with EU COM/2022/68 regulation proposal that was extended in 2023 to all new hires. At the end of the course, we released a certification on vehicle connectivity to all attendees.

In order to achieve the objective defined during the 2022 Capital Markets Day on CO_{2eq} emissions reduction, a series of awareness trainings and sessions on carbon neutrality have been conducted for employees.

In addition, an online training campaign is launched twice a year and includes all the corporate mandatory trainings dedicated to new employees. Among the mandatory courses relating to the General Data Protection Regulation (GDPR), Antitrust and Anticorruption, a session is dedicated to our Code of Conduct that also covers human rights topics. In 2023, in light of the update of the Code of Conduct, a series of training activities have been carried out involving our employees.

In 2023, we strove to ensure continuous progress in all domains pertaining to training as to ensure know-how continuity and the strengthening of our employee skills to meet our ambitions for the future. Collaboration, innovation, focus and learning, together with agility at all levels, represent some of the key values we pursue to thrive in a rapidly changing world. Through the delivery of trainings to our employees, we commit to the advancement of a just transition, able to secure workers' rights and livelihoods when economies are shifting to low-carbon production. Among which the development of specific trainings involving the transition from internal combustion engines to electric ones.

All these training activities, delivered both in presence and online, resulted in an increase in the overall number of training hours provided compared to the previous year.

NUMBER OF PARTICIPANTS AND TOTAL TRAINING HOURS OF "SCUOLA DEI MESTIERI"[14]

	2023	2022	2021
Participations	5,196	4,009	1,610
Training hours	19,709	16,258	13,547

AVERAGE HOURS OF TRAINING BY GENDER AND EMPLOYEE CATEGORY

Gender	2023	2022	2021
Male	26.6	15.7	14.6
Female	29.6	18.4	18.9
Total	**27.1**	**16.1**	**15.2**

Employee Category	2023	2022	2021
Managers and Senior Managers	42.1	28.6	17.9
Middle Managers	43.7	27.5	26.0
White Collars	42.2	24.3	21.3
Blue Collars	8.3	5.8	7.4
Total	**27.1**	**16.1**	**15.2**

Talent Recruitment and Employee Retention

The excellence that our products and our brand embody is what attracts and retains the best talents worldwide.

[14] *The figures provided refer to all employees and external staff of Ferrari S.p.A.*

At Ferrari, recruitment and selection is about identifying, and sourcing the right qualities and skills that will represent the core of our future success. Our recruitment process provides a platform to engage with future employees, to assess competencies through a structured selection process and to prepare for post-recruitment integration and development.

The mission of the recruitment team is to identify, evaluate and bring onboard the individuals which are aligned with our requirements and values. We received approximately 41 thousand applications during 2023, including specific as well as spontaneous applications from around the world for engineering, technical, marketing, digital and financial positions.

We also undertake partnership programs with leading universities around the world to engage with students, professors, career offices and a network of professionals in order to identify talents for the future[15]. In 2023, we organized 81 events (mainly in presence at university campuses or in Ferrari offices), attended by more than 4,470 students.

We offer Company insight presentations, testimonials by Ferrari staff, selected case studies at university campus and, for partner universities such as the Motorvehicle University of Emilia-Romagna (MUNER), we also offer the selected opportunity to visit the Ferrari facilities. These activities allow us to transmit the key values of the Company, and therefore to engage directly, or indirectly through communications with professors, participants and on social media, nourishing our recruitment pipeline.

Our program includes different graduate projects, which feature a 6-month internship: "Ferrari Sports Car Academy" is dedicated to the recruitment of Engineering, Technology & Manufacturing, Marketing and Commercial, with the aim of attracting, evaluating and hiring future talents and establishing and consolidating partnerships with leading universities and companies. Within this project, we also included our Lifestyle team with the goal to attract the best fashion and luxury management and master's graduates.

The applications were opened to those who graduated in the past 12 months with an academic background from key disciplines: Data Sciences, Management Engineering with a focus on Digital Innovation, Electric & Electronic engineering, Control Engineering, Business Analytics and similar.

"Scuderia Ferrari Engineering Academy", active since 2015, is dedicated to the recruitment of talented engineers to be introduced to our F1 team. In 2023, we completed the ninth edition of this talent program, allowing a selection of race engineering talents of partner universities to work in Scuderia Ferrari.

To ease employees into their new jobs, we provide a pre-induction activity that is provided in a digital format, to foster team building, followed by a two-day induction program. The first day is dedicated to introducing the Company culture and mission, as well as guiding new employees through the corporate offices and production plants. The following day is focused on health and safety training. During the induction activities carried out in 2023, the focus was given to the messages conveyed during the 2022 Capital Markets Day, referring in particular to the Company's development strategy.

To promote a responsible behavior during the assembling phase of cars and engines, we launched many years ago the "Pit Stop" and "Fiorano Race" initiatives, where colleagues on the same shift are assigned to "teams", with key performance indicators in place for the improvement of quality, efficiency and environmental sustainability. The teams are then ranked based on the data, with the best performers being rewarded. Furthermore, we organize the "Pole Position" program to evaluate individual performances.

We reward our employees, excluding senior management, through a productivity bonus called "Premio di Competitività", based on yearly shipments and Adjusted EBITDA results, as well as a product quality index adjusted for individual absenteeism rates. In 2023, each employee received around € 13 thousand as provided for in a specific agreement signed with the trade unions. Ferrari has signed the renewal of the agreement for its Competitiveness Award (Premio di Competitività), expiring in December 2023. The new agreement will be valid for the four-year period 2024-2027, strengthened by the integration of an environmental factor into the award calculation.

In 2023, in order to evolve and adapt to the current historical context, a new behavioral model, One Ferrari, was developed and shared with all Ferrari people. This new model has become part of the annual performance appraisal phase, which has brought with it a renewal in both the tools and the dynamics of the performance management process, now called One Ferrari Performance and Feedback.

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[15] *For more information, please refer to "Ferrari & Education".*

Every employee, excluding blue collars, is able to continuously monitor performance, give and receive feedback, work towards a final evaluation which is aimed to merge all the data into a definite and precise picture of the year spent, and ignite actionable future developments.

In 2023, approximately 2,500 employees received a performance evaluation, covering almost 100% of white collars and managers.

All the people involved have access to the training on our performance management process through online training video courses that are always available to all of our employees globally. Moreover, we organize assessment classes with external psychologists and HR experts with the aim of evaluating employee potential. Blue collars, who are not involved in the performance management process, have access to an assessment, based on development centers, aimed at developing their career path.

In addition, we continue the leadership development project for our Managers and Senior Managers, an individual assessment of leadership behaviors aimed at continuous improvement and professional development, which also includes a 360-degree feedback. The results of these assessments are a fundamental asset for succession plans in key positions, identifying career development opportunities and defining consistent retention actions.

EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY GENDER

Gender	**2023**	**2022**	**2021**
Male	48%	45%	45%
Female	69%	65%	66%
Total	**51%**	**48%**	**48%**

EMPLOYEES WHO RECEIVED A REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEW BY EMPLOYEE CATEGORY

Employee category	**2023**	**2022**	**2021**
Managers and Senior Managers	98%	94%	98%
Middle Managers	96%	96%	96%
White Collars	92%	88%	90%
Blue Collars	—%	—%	—%

Thanks to our career development program, we encourage the professional growth of our employees and try to fill key positions with talented internal candidates before tapping into the external market. The results of the analysis carried out on our key positions covered by our employees are used to develop specific succession plans, with a timeframe of 2-4 years, to ensure the competitiveness of Ferrari over time and to take advantage of our employees' talents. Moreover, in 2023, we created the Internal Job Posting within our employee corporate portal, to enable employees to apply for new positions within the Company. The aim is to help talent emerge and to contribute to the creation of a culture of agility and innovation.

In 2023, for the fourth year in a row, our effort to guarantee employee attraction and retention was also recognized by the Top Employers Institute who positively evaluated the Company's programs in terms of talent attraction, training, career development, inclusion and respect for diversity, welfare, social commitment and innovation.

Diversity and Inclusion

We believe in the importance of inclusion and the enhancement of diversity. We continuously implement strategies to maintain an engaging, meritocratic and fair environment. Equal opportunities are the best way to ensure that merit is the decisive factor to keep on attracting, retaining and developing talents, accelerating Ferrari's innovation process.

To guarantee equal opportunities, our Company operates a merit-based remuneration policy, not discriminating on the basis of gender, age, nationality, social status or cultural background.

In 2023, we have received the renewal of the Equal-Salary Certificate for providing equal pay to men and women with the same qualifications and positions in the Company. For the first year, the Equal Salary Certificate covers all of our global reach. This accreditation attested the Company's commitment to creating an inclusive and diverse working environment while fostering career development for everybody. In 2020, Ferrari was the first Italian Company to receive this specific certification. The certification process involves both quantitative and qualitative evaluations. The quantitative evaluation, which must be surpassed to proceed to the qualitative evaluation, consists of a detailed statistical analysis of compensation levels to verify that the gender pay gap is lower than 5% compared to a predictive statistical salary and that the accuracy of the data used is greater than 90%. The qualitative evaluation assesses: (i) the CEO and Top Management's commitment to Diversity and Inclusion matters, (ii) how Corporate processes and policies are fair in terms of gender, (iii) employees' perception of the inclusiveness of the culture and (iv) the PDCA (Plan, Do, Check, Act) methodology application in all of the aforementioned processes. We see this certification not as an end point but as a further stage of growth of the Company and an opportunity to continue to implement tangible actions to ensure that everyone can pursue their professional growth.

In order to continuously improve our Diversity and Inclusion approach, we have defined some initiatives to support our employees in their work-life journey, an example being a digital self-coaching project in collaboration with a specialized third party for new parents. The aim is to recognize the value of the parental experience to enable people to apply the acquired parenting talents and expertise into their jobs.

In 2023, we joined the "4 Weeks 4 Inclusion" (4W 4I), a marathon of events on Diversity and Inclusion, sharing our practices with a large number of Italian companies with the aim of contributing in enhancing the culture of our country on Diversity and Inclusion topics.

Furthermore, in 2023, we took advantage of all the training courses offered by Valore D, the association with over 320 member companies in Italy, whose commitment is to promote gender balance and an inclusive culture in organizations and across the country: 35 women and 3 men were selected amongst Ferrari employees to get access to discussions on diversity, inclusive leadership, language, and soft skills. Moreover, on Ferrari intranet all employees can access several "open talks" on these topics.

In 2022 we defined as strategic goal to maintain a healthy growth rate in women in managerial positions, considering the percentage of women in the total employee population. We define as an appropriate target to have at least 18% women in managerial positions by 2027.

The progresses in our journey are evident looking at some figures: women in managerial positions[16] at December 31, 2017 were 11.8% (while women represented 12.2% of the total employee population), at December 31, 2022 were 15.2% (while women represented 15.4% of the total employee population) and at December 31, 2023 were 16.2% (while women represented 15.7% of the total employee population). Compared to 2022, at the end of December 2023, the percentage of women in managerial positions increased by 1%.

Our plan to achieve the target is to continue the implementation of initiatives and actions put in place in 2023, as mentioned above fostering the value of diversity in panel of hiring candidates, monitoring the percentage of men and women involved in career plans and salary review, defining clear diversity objectives for all levels in organization. For Ferrari it is important to guarantee equal opportunities at all levels, so the consistency between global percentage and managerial percentage is a key indicator in our diversity strategy.

[16] *Managerial positions refer to "Managers and Senior Managers" and "Middle Managers".*

Reflecting the Company’s ambition for diversity and inclusion in the entire Company, The Board of Directors adopted a *Diversity and Inclusion Practice* effective as of September 14, 2023. This Practice identifies and implements diversity and inclusion principles for the whole employees’ population of Ferrari Group as well as the Board of Directors.

Occupational Health and Safety

We are particularly focused on the safety of our people and we are dedicated to the prevention of accidents at work[17].

Our hazard identification, risk assessment and incident investigation processes are developed in accordance with the highest international and national voluntary standards and normative requirements on health and safety. In addition to formal meetings being held with employee representatives, periodic meetings are also held with management to review safety issues and share best practices. Periodic internal health and safety audits are performed to ensure compliance with our health and safety management system, current laws and best practices.

Ferrari S.p.A. and Mugello Circuit S.p.A. health and safety management systems are certified ISO 45001:2018[18], a voluntary international standard, which specifies the requirements of an occupational health and safety management system with reference to the activities performed within the premises of the organization by its employees or external workers.

HOURS OF HEALTH AND SAFETY TRAINING PER YEAR AND NUMBER OF PARTICIPANTS[19]

	2023	2022	2021
Training hours	30,529	20,644	22,044
Number of participants	4,052	4,161	3,957

We continue to make significant investments in safety at work: improvements in the existing structures and specific training have allowed us to achieve significant results.

Mandatory health and safety training is provided to all new hires during the second day of the induction program, while periodic sessions are developed for all employees. We provide employees who test our cars with specific on-track driving training to make sure they have all the skills required to perform emergency maneuvers, if necessary. As shown in the table above, in 2023, the number of training hours is higher than in the previous year, mainly due to the frequency of training of supervisors and managers which has changed from 5 to 2 years, following the fulfillment required by the updated legislation. In addition, a specific health and safety section is part of the training program of the “Department Team Leaders”. Moreover, periodic meetings with the Representatives of Safety Workers (RLS) are scheduled quarterly and not just annually, as required by the CCSL (“Contratto Collettivo Specifico di Lavoro”) to address any potential health and safety threat that could arise.

We continue to pursue the program aimed at highlighting the “near misses”: events that could have caused injuries but did not. The program works according to a “bottom-up” logic in which everyone, even those who carry out simple operational roles, can make reports.

Moreover, most of the buildings are provided with a defibrillator along with the standard health and safety equipment.

The table below shows a decrease in the lost time injuries rate over the last years. In 2023, the injury rate was 0.9, with 7 occurrences (19 in 2022) and no fatalities occurring. The types of work-related injuries include, among others, bruises and fractures. Each work-related injury is analyzed to determine the cause, and appropriate measures to avoid reoccurrences are then implemented. The reduction of injuries was also due to the intensified prevention and non-repetition analysis.

[17] *In this section, we refer to Ferrari S.p.A., which operates primarily in the Maranello and Modena plants and to Mugello Circuit S.p.A., which operates the Mugello racing circuit.*

[18] *Ferrari S.p.A. and Mugello Circuit S.p.A. include 93.3% of all Ferrari Group employees.*

[19] *The figures provided refer to all employees and external staff of Ferrari S.p.A. and Mugello Circuit S.p.A.*

NUMBER OF INJURIES AND INJURY RATE[20]

	2023	2022	2021
Total number of lost time injuries	7	19	9
of which causing more than 3 days of absence (excl. high-consequence injury and fatalities)[21]	5	16	5
of which high-consequence injury	—	—	1
of which fatalities	—	—	—
Total lost time injury rate[22]	**0.9**	**2.6**	**1.2**
of which causing more than 3 days of absence (excl. high-consequence injury and fatalities)[23]	0.7	2.2	0.7
of which high-consequence injury	—	—	0.1
of which fatalities	—	—	—
Hours worked	**7,528,241**	**7,246,254**	**7,263,995**

During the course of 2023, 3 injuries have been recorded for agency workers, 2 of them resulting in more than 3 days of absence.

During the last year, no cases of diseases arising from a work situation or activity, or from a work-related injury have been recorded. Due to the nature of the activity conducted in Ferrari plants, workers are not considered exposed to high risks relating to specific diseases. Every employee undergoes a regular work-related medical examination, as prescribed by law.

Health and safety contents are also covered by the CCSL (Contratto Collettivo Specifico di Lavoro), signed on March 8, 2023, and also by the Accordo Premio di Competitività Ferrari, signed on September 25, 2019, and renewed on November 13, 2023 valid for the four year period 2024-2027, providing a specific Health and Safety Commission involving, on a monthly basis, both the Company and the workers' representatives for health and safety. CCSL and Accordo Premio di Competitività Ferrari cover 93.5% of Ferrari employees.

Our Employees in Numbers

As of December 31, 2023, Group[24] employees were 4,988, an increase of 1.4% compared to December 31, 2022 (4,919). We expect to continue growing over the next few years in order to meet our key priorities.

Number of employees	December 31, 2023	December 31, 2022	December 31, 2021
Total	**4,988**	**4,919**	**4,609**
of which women	15.7%	15.4%	15.2%

We also rely on external collaborators such as contractors, self-employed persons, workers hired through external agencies and interns.

[20] *The figures provided are referred to all the employees of Ferrari S.p.A. and Mugello Circuit S.p.A., with the exception of Managers and Senior Managers; this category of employees did not incur any injuries in 2023. All data does not include first aid medical treatments.*

[21] *Injuries that must be reported to INAIL (Italian National Institute for Insurance against Accidents at Work), according to Italian legislation.*

[22] *The injury rate is the ratio of the number of injuries reported to the number of hours worked (including overtime), multiplied by 1,000,000, excluding commuting accidents.*

[23] *Injuries that must be reported to INAIL (Italian National Institute for Insurance against Accidents at Work), according to Italian legislation.*

[24] *In this chapter, the "Group" refers to all the legal entities indicated as consolidated line by line by Ferrari N.V. in 2023 Annual Report.*

NUMBER OF WORKERS WHO ARE NOT EMPLOYEES

Number of workers who are not employees	December 31, 2023	December 31, 2022
Agency workers	907	755
Interns	81	70
Total	**988**	**825**

PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY GENDER

Employee category	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Managers and Senior Managers	86.3%	13.7%	161	88.2%	11.8%	152
Middle Managers	83.4%	16.6%	741	84.1%	15.9%	679
White Collars	74.9%	25.1%	1,827	74.9%	25.1%	1,762
Blue Collars	91.9%	8.1%	2,259	92.0%	8.0%	2,326
Total	**84.3%**	**15.7%**	**4,988**	**84.6%**	**15.4%**	**4,919**

As indicated in the table above, compared to the previous year, in 2023 the percentage of female employees slightly grew from 15.4% to 15.7%. This was mainly due to an increase in the “White Collars” and “Blue Collars” categories.

PERCENTAGE OF EMPLOYEES PER EMPLOYEE CATEGORY BY AGE GROUP

Employee category	December 31, 2023				December 31, 2022			
	<30	30-50	>50	Total	<30	30-50	>50	Total
Managers and Senior Managers	—%	49.1%	50.9%	161	0%	49.3%	50.7%	152
Middle Managers	0.5%	70.0%	29.5%	741	1.3%	70.6%	28.1%	679
White Collars	14.8%	72.3%	12.9%	1,827	16.2%	71.7%	12.1%	1,762
Blue Collars	12.6%	66.1%	21.3%	2,259	15.9%	64.6%	19.5%	2,326
Total	**11.2%**	**68.4%**	**20.4%**	**4,988**	**13.5%**	**67.5%**	**19.0%**	**4,919**

The majority of the workforce is between the age of 30 and 50 (68.4%).

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT, BY GENDER AND REGION

GROUP

Employment contract	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Permanent	4,178	760	4,938	4,137	734	4,871
Temporary	25	25	50	26	22	48
Total	**4,203**	**785**	**4,988**	**4,163**	**756**	**4,919**

ITALY

Employment contract	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Permanent	3,995	660	4,655	3,965	632	4,597
Temporary	6	5	11	8	1	9
Total	**4,001**	**665**	**4,666**	**3,973**	**633**	**4,606**

REST OF THE WORLD

Employment contract	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Permanent	183	100	283	172	102	274
Temporary	19	20	39	18	21	39
Total	**202**	**120**	**322**	**190**	**123**	**313**

As shown in the tables above, 93.5% of our employees work in Italy, which is considered the only significant location of operation as this is where our plants and most of our workforce is located. The vast majority of our employees have a permanent contract (99.0%).

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT TYPE, BY GENDER AND REGION

GROUP

Full-time/Part-time	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Full-time	4,199	756	4,955	4,157	731	4,888
Part-time	4	29	33	6	25	31
Non-guaranteed hours (e.g. casual employees, employees with zero-hour contracts, on-call employees)	—	—	—	—	—	—
Total	**4,203**	**785**	**4,988**	**4,163**	**756**	**4,919**

ITALY

Full-time/Part-time	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Full-time	3,998	639	4,637	3,970	611	4,581
Part-time	3	26	29	3	22	25
Non-guaranteed hours (e.g. casual employees, employees with zero-hour contracts, on-call employees)	—	—	—	—	—	—
Total	**4,001**	**665**	**4,666**	**3,973**	**633**	**4,606**

REST OF THE WORLD

Full-time/Part-time	December 31, 2023			December 31, 2022		
	Male	Female	Total	Male	Female	Total
Full-time	201	117	318	187	120	307
Part-time	1	3	4	3	3	6
Non-guaranteed hours (e.g. casual employees, employees with zero-hour contracts, on-call employees)	—	—	—	—	—	—
Total	**202**	**120**	**322**	**190**	**123**	**313**

NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

EMPLOYEE TURNOVER BY GEOGRAPHICAL AREA

	2023			2022		
	Italy	Rest of the World	Total Group	Italy	Rest of the World	Total Group
Employees as of January 1	4,606	313	4,919	4,337	272	4,609
New Hires	244	71	315	484	92	576
Departures	184	62	246	215	51	266
Transfer	—	—	—	—	—	—
Employees as of December 31	4,666	322	4,988	4,606	313	4,919
New Hires (%)	5.2%	22.0%	6.3%	10.5%	29.4%	11.7%
Departures (%)	3.9%	19.3%	4.9%	4.7%	16.3%	5.4%

EMPLOYEE TURNOVER BY AGE

	2023				2022			
	<30	30-50	>50	Total Group	<30	30-50	>50	Total Group
Employees as of January 1	665	3,320	934	4,919	598	3,156	855	4,609
New Hires	116	184	15	315	273	282	21	576
Departures	40	149	57	246	46	150	70	266
Age range	(182)	56	126	—	(160)	32	128	—
Employees as of December 31	559	3,411	1,018	4,988	665	3,320	934	4,919
New Hires (%)	20.8%	5.4%	1.5%	6.3%	41.1%	8.5%	2.2%	11.7%
Departures (%)	7.2%	4.4%	5.6%	4.9%	6.9%	4.5%	7.5%	5.4%

EMPLOYEE TURNOVER BY GENDER

	2023			2022		
	Male	Female	Total Group	Male	Female	Total Group
Employees as of January 1	4,163	756	4,919	3,909	700	4,609
New Hires	229	86	315	453	123	576
Departures	189	57	246	199	67	266
Employees as of December 31	4,203	785	4,988	4,163	756	4,919
New Hires (%)	5.4%	11.0%	6.3%	10.9%	16.3%	11.7%
Departures (%)	4.5%	7.3%	4.9%	4.8%	8.9%	5.4%

All the employees of the Group in Italy (representing 93.5% of the total workforce) are subject to collective agreements (Contratto Collettivo Specifico di Lavoro (CCSL), Accordo Premio di Competitività Ferrari and a collective bargaining agreement for our managers[25]). Ferrari pays salaries that are in line with industry standards. In addition to the statutory minimum wages, salaries are often determined by collective bargaining agreements. All the individual notice periods are provided by the CCSL signed on March 8, 2023, referring to employee's category and business seniority. The minimum notice period is fixed to 10 days.

ANNUAL TOTAL COMPENSATION RATIO

	2023	2022	2021
Total Annual Remuneration of CEO (A)	6,692,434[26]	4,993,961[26]	4,486,151
Median annual total compensation for all the organizations' employees excluding the highest paid individual (B)	50,741	47,000	45,852
Annual Total Compensation Ratio (A/B)	**131.9**	**106.3**	**97.8**
Percentage increase in annual total compensation for the organization's highest-paid individual	34.0%	11.3%	(34.4)%
Median percentage increase in annual total compensation for all of the organization's employees excluding the highest-paid individual[27]	8.0%	2.5%	6.0%
Change in the Annual Total Compensation Ratio	**4.3**	**4.5**	**(5.70)**

[25] *All of our managers are covered by collective bargaining agreements signed by the Italian trade union, Federmanager, on April 28, 2023.*

[26] *Includes €1,994,433 and €1,009,045 recognized as share-based compensation expense during the years ended December 31, 2023, 2022, respectively, for equity awards granted under the Group's Equity Incentive Plan 2023-2025 and the Equity Incentive Plan 2022-2024 that will vest in 2026 and 2025, respectively, subject to certain performance and service conditions. See also "Remuneration of Directors—Directors' Compensation" and "Remuneration of Directors—Directors' Compensation—Share-Based Compensation of Executive Directors".*

[27] *The data refers to the percentage increase of the median annual total compensation for all employees (excluding the highest-paid individual) from the previous reporting period to the next reporting period.*

In line with the GRI standards, during 2023, the ratio of the annual total compensation[28] for the highest-paid individual to the median annual total compensation for all employees is 131.9. The ratio of the percentage increase in annual total compensation for the highest-paid individual to the median percentage increase in annual total compensation for all employees is 4.3. In 2022, the ratio was 106.3, while the ratio of the percentage increase was 4.5. Both in 2023 and 2022, the highest-paid individual was the CEO.

For further details on the internal pay ratios calculated in line with the Dutch Corporate Governance Code, please refer to the chapter "*Remuneration of Directors—Remuneration of the Members of the Board of Directors and the Executive Council—1. Remuneration Strategy for the 2023 Financial Year—Lock up period—Internal pay ratios*".

ABSENTEEISM RATE IN ITALY[29]

	2023	2022
Employees	1.41%	2.59%

[28] *Annual total compensation includes base salary, short-term incentives, competitiveness bonuses, long-term incentives, one-time bonuses or other bonuses paid during the year, cash allowances and annual retention bonuses provided to the organization's highest-paid individual and to all employees over the course of a year. For the purpose of calculating the annual total compensation, full-time equivalent (FTE) pay rates are used for each part-time employee and total target amounts of bonuses and incentives were considered. For further details on remuneration, please refer to the chapter "Remuneration of Directors".*

[29] *The absenteeism rate is calculated as a ratio of hours lost for sickness divided the number of hours to be worked. The perimeter considered relates only to Ferrari N.V., Ferrari S.p.A. and Mugello Circuit S.p.A. employees.*

Reducing Our Environmental Footprint

Our Environmental Responsibility

We aim to increase our environmental awareness to continuously set and implement related programs and actions.

We deeply believe that ensuring access to a pure and blooming environment should not be a privilege but rather a basic human right. In this respect, our efforts aim to minimize the negative impacts of our activities on natural resources and the global environment, committing to protect the environment for present and future generations. In particular, we are aware of the challenges and opportunities posed by climate change for sustainable business development. The following section aims, among other things, at providing a transparent disclosure on climate change-related matters, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). For further details, please refer to the TCFD table at the end of this Statement.

Our Strategy to Reach Carbon Neutrality by 2030

Our business strategy is in line with climate change-related commitments and developments at the international, national and regional level, such as the Paris Agreement and Sustainable Development Goals (SDGs). In this context, our most significant environmental efforts are deployed through a program for the reduction of polluting and GHG emissions, both direct and indirect.

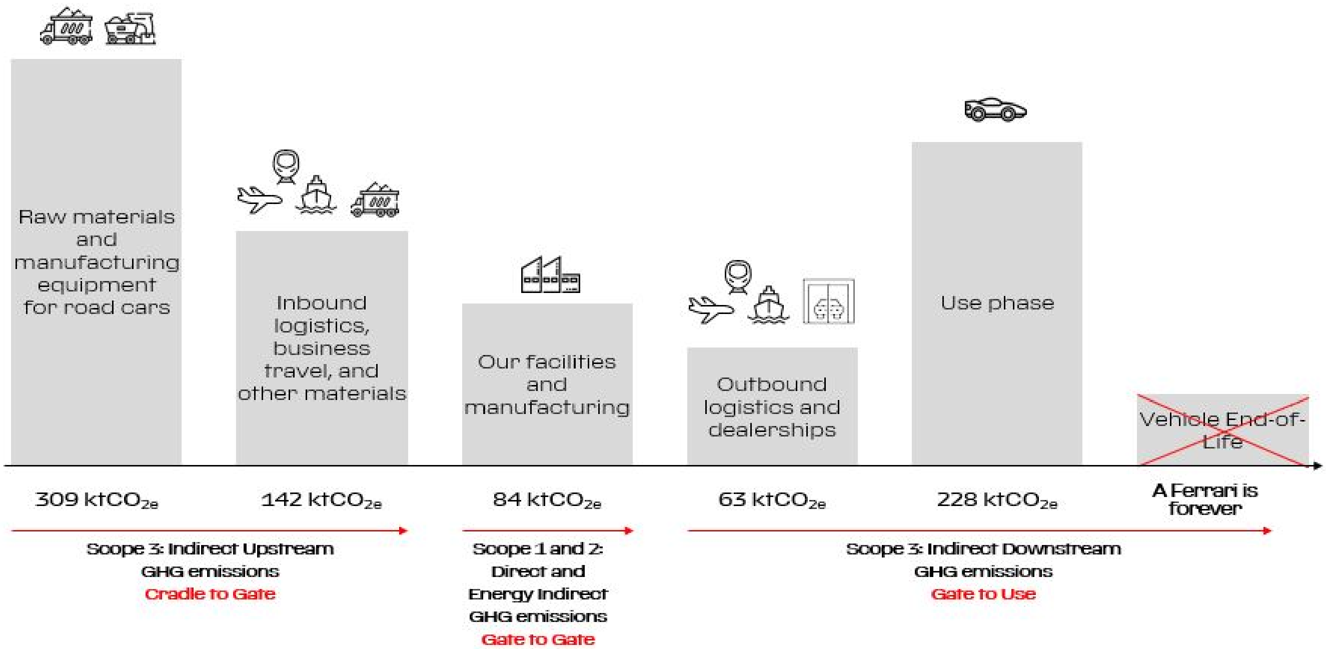
Since 2021, we calculate our carbon footprint considering the GHG emissions related to all Group activities over our entire value chain, based on GHG protocol methodology and verified by a third-party certification entity according to ISO 14064-1:2018 requirements. Each year we update our calculation to monitor our performance. During our 2022 Capital Markets Day, we have detailed our commitment to achieving carbon neutrality by 2030 on our entire value chain, addressing direct and indirect GHG emissions.

In particular, we are currently working on our electrification journey, developing hybrid and electric powertrains together with other innovations, in line with specific regulatory requirements, to prepare for a low-emissions future. Nevertheless, our commitment is to go beyond the decarbonization of the use phase and beyond cutting GHG emissions domestically. Being that the purchased goods category accounts for the majority of our Scope 3 emissions, we have started to act upstream to ensure fair and widespread actions at a global level, focusing on recycled materials and the development of innovative technologies. For this reason, the engagement of our suppliers is a fundamental aspect of our decarbonization strategy.

Our contribution to achieving the targets set in 2015 by the Paris Agreement is threefold:

a. carbon neutrality in our operations already starting from 2021 emissions, through high quality projects with climate and social contributions (decreasing by at least 90% our Scope 1 and 2 absolute CO_{2eq} emissions by 2030 versus 2021);
b. reduction of at least 40% of our Scope 3 emissions per car, focusing mainly on materials and vehicle use phase (upstream: -30% per car by 2030 vs. 2021 and downstream: -50% per car by 2030 vs. 2021); and
c. commitment to set science based targets. The final version of the Science Based Targets initiative (SBTi) pathway for automakers has not been released as of the date of publication of this document.

2022 FERRARI GROUP CARBON FOOTPRINT[30]



The whole Ferrari Group carbon footprint for 2023 is currently being processed, whereas, Scope 1 and 2 direct and energy indirect emissions are already available and equal to 78 ktCO_2, as presented in the Reducing Our Direct Environmental Impacts section.

Assessing and Governing Climate-Related Risks

Our risk management approach is an important business driver and it is integral to the achievement of the Group's long-term business plan. As relevant factors for long-term value creation, we consider pivotal to manage risks related to climate change. The fight against climate change and the preservation of the environment are becoming crucial around the world and these concerns have resulted in rapidly evolving climate and environmental regulations emitted across international markets.

Following the structure described in the "*Risk Management Process and Internal Control Systems"* section of this Report, at the first level of control, the FLT is responsible for identifying, prioritizing and mitigating risks and for the establishment and maintenance of a risk management system across our business functions. In particular, until December 2023, our CFO, who is a member of the FLT, was in charge of the risk management function that is involved, among other risks, in the assessment, monitoring and management of environmental and climate-related risks. Since December 2023, this role has been assigned to the Chief of Internal Audit, Risk and Compliance Officer. Operating areas represent the first line of defense, they identify and assess climate-related risks and, in collaboration with the central function of risk management, those risks are assessed, monitored and managed at corporate level.

The Green Sustainability Steering Committee is composed of representatives from different functions and it has the objective of achieving the GHG emissions reduction targets by 2030. Specifically, within the Research & Development department, a team is responsible for future development aiming at reducing CO_{2eq} emissions of Ferrari cars, among which the future full electric powertrain. Whereas, another team is in charge of overseeing regulatory developments while monitoring Ferrari cars' emissions. In addition, the Research & Development, the Product Development and the Purchasing

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[30] *The emissions reported for 2022 were certified by a third-party in compliance with ISO 14064-1. This standard allows for judgment calls resulting in a range of possible outcomes. Therefore, no comparison of the disclosed data is possible with other studies unless methodology and data assumptions are exactly the same. The methodology has been updated compared to the one applied in 2021, with the 2022 methodology the 2021 GHG emissions are distributed differently among the ISO 14064 categories, leading to an increase from 622 ktCO_{2eq} to 751 ktCO_{2eq} of the total GHG emissions.*
Raw materials and manufacturing equipment for road cars include categories 1, 2 and 3 of the GHG Protocol; Inbound logistics, business travel and other materials include categories 1 (services), 4, 6 and 7 of the GHG Protocol; Our facilities and manufacturing include Scope 1 and 2; Outbound logistics and dealerships include categories 9 and 14 of the GHG Protocol; Use phase includes category 11 of the GHG Protocol.

& Quality departments, are working with our suppliers to find solutions to meet our target of 30% reduction per car of our Scope 3 upstream emissions. These departments report to the Chief Research & Development Officer, the Chief Product Development Officer and the Chief Purchasing & Quality Officer, respectively.

In 2022, we conducted a thorough Climate Scenario Analysis of our prospective climate change risks, both physical and transitional, following the most up-to-date methodologies available internationally, covering the 2030 to 2050 time-horizon, to strengthen our resilience strategy. In 2023, the assumptions of this analysis remained unchanged. The choice of the scenarios for physical and transitional risks is based on EU and international guidelines (i.e.: EU Taxonomy and TCFD respectively), on climate literature, availability of impact studies and likelihood of scenarios. We used the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC) scenarios along with the Swiss RE, Moody's Analytics, and Wood Mackenzie international databases.

More specifically, for physical risks, the Representative Concentration Pathways (RCP) correspond to defined emissions and global warming levels. Each RCP scenario is modeled by the scientific community in terms of physical impacts. In particular, we have considered the RCP 8.5, RCP 4.5 and RCP 2.6 scenarios.

With regard to transition scenarios analysis, according to different scenarios, transition speeds might vary greatly in the next two decades. The assessment of transition climate-related risks is based on a qualitative and quantitative climate-related scenario analysis. We take into account prospective scenarios for technological development, market conditions and normative evolutions. These scenarios are based on the IEA (namely NZE, APS and STEPS scenarios), combined with many different literature studies, based on the definition of a climate ambition and technology progress parameter. Also, IPCC SSP scenarios were used to create charging infrastructure projections. The overall structure of the analysis relies on the pairing of physical and transition scenarios following the combinations: (1)SSP1/NZE- (2)SSP2/APS- (3)SSP3-5/STEPS.

With the evolution of climate scenario analysis, we expect the processes and data quality to improve over time, which will advance our understanding of climate risks and opportunities and will support us in strengthening our resilience and adaptation to climate change.

Following this analysis, we have strengthened our mitigation plan related to physical risks regarding our production plants in Maranello and Modena. This plan includes actions to mitigate against extreme weather events such as floodings, hail episodes and droughts.

Reducing Our Direct Environmental Impacts

Our most significant environmental efforts are deployed through efficiencies in the manufacturing processes and a program for the reduction of polluting emissions.

We assemble all of our cars and manufacture all the engines used in our cars or sold to Maserati at our production facility in Maranello[31] (Italy). The Carrozzeria Scaglietti plant, located in Modena (Italy), is where we manufacture aluminum bodyworks and chassis. The two plants cover a cumulative area of approximately 860 thousand square meters. We also own the Mugello racing circuit in Scarperia, near Florence (Italy), which covers an area of 1.7 million square meters (of which approximately 1.2 million square meters of green or tree-covered areas).

We directly operate 14 retail stores, maintain our Lifestyle office in Milan and other offices for our foreign subsidiaries as well as other smaller facilities in Italy, such as the Museo Enzo Ferrari (MEF) in Modena and the Ferrari Museum in Maranello. The environmental impact of these additional facilities, even though deemed negligible, is still measured and reported in terms of energy consumption and greenhouse gas (herein after "GHG") emissions. Other environmental indicators, such as water withdrawals and discharges and waste generation are deemed negligible, and excluded.

The monitoring and management of the environmental performance of our productive plants is assigned to a team that reports to our Chief Technologies & Infrastructures Officer. Their effort is aimed at minimizing the impact of our activities on the environment, particularly in relation to the energy consumption of the production facilities.

[31] *Maranello production facility is composed of the main offices, production buildings, and the adjacent Fiorano track (of approximately 3 thousand meters).*

Environmental management systems

We have invested heavily to minimize our environmental impact since 2001, when the Company reached the ISO 14001 certification for its plants in Maranello and Modena. In 2022, we obtained the renewal of the certification of our environmental management system according to the standard ISO 14001:2015. In addition, in 2007, we obtained and since then renewed the Integrated Environmental Authorization. As mentioned in our Environmental Practice, our effort is to minimize the negative impact of our activities on natural resources and the global environment.

In addition, in 2023 Ferrari S.p.A. obtained the three stars of the FIA Environmental Accreditation Program. The program development by the Fédération Internationale de l'Automobile aims at helping key players in the motorsport and automotive sector measure and enhance their environmental performance by means of an independent certification process.

To further reflect our sustainability commitment, we have obtained several certifications assessing our sustainable event management. This includes, but is not limited to, the assessment of the following aspects: separate collection of waste and recycling of materials (circular economy), energy efficiency, mobility and logistics, accessibility for people with disabilities, diversity and inclusion, battle against food waste, local development and economic impact. In this respect, in 2023, we obtained once again the ISO 20121 certification, the international standard for sustainable event management, for the Ferrari Challenge Europe. The standard applies to the planning and realization of the 2023 Championship. In the same year, also Passione Ferrari, Esperienza Ferrari and Ferrari Tour, driving events dedicated to clients and sports car lovers, obtained the ISO 20121 certification.

During 2023, we also obtained the ISO 20121 certification for the Ferrari Factory Tour, a unique experience for clients, prospects and guests of sponsors, where ad-hoc guided tours are organized to the "Cittadella Ferrari" and the iconic places of the "Cavallino Rampante". In line with a continuous improvement approach, in 2023 we electrified our bus fleet.

The Mugello Circuit S.p.A. obtained and renewed the certification for the environmental management system with ISO 14001:2015 and EMAS (Eco-Management and Audit Scheme). Moreover, in 2020, Mugello Circuit S.p.A. obtained the ISO 20121 certification, confirmed also in 2023. Mugello Circuit S.p.A. has been the first circuit in the world to obtain this certification. This standard applies to the activities related to the events hosted and is evidence of the commitment of Mugello Circuit S.p.A. to implement a responsible and sustainable management system. Moreover, in 2023, Mugello arrived first in the Sustainable Circuits Index™ (SCITM).

Efficient energy use

Our culture embraces a rational use of energy, which is mainly utilized for the manufacturing of cars and engines.

Over the years, the Group has strived to lower its energy consumption and to minimize its environmental impact, adopting innovative solutions and using renewable energy sources for its manufacturing facilities.

In 2008, we installed our first solar panels and subsequently increased capacity since then. Since 2014, we have been purchasing electricity with Guarantee of Origin certificates and since 2021, 100% of the electricity purchased from the grid for our production plants is generated by renewable sources.

In addition, from 2009, we started using electricity along with hot and cold water generated by the trigeneration plant, allowing us to optimize our energy needs. In 2023, the trigeneration plant and the solid oxide fuel cell plant produced 67% of the electricity needed for the Maranello plant, while the renewable sources[32] cover the remaining 33%. In 2023, the trigenerator produced 95 GWh of electricity.

[32] *Thanks to our photovoltaic system and the purchase of Guarantee of Origin certificates.*

ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Unit of measurement: TJ	2023	2022
Non-renewable fuel consumption	**1,299**	**1,384**
Natural Gas (used for trigenerator)	788	917
Natural Gas (for other uses)	434	394
Gasoline	63	59
Diesel[33]	14	14
Total electricity bought for consumption	**217**	**196**
From renewable sources	199	178
From non-renewable sources	18	18
Electricity self-produced for consumption[34]	**6**	**3**
Electricity sold	**(2)**	**(3)**
Total	**1,520**	**1,580**

The total energy consumption within the Group for 2023 was 1,520 TJ, with a decrease of 4% from 2022 (1,580 TJ) mainly due to energy efficiency projects.

We are planning to gradually reduce the use of trigeneration through an electrification process. During 2023, we have installed photovoltaic panels for about 2.4 MWp. In addition, in 2023, we have implemented actions such as the reduction of both the temperature and the degassing time of our light alloys furnaces, the electrification of our facilities including the installation of high-efficiency heat pumps to replace gas boilers, and the optimization of the compressed air distribution network and of the operation time of the air treatment units. Moreover, we put into operation more efficient electric motors in our facilities, we installed LED technology and timers on our vending machines in order to let them shut down automatically during periods of disuse.

Scope 1 and Scope 2 GHG Emissions

The GHG emissions deriving from the Maranello and Modena plants, from the Mugello racing circuit and from our stores, museums, subsidiaries' offices and other facilities (Scope 1 and Scope 2 market-based), are equal to 77,691 tCO_{2eq} in 2023, compared to 84,012 tCO_{2eq} in 2022, 92,716 tCO_{2eq} in 2021, and 82,307 tCO_{2eq} in 2020.

DIRECT AND ENERGY INDIRECT GHG EMISSIONS[35]

Unit of measurement: tCO_{2eq}	2023	2022	2021	2020
Scope 1[36]	75,409	81,668	90,832	79,977
Scope 2 (market-based method)[37]	2,282	2,344	1,884	2,330
Scope 2 (location-based method)[38]	21,384	17,252	11,607	9,536

In 2023, our Scope 1 GHG emissions decreased by 7% compared to 2022, mainly due to the electrification process of our Maranello plant. Our Scope 2 (market-based method) GHG emissions remained stable as we continued to purchase Guarantee of Origin certificates for renewable energy for our production plants in Maranello and Modena, and for the

[33] *Data include trucks and power generator related to F1 activities, and car fleet managed by Ferrari.*

[34] *From photovoltaic.*

[35] *2022 data has been restated to align the methodology we applied to the ISO 14064 certification. In 2022, 2020 and 2021 data were restated to include all Group facilities (stores, museums, subsidiaries' offices and other facilities) and to align the methodology we applied to the ISO 14064 certification.*

[36] *Direct greenhouse gas emissions, measured in tons of CO_{2eq}, were calculated using emission factors indicated in "Ecoinvent 3.8" database, and "Sixth Assessment Report" published by the IPCC. Gases included in the calculation of the Scope 1 GHG emissions: CO_2, CH4 , N2O, HFCs and other refrigerant gases.*

[37] *Market-based indirect greenhouse gas emissions, measured in tons of CO_2eq, were calculated using the Residual Mix emission factors indicated in "2022 European Residual Mixes, V.1.0", published by AIB, and "Emissions Factors 2023", published by International Energy Agency (IEA). The Group purchases Guarantee of Origin (GO) certificates in order to reduce the impact of CO_{2eq} emissions in the atmosphere.*

[38] *Location-based indirect greenhouse gas emissions, measured in tons of CO_{2eq}, were calculated using the emission factor indicated in "Emissions Factors 2023", published by International Energy Agency (IEA).*

Mugello circuit. Our Scope 2 (location-based method) GHG emissions have increased due to the gradual shift from natural gas to electricity in our production plants and an increase in the electricity emission factors.

As shown in the table below, we managed to decouple our economic growth from our environmental impact. In other words, we continue growing our business activities while at the same time reducing our Scope 1 and 2 market-based GHG emissions, with the exception of 2020, which was impacted by the COVID-19 pandemic.

Carbon ratio[39]	**2023**	**2022**	**2021**	**2020**	**2019**	**2023 vs. 2019**
Net Revenues (€ million)	5,970	5,095	4,271	3,460	3,766	58.5
Adj. EBITDA (€ million)	2,279	1,773	1,531	1,143	1,269	79.6
Carbon on net revenues ratio (CoR) (tCO_{2eq}/€ million)	13.0	16.4	21.7	23.8	22.8	(48.2)
Carbon on Adj. EBITDA ratio (tCO_{2eq}/€ million)	34.1	47.2	60.6	72.0	67.8	(54.3)

Along with the implementation of GHG emission reduction initiatives, we believe it is of the utmost importance to act now also by starting to purchase certified carbon avoidance credits. Through these credits, we have already achieved carbon neutrality in all our operations for 2021 and 2022 Scope 1 and 2 GHG emissions.

Our climate action continues beyond the value chain to participate in the global race against climate change and its environmental and social challenges. Since 2022, we have partnered with ClimateSeed to support a unique carbon avoidance project in Canada that pools more than 800 local carbon-reduction micro-projects by SMEs, municipalities, and NGOs together to provide high additional social impacts. The Sustainability Community Project is certified by the Verified Carbon Standard (VCS) - Verra, one of the most recognized GHG crediting programs. The GHG reductions come from diverse sources of individual activities such as improved energy efficiency for buildings, redirection of waste away from landfills, and promotion of fuel-switching activities. Since contributing to this project, the project developer has been innovating how it manages and monitors the micro-projects through digital solutions to scale the onboarding of new projects and digitally manage the carbon emissions inventory. The project carrier is continuously searching for new SME prospects to join their sustainable community, which includes more than 150 members and more than 1 thousand buildings in the province of Quebec. The project's main objective is to bring up to 10 thousand customer facilities together in a "sustainable community" to reduce GHG emissions.

Beyond project certification, ClimateSeed assesses project carriers to identify the ultimate beneficial owners behind every single project, preventing money laundering and terrorist financing. In addition, ClimateSeed developed an internal project evaluation framework which includes all key aspects to assess the various dimensions of a project, such as additionality, permanence, leakage, social safeguards and rights, benefit-sharing structures, biodiversity impacts, and co-benefits related to Sustainable Development Goals. ClimateSeed guarantees fair and transparent margins, no resale, no secondary market, and carbon credit retirement on behalf of Ferrari.

As soon as deliberate actions will be implemented, we will reverse the trend reducing climate contribution activities, decreasing by at least 90% our Scope 1 and 2 absolute CO_{2eq} emissions by 2030 versus 2021.

Other Relevant Air Emissions

Other significant air emissions are mainly related to volatile organic compounds (VOCs) released during vehicle manufacturing. In addition, NO_X, SO_X and dust emissions are constantly monitored.

[39] *The carbon ratios are based on the sum of the GHG emissions from Scope 1 and Scope 2 market-based method.*

OTHER SIGNIFICANT AIR EMISSIONS

Unit of measurement: tons	2023	2022
NO_X	61.7	59.4
SO_X	1.0	0.3
Volatile Organic Compounds (VOCs)	68.3	54.2
Dusts	4.4	8.9

Waste management

We acknowledge that rational use of raw materials, together with careful waste management, helps reduce the environmental impact of the manufacturing process. In addition, innovative solutions and advanced technical processes minimize waste and negative environmental impact. The reuse of production scraps in our manufacturing process also has the objective of reducing waste.

To achieve this target, in these past years, a series of initiatives in the different phases of the manufacturing process have been implemented. As an example, aluminum scraps are melted in the foundry to avoid waste, this is particularly important considering that aluminum is the first raw material (by weight) used in our manufacturing process. Other projects aimed at reducing waste are undergoing a feasibility analysis. In particular, according to the concept of circular economy, in some cases our production scraps can be used for our manufacturing processes (for example processed sand used in the foundry and aluminum that cannot be smelted). Starting from 2021, we initiated a project to reduce the waste generated through the improvement of the existing on-site water treatment in Maranello. In addition, the project also allowed a reduction of the truck traffic for transport to third-party disposers. The project was developed in two phases. The first phase consisted in the installation of a treatment plant for washing and degreases solutions, while the second phase involved the installation of an evaporator treatment plant for oil emulsions.

Total waste[40] for 2023 was equal to 8,821 tons, with an increase of 4% compared to 2022 (8,448 tons), entirely treated offsite. This increase is mainly due to maintenance activities and an increase in the number of vehicles produced, in fact, total waste per vehicle produced remains stable.

WASTE DIVERTED FROM DISPOSAL

Unit of measurement: tons	2023		2022	
	Weight	Percentage	Weight	Percentage
Preparation for reuse	—	—%	—	—%
Recycling	669.6	12.2%	616.0	13.0%
Total Hazardous Waste	**669.6**	**12.2%**	**616.0**	**13.0%**

[40] *2023 and 2022 data include waste generated by Ferrari S.p.A. in the plants of Maranello and Modena and warehouses and Mugello Circuit S.p.A.*

Unit of measurement: tons	2023		2022	
	Weight	Percentage	Weight	Percentage
Preparation for reuse	16.7	0.3%	21.2	0.4%
Recycling	4,796.9	87.5%	4,112.5	86.6%
Total Non-Hazardous Waste	**4,813.6**	**87.8%**	**4,133.7**	**87.0%**
Total Waste Diverted From Disposal	**5,483.2**	**100.0%**	**4,749.7**	**100.0%**

WASTE DIRECTED TO DISPOSAL

Unit of measurement: tons	2023		2022	
	Weight	Percentage	Weight	Percentage
Incineration with or without energy recovery	—	—%	—	—%
Landfilling	0.3	—%	0.4	—%
Other disposal operations	602.1	18.0%	802.6	21.7%
Total Hazardous Waste	**602.4**	**18.0%**	**803.0**	**21.7%**

Unit of measurement: tons	2023		2022	
	Weight	Percentage	Weight	Percentage
Incineration with or without energy recovery	—	—%	—	—%
Landfilling	120.6	3.6%	98.0	2.7%
Other disposal operations	2,614.7	78.4%	2,797.1	75.6%
Total Non-Hazardous Waste	**2,735.3**	**82.0%**	**2,895.1**	**78.3%**
Total Waste Directed to Disposal	**3,337.7**	**100.0%**	**3,698.1**	**100.0%**

After the 2020 and 2021 suspension due to COVID-19, in 2022 and 2023 we organized KiSS Mugello (Keep it Shiny and Sustainable), the environmental and social sustainability program of the Italian Grand Prix of MotoGP. Its aim is to raise awareness about the need to reduce the environmental footprint generated by mega-events, such as the Italian Moto GP. On the one hand, some examples of the environmental initiatives carried out are the installation of free drinking water dispensers to reduce the use of plastic during the events and the collection of used motor and cooking oils, as well as the separate waste collection organized all around the Circuit by local operators. On the other hand, some examples of social activities carried out are the donation of meals to help people in need from the local community and the solidarity pit lane walk that this year was extended to 8 local associations.

Water management

We are well aware of the importance of a responsible management of water and, even if our plants are not located in areas exposed to high or extremely high overall water risks, nor our production process can be considered water intensive, we have developed a series of initiatives to reduce water consumption in our manufacturing processes. This commitment was reinforced by introducing the adiabatic cooling system in our New Technical Center, a new technology which allows us to save more water compared to traditional methods. Moreover, we collect and reuse rainwater and condensation for sanitary facilities. In 2023, we completed the installation of additional water consumption meters integrated into the energy monitoring software, helping us map the allocation of water consumption.

In 2023, the plant for the recovery of wastewater was approved, with the aim of reintroducing water into the production process. This project will result in a reduction of more than 3% in water consumption. Where there is no possibility of reuse, wastewater is treated in accordance with all applicable laws and regulations.

All the water sourced comes from municipal water supplies and wells: as of today, no water bodies are directly affected by the withdrawal of water.

WATER WITHDRAWAL BY SOURCE[41]

Unit of measurement: ML	2023		2022	
	All areas	of which areas with water stress[42]	All areas	of which areas with water stress[43]
Groundwater	529.9	29.5	522.9	22.7
Third-party water	261.4	0.0	215.0	0.0
Total[44]	**791.3**	**29.5**	**737.9**	**22.7**

All the wastewater of our plants is always monitored and channeled in the public sewage system and not directly into water bodies. The water used in some of the industrial processes (such as washing solutions or paint washing), before its discharge in the public sewer system, is treated by an industrial water treatment plant where it undergoes the necessary chemical, physical, and biological treatments.

The Mugello Circuit is self-sufficient in terms of water resources. In particular, the Circuit has the ownership of the wells through which water is taken from the aquifer. The water is then stored in tanks and treated by an external company so that it can be used again. There have never been large decreases in the total water present in the aquifers.

WATER DISCHARGE BY DESTINATION[45]

Unit of measurement: ML	2023		2022	
	All areas	of which areas with water stress[46]	All areas	of which areas with water stress[47]
Effluents / Water bodies	—	—	—	—
Public sewer system	455.8	29.5	420.7	22.7
Freshwater (≤1.000 mg/l total dissolved solids)	29.5	29.5	22.7	22.7
Other water (>1.000 mg/l total dissolved solids)	426.3	—	398.0	—
Total	**455.8**	**29.5**	**420.7**	**22.7**

The water consumption of Ferrari is calculated in terms of water withdrawal net of the amount of water discharged. In 2023, total consumption was 335.5 Megaliters (ML) of which the consumption from water stressed areas was 0 Megaliters.

41 *Water stress analysis performed with 2023 Aqueduct Water Risk Atlas (World Resources Institute). 2023 and 2022 data includes water withdrawal by Ferrari S.p.A. in the plants of Maranello and Modena and warehouses and Mugello Circuit S.p.A.*

42 *2023 data refers to Mugello racing circuit.*

43 *2022 data refers to Mugello racing circuit.*

44 *Total water withdrawal refers to freshwater (≤1,000 mg/L Total Dissolved Solids).*

45 *2023 and 2022 data includes water discharged by Ferrari S.p.A. in the plants of Maranello and Modena and warehouses and Mugello Circuit S.p.A.*

46 *2023 data refers to Mugello racing circuit.*

47 *2022 data refers to Mugello racing circuit.*

Biodiversity and noise pollution

We carried out a proximity analysis to investigate the presence of protected areas within a radius of approximately 10 km from our sites. To our best knowledge, our plants and racing circuits do not have a significant environmental impact on such areas.

Moreover, our Mugello racing circuit is located in an extremely important natural landscaping area, so the main tribune has been constructed using eco-active materials with zero impact on the surrounding zone to help reduce both pollutants and bacteria.

Operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas								
Site	**Geographic location**	**Type of operation**	**Position in relation to the protected area or the high biodiversity value area outside protected areas (km)**	**Size of operational site in km^2**	**Protected biodiversity area**	**Size of biodiversity area km^2**	**Biodiversity value characterized by the attribute of the protected area or area of high biodiversity value outside the protected area (terrestrial, freshwater, or maritime ecosystem);**	**Biodiversity value characterized by listing of protection status**
Maranello	Emilia-Romagna	Manufacturing	7.60 km	0.46 km^2	Faeto, Varana, Torrente Fossa	3.91 km^2	Terrestrial & Freshwater	ZSC IT4040013
			9.70 km		San Valentino, Rio della Rocca	7.85 km^2	Terrestrial & Freshwater	ZSC IT4030016
			10.60 km		Cassa di espansione del Fiume Panaro	2.76 km^2	Terrestrial & Freshwater	ZSC/ZPS IT4040011
			3.01 km		Salse di Nirano	3.71 km^2	Terrestrial & Freshwater	ZSC IT404007
Fiorano	Emilia-Romagna	Racing Circuit	7.04 km	0.37 km^2	Faeto, Varana, Torrente Fossa	3.91 km^2	Terrestrial & Freshwater	ZSC IT4040013
			9.03 km		San Valentino, Rio della Rocca	7.85 km^2	Terrestrial & Freshwater	ZSC IT4030016
			2.23 km		Salse di Nirano	3.71 km^2	Terrestrial & Freshwater	ZSC IT404007

Mugello	Tuscany	Racing Circuit	4.55 km	1.7 km^2	Bosco ai Frati	1.71 km^2	Terrestrial & Freshwater	SIC IT5140006
			6.30 km		Conca di Firenzuola	23.38 km^2	Terrestrial & Freshwater	ZSC IT5140003
			4.14 km		Colla di Casaglia	61.11 km^2	Terrestrial & Freshwater	ZSC IT5140004
Scaglietti	Emilia-Romagna	Manufacturing	10.61 km	0.03 km^2	Casse di espansione del Secchia	4.76 km^2	Terrestrial & Freshwater	ZSC/ZPS IT4030011
			4.72 km		Cassa di espansione del Fiume Panaro	2.76 km^2	Terrestrial & Freshwater	ZSC/ZPS IT4040011

With regard to the noise produced in proximity of the Fiorano and Mugello circuits, the acoustic monitoring of the plant perimeter is regularly carried out and the Mugello Circuit complies with the authorization received by the appropriate authorities.

Reducing the Environmental Impacts along the Value Chain

Scope 3 GHG Emissions

In our decarbonization strategy, we focus on both upstream and downstream Scope 3 GHG emissions. In fact, we believe that focusing only on the vehicle use phase is not enough, and we need to focus on raw materials as well.

Our Scope 3 indirect upstream and downstream emissions for 2022 are reported in the section *"—Our Strategy to Reach Carbon Neutrality by 2030"*. The calculation of the Scope 3 emissions for 2023 is currently being processed.

The Scope 3 emissions reduction target of at least an average of 40% per car by 2030 will be achieved, given current technology, through:

a. Electrification for the vehicle use phase, expanding our offering of hybrid and electric models, thereby reducing by 2030 at least an average of 50% CO_{2eq} emissions per car;
b. Use, among others, of recycled aluminum to reduce by 2030 at least an average of 30% CO_{2eq} emissions per car to counteract the impact of mostly battery modules which will otherwise increase raw materials emissions.

Constant dialogue with partners in the supply chain is key to identifying the innovative approaches to further reduce GHG emissions. While we are looking for new ideas to decarbonize our business, the unavoidable GHG emissions will be managed through our engagement in the purchase of certified carbon avoidance and sequestration credits.

We calculate our carbon footprint considering the GHG emissions related to all Group activities over our entire value chain, based on GHG protocol methodology and verified by a third-party certification entity according to ISO 14064-1:2018 requirements. Hereafter the GHG protocol Scope 3 categories reported:

a. Purchased goods and services: Extraction, production, and transportation of goods and services purchased or acquired;
b. Capital goods: Extraction, production, and transportation of capital goods purchased or acquired;
c. Fuel- and energy-related activities (not included in Scope 1 or Scope 2): Extraction, production, and transportation of fuels and energy purchased or acquired , not already accounted for in Scope 1 or Scope 2.
d. Upstream transportation and distribution:
    i. Transportation and distribution of products purchased between its tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by Ferrari);

  ii. Transportation and distribution services purchased , including inbound logistics, outbound logistics (e.g., of sold products), and transportation and distribution between its own facilities (in vehicles and facilities not owned or controlled by Ferrari);

e. Business travel: Transportation of employees for business-related activities (in vehicles not owned or operated by Ferrari);
f. Employee commuting: transportation of employees between their homes and their worksites.
g. Downstream transportation and distribution: Transportation and distribution of products sold between its operations and the end consumer, including retail and storage (in vehicles and facilities not owned or controlled by Ferrari);
h. Use of sold products: End use of goods and services sold;
i. Franchises: the Scope 1 and Scope 2 emissions of franchisees, Ferrari reports its dealers in this category.

Based on the methodology applied in 2022, the table below shows the details for each GHG emissions category. The ISO 14064-1 allows for judgment calls resulting in a range of possible outcomes and is subject to annual reviews to improve the calculation of the company's GHG emissions, resulting in some cases in incomparability between one year and another.

Scope 3 Category[48]		Included	Reason for exclusion	Methodology			
				Source	Method[49]	Emission factors	Assumptions
1	Purchased goods and services	Yes	—	Warehouse inbound documents, Supplier specific data, Verified data included in Financial Reports (Services)	Supplier specific method, Hybrid method, Average data method, Spend based method (services)	Ecoinvent, Supplier specific, EEIO	Processes of raw materials not included for bought components. Services of the subsidiaries are not included (not material).
2	Capital Goods	Yes	—	Verified data included in Financial Reports	Spend based method	EEIO[50]	
3	Fuel and energy related services	Yes	—	Invoices	Activity data method	Ecoinvent[51]	
4	Upstream transportation and distribution	Yes	—	Delivery inbound documents, Supplier specific data	Supplier specific method, Distance based method	Ecoinvent, Supplier specific	Packaging weight not included.
5	Waste generated in operations	No	Not Material (< 5% of category)	—	—	—	

48 *As defined in the GHG protocol.*
49 *As defined in the GHG protocol.*
50 *The GHG emissions of this category were calculated using the Extended Environmental Input-Output (EEIO) factors indicated in "Consumption based accounting tool: 2022", published by Eurostat.*
51 *The GHG emissions of this category were calculated using the emission factors the Ecovinvent database (v3.8) through the Simapro tool.*

6	Business travel	Yes	—	Supplier data extraction, Scuderia Ferrari logistic plans	Supplier specific method, Distance based method, Average data method	Ecoinvent, Supplier specific, DEFRA[52]	Only employees in Italy are included in the calculation.
7	Employee commuting	Yes	—	Internal database, Internal survey	Distance based method	Ecoinvent	Only employees in Italy are included in the calculation.
8	Upstream leased assets	No	The leased cars are accounted for in Scope 1 (operational control)	—	—	—	
9	Downstream transportation and distribution	Yes	—	Delivery outbound documents, Supplier specific data	Supplier specific method, Distance based method	Ecoinvent, Supplier specific	
10	Processing of sold products	No	Not relevant for Ferrari	—	—	—	
11	Use of sold products	Yes	—	Official homologation process	Activity data method	Homologation[53]	Only Tank to Wheel emissions are included.
12	End-of-Life treatment of sold products	No	Ferrari cars are not disposed of	—	—	—	
13	Downstream leased assets	No	Not relevant for Ferrari	—	—	—	
14	Franchises	Yes	—	Internal data collection	Activity data method	ISPRA/EPA/ Terna, Ecoinvent[54]	
15	Investments	No	Not Material (< 5% of category)	—	—	—	

Vehicle emissions

We are subject to a variety of laws and regulations that, among others, are related to car emissions and fuel consumption. Ferrari vehicles must comply with extensive regional, national and local laws and regulations, as well as industry self-regulations (including those that regulate vehicle safety). However, we currently benefit from certain regulatory

[52] *The GHG emissions of this category were calculated using the emission factors indicated in "ghg-conversion-factors-2022-full-set; v2.0", published by the Department for Environment Food & Rural Affairs (DEFRA) of the UK government.*

[53] *The GHG emissions of this category were calculated using the emission factors the WLTP homologation in the European Union.*

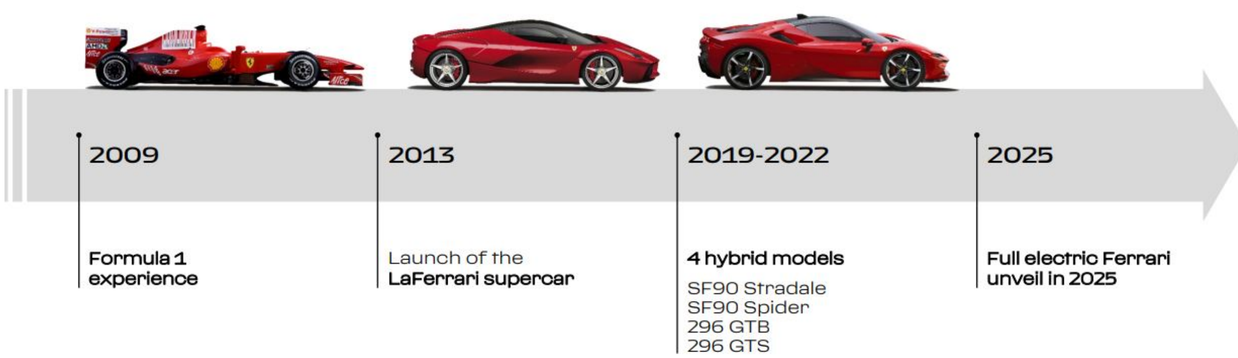
[54] *The GHG emissions of this category were calculated using the emission factors indicated in "Fattori di emissione per la produzione e il consumo di energia elettrica in Italia", published in 2023 by ISPRA, "Emission Factors for Greenhouse Gas Inventories" published in 2023 by EPA, and "Confronti internazionali: 2019", published by Terna.*

exemptions because we qualify as a Small Volume Manufacturer or similar designation in most of the jurisdictions where we sell our cars (for more details refer to *"Overview of Our Business—Regulatory Matters"*).

Through innovations in areas such as turbochargers, engine downsizing, transmission, electric steering and hybrid technology we constantly reduced our emissions on our entire fleet. Consistent with our mission to develop cutting edge range cars, product development efforts continually focus on improving core components such as the powertrain, car dynamics and the use of materials such as special aluminum alloys and carbon fiber. The expertise acquired in these fields has recently enhanced our efforts to combine improved performance with reductions in CO_{2eq} emissions.

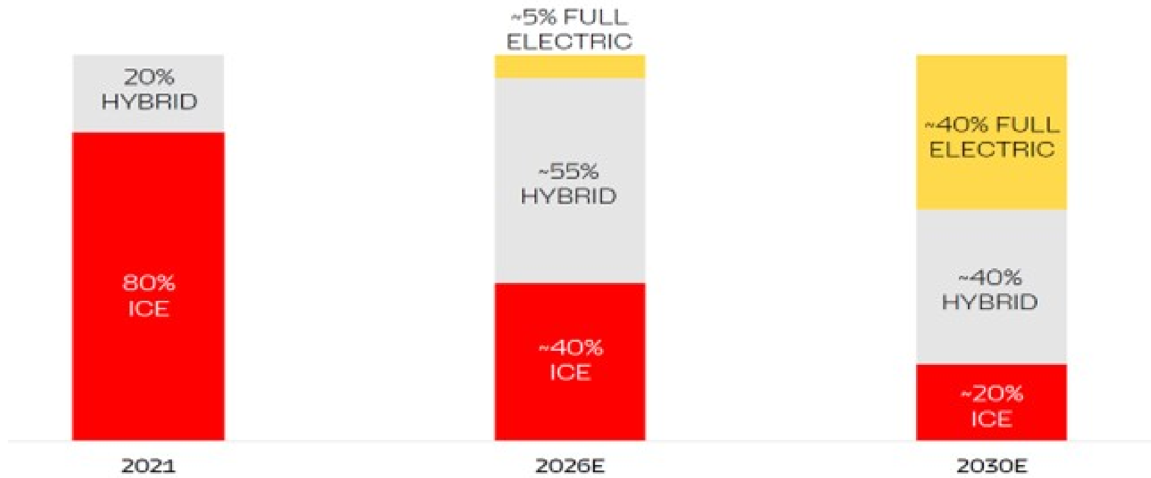
These efforts, through the investment of huge resources, allow the reduction of CO_2 emissions and fuel consumption thanks to the development of CO_2 emission reducing technologies. The main technologies deployed so far in the Ferrari fleet are: the 8-gear Dual Clutch Transmission, optimized smart alternator, brake by wire with regenerative braking strategy and weight reduction, improved aerodynamic rims for drag reduction, gasoline direct injection (200-350 bar), start & stop with improved direct start, increased compression ratio, multi-spark ignition, low friction synchromesh device, downsizing, finger follower valve actuation with rollers, variable displacement oil pump with variable feed pressure and smart cooling (transmission). As an example, in 2015 we decided to introduce the start & stop technology as standard for the 488 family: the cars sold afterwards decreased their CO_2 emissions by 6%[55].

We continue to focus on researching technologies that further reduce emissions in the use phase, such as hybrid and electric engines. We started our electrification journey in 2009, when we introduced the HY-KERS (Kinetic Energy Recovery System) technology in our Formula 1 cars, which was transferred in 2013 to LaFerrari, our first road car to use hybrid technology. Further enhancing the hybrid technology, in 2014, we introduced hybrid power units in our Formula 1 cars and, in 2019, we launched the SF90 Stradale, our first hybrid series-production car. We now have four hybrid cars in our range. These new models reduced by around 30% the emissions generated by the vehicle during the use phase compared to our traditional internal combustion engines.



As outlined in our 2022-2026 Strategic Plan announced during the 2022 Capital Markets Day, the first full electric Ferrari will be unveiled in 2025 and by 2026 we target a well-diversified product portfolio, composed of 55% hybrid, 5% full electric and 40% ICE in terms of number of models. By 2030, we are targeting an offering composed of 20% ICE, 40% hybrid and 40% full electric. Together with the electrification journey, we are exploring solutions to reduce the otherwise growing emissions of raw materials mainly related to the battery module, looking into recycled aluminum and green steel.

[55] *CO_2 emissions in g/km.*



Our ambition is to launch 15 new models between 2023-2026 with the purpose of maintaining the product portfolio's leading position, and to respond quickly to market demand and technological breakthroughs. In this context, hybrid and electric technologies are a core component of our strategy. The increased offering of hybrid and electric powertrains will allow us to meet both specific regulatory requirements but also to satisfy customers' desires for significantly improved emissions, while enhancing performance and driving thrills that render Ferrari cars simply unique.

To deliver these innovations, we will enrich our plant in Maranello by adding a new 'e-building' where we will handcraft and assembled the unique Ferrari electric engines, inverters, battery modules, magnets. This plant development will assure us a technical capacity in excess of our needs for the years to come.

According to our environmental commitment, we also monitor other car-related air emissions, adopting new solutions to improve performances. In 2019, we introduced the GPF (gasoline particulate filter) to reduce particulate emissions.

Raw Materials

Car makers consume large amounts of raw materials and a conscientious planning of the manufacturing process is essential to the management of scarce resources. Among the most used materials in our cars are light alloys, such as aluminum: to reduce the sourcing of aluminum specific initiatives to reuse scraps have been developed, see *"—Reducing our direct environmental impacts—Waste management"*. Below an example of the materials used in one of our sports cars.

PERCENTAGE OF MATERIALS USED IN THE FERRARI 296 GTB

Light alloys and steel	62.5%
Other metals	5.6%
Polymers	15.8%
Elastomers	5.1%
Glass/Ceramics	3.5%
Fluids	2.8%
Other	4.7%
Total	**100.0%**

We measure and monitor the presence of hazardous substances in our homologated vehicles, as required by local regulations. Every Ferrari homologated vehicle, therefore, every component installed, follows the REACH prescriptions. Every Ferrari vehicle is compliant to 2000/53/EC (End-of-life Directive), as applicable.

Our suppliers are requested to comply with 2011/65/UE (RoHS Directive) and 2000/53/EC (End-of-life Directive), and to provide, through the International Material Data System, all the information related to the composition of substances used in the manufacturing process. Our internal systems automatically reject non-compliant components.

As presented during our 2022 Capital Markets Day, we set a target to reduce by an average of 30% per car the GHG emissions deriving mainly from the purchase of raw materials by 2030. Therefore, we have already identified actions to meet this target and we are increasing our engagement with our suppliers. A considerable part of our relevant suppliers has been engaged and assessed through a questionnaire that covered, among others, climate related topics. Based on the results of the assessment, different action plans will be undertaken. In the next few years, we target to progressively extend the scope of this activity, with the goal of reducing supply chain emissions and driving the low-carbon transition.

Logistics

We produce all of our vehicles and spare parts in our Maranello and Modena plants, however, our network of third-party dealers comprises 196 points of sale around the world. A meticulous work is constantly carried out to optimize logistical operations with the aim of reducing the environmental impact and associated air emissions.

In 2023, together with our logistics partners we introduced for the first time Hydrotreated Vegetable Oil (HVO) fuel in our European outbound logistics on road. On average this allows us to reduce our GHG emissions for this sub-category by 80%.

Dealers

We sell our cars exclusively through a network of authorized dealers (with the exception of one-offs and track cars which we sell directly to end clients).

We regularly assess the composition of our dealer network in order to maintain the highest level of quality. As of December 31, 2023, our network comprised 178 dealers operating 196 points of sale, and we do not presently own any dealership.

To sustain our goal of reaching carbon neutrality by 2030, involving our dealers is a key part of our strategy. For this reason, we launched in 2023 the first edition of the Green Dealer Award, which has the objective of engaging dealers on their sustainability efforts with a focus on decarbonization. Our network was evaluated via three KPIs: energy consumption, energy reduction versus the previous year and initiatives they have undertaken such as efficiencies, water savings and social activities for the local community. This process has allowed us to collect and share on a global level best practices amongst our dealers.

Vehicle's End of Life

We are not directly involved in product take back programs due to the nature of our business: the number of Ferrari cars demolished each year is very scarce as Ferrari cars are perceived as collectibles, which the Group also supports through its “Ferrari Classiche” services and the active preowned market. In addition, our cars are generally not considered means of transportation, see *“Overview of Our Business—Client Relations—Ferrari Classiche*”.

EU Taxonomy

In order to meet the objectives of the European green deal and to establish a unified EU classification system of environmentally sustainable economic activities, the European Commission published in June 2020 Regulation (EU) 2020/852, the 'Taxonomy Regulation'[56].

The EU Taxonomy identifies the following six environmental objectives:

a) climate change mitigation;
b) climate change adaptation;
c) sustainable use and protection of water and marine resources;
d) transition to a circular economy;
e) pollution prevention and control; and
f) protection and restoration of biodiversity and ecosystems.

Taxonomy-aligned activities are those that comply with the requirements laid down in Article 3 of the Taxonomy Regulation:

- substantially contributes to one or more of the environmental objectives by meeting the technical screening criteria defined for this economic activity;
- does no significant harm to the other five objectives; and
- complies with minimum safeguards.

OUR REPORTING REQUIREMENTS

Article 8 of the Taxonomy Regulation requires non-financial undertakings to disclose information on the proportion of the turnover, capital expenditure and operating expenditure ('key performance indicators') of their activities related to assets or processes associated with environmentally sustainable economic activities.

The Commission adopted and published the EU Taxonomy Delegated Acts[57] to implement the Taxonomy Regulation. The Commission adopted in July 2021, a delegated act that specifies the disclosure obligations of undertakings under Article 8 of the Taxonomy Regulation with respect to the Taxonomy-eligibility and alignment of their activities ('Disclosures Delegated Act')[58].

Relating to the climate change mitigation and adaptation objectives, non-financial undertakings including Ferrari begin to report on their Taxonomy Key Performance Indicators (KPIs) as specified in the Disclosures Delegated Act from January 1, 2023. Whereas regarding the remaining 4 environmental objectives, from January 1, 2024 until December 31, 2024, non-financial undertakings had to disclose only the proportion of Taxonomy-eligible and Taxonomy non-eligible

[56] *Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.*

[57] - *Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives. In June 2023, the Commission approved new criteria for economic activities contributing to the remaining 4 environmental objectives (in addition to the first two objectives of climate change mitigation and adaptation to climate change) and amendments to delegated climate acts. With reference to this reporting exercise, only the verification of applicability (c.d. eligibility) is required for these remaining 4 objectives.*

- *Commission Delegated Regulation (EU) 2023/2485 of June 27, 2023 amending Delegated Regulation (EU) 2021/2139 establishing additional technical screening criteria for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation and for determining whether those activities cause no significant harm to any of the other environmental objectives.*

- *Commission Delegated Regulation (EU) 2023/2486 of June 27,2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities.*

[58] *Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.*

economic activities in their total turnover, capital and operational expenditure and the qualitative information relevant for these disclosures.

OUR APPROACH TO DISCLOSURE

Ferrari has been developing specific analysis to respond to such disclosure requirements. A study was performed in accordance with the following methodological steps, briefly described below:

Analysis of the economic activities of Ferrari eligible and aligned to the EU Taxonomy

We thoroughly analyzed the requirements established by the Taxonomy Regulation and related documentation, identifying the economic activity 3.3 "Manufacture of low carbon technologies for transport" as the one that correlates the most with Ferrari's core activities and operations. Further linkages can be found with the economic activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles", with particular reference to our financial services activities. Such a process was conducted by analyzing both formal Ferrari-related NACE codes as well as its substantial business activities and operations in comparison to the list provided by the EU Taxonomy. For both of these activities, the environmental objective most consistent with respect to Ferrari's business is climate change mitigation. Further residual Ferrari activities and operations are currently considered not pertinent to other Taxonomy-related economic activities and/or not significant for the purpose of this disclosure.

Substantial contribution

In the Annexes I and II of the Commission Delegated Regulation (EU) 2021/2139 of June 4, 2021 are established the Technical Screening Criteria for determining the conditions under which a specific economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation, respectively. Consequently, those Technical Screening Criteria specify the minimum requirements that the economic activity should meet in order to qualify as environmentally sustainable. In 2023, Ferrari conducted a detailed analysis of all Technical Screening Criteria related to economic activities 3.3 and 6.5 to determine the share of Turnover, Capital Expenditure (CapEx) and Operating Expenditure (OpEx) aligned with these requirements. From the analysis performed, all the technical screening criteria for substantial contribution to climate change mitigation are met.

Do no significant harm (DNSH)

The Climate Delegated Act establishes, for the climate change mitigation and climate change adaptation environmental objectives, Technical Screening Criteria for determining whether that economic activity causes no significant harm to one or more of the environmental objectives laid down in Article 9 of the Taxonomy Regulation. Similarly, the Environmental Delegated Act establishes Technical Screening Criteria for the remaining four environmental objectives. The Technical Screening Criteria for 'do no significant harm' should ensure that the economic activity has no significant negative environmental impact. In 2023, Ferrari conducted a detailed analysis of all DNSH criteria related to economic activities 3.3 and 6.5, including the requirements outlined in the Appendixes to Annex I of the Climate Delegated Act, to verify alignment with the EU Taxonomy.

Respect of the Minimum safeguards

The minimum safeguards referred to in point (c) of Article 3 and Article 18 of the Taxonomy Regulation are represented by procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Those procedures include the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation (ILO) on Fundamental Principles and Rights at Work and the International Bill of Human Rights. In order to verify compliance with Minimum safeguards on its activities, Ferrari conducted an analysis in light of the information reported in the Final Report on Minimum Safeguards published by the Platform on Sustainable Finance in October 2022.

Analysis of 2023 Ferrari Turnover, Capital Expenditure and Operating Expenditure and calculation of EU Taxonomy-related KPIs.

We analyzed our turnover, capital and operating expenditure for the calculation of the KPIs requested pursuant to the Taxonomy Regulation and related documentation, according to our current interpretation of the applicable requirements.

Potential double counting in the allocation in the numerator of turnover, capital expenditure and operating expenditure has been avoided through the use of the financial information which are at the base of the Consolidated Financial Statements as of December 31, 2023.

Turnover[59] KPI:

a. Regarding the denominator, we based it on our consolidated net turnover in accordance with IAS 1.82(a). For further details on our accounting policies regarding our consolidated net turnover please refer to the Consolidated Financial Statements of our Annual Report.
b. Regarding the numerator, we analyzed our potential turnover derived from products or services in line with the previous mentioned assumptions:
    - we considered as “eligible”: the revenues related to the shipments of our cars, any personalization generated and to financial services activities. We take into consideration the eligible activities which contribute at least 1% of total Group revenues.
    - we considered as “aligned”: the revenues related to the shipments of our cars and to financial services activities if these cars classified as light-duty vehicles with specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, lower than 50 g CO_2/km (low-and zero-emission light-duty vehicles). As of 2023, our sports cars are above this threshold. At the same time, both the compliance with all DNSH criteria listed in the Delegated Regulation 2021/2139 for such activities and the fulfillment of the minimum safeguards as per Article 3 and 18 of the Taxonomy Regulation was verified;
    - we considered as “not eligible”: the revenues generated from the sales of spare parts as well as of engines to Maserati for the use in their cars and from the rental of engines to other Formula 1 racing teams; the revenues earned by our racing teams (mainly in the Formula 1 World Championship and the World Endurance Championship) through sponsorship agreements and our share of the Formula 1 World Championship commercial revenues; the net revenues generated through the Ferrari brand, including fashion collection, merchandising, licensing and royalty income; any other revenue, primarily related to the management of the Mugello racetrack and other sports-related activities.
    - we considered as “not aligned”: the revenues related to the shipments of our cars and to financial services activities that have not met one or more of the Technical Screening Criteria specified in the Delegated Regulations or that do not fulfil the minimum safeguards specified in the Article 18 of the Taxonomy Regulation.

[59] *The financial data included in these KPIs are a portion of group net revenues included in the Consolidated Financial Statements, Note 4 and “Financial Overview—Results of Operations” sections.*

PORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023[60]

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	Turnover	Proportion of turnover 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-Aligned or eligible turnover, year 2022	Category enabling activity	Category transitional activity
		€/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
3.3. Manufacture of low carbon technologies for transport	**CCM 3.3**	4,910,557	82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								82%		
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5**	99,661	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
Turnover of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**5,010,218**	**84%**	**84%**													**83%**		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		**5,010,218**	**84%**	**84%**													**83%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-Non-Eligible activities		**959,928**	**16%**																
TOTAL (A + B)		**5,970,146**	**100%**																

In 2023, the taxonomy-eligible turnover share has remained substantially stable from the previous year.

PORTION OF TURNOVER/TOTAL TURNOVER

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	—%	84%
CCA	—%	—%
WTR	—%	—%
CE	—%	—%
PPC	—%	—%
BIO	—%	—%

As outlined in our 2022-2026 Strategic Plan announced during the 2022 Capital Markets Day, the first full electric Ferrari will be unveiled in 2025. Therefore, to date, such revenues are equal to zero.

Capital Expenditure[61] KPI:

c. Regarding the denominator, it consists of additions to tangible and intangible fixed assets during the financial year, before depreciation, amortization and any re-measurements, including those resulting from revaluations and impairments, as well as excluding changes in fair value. It includes acquisitions of tangible fixed assets (IAS 16), intangible fixed assets (IAS 38) and right-of-use assets (IFRS 16). Additions resulting from business combinations

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60 *EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.*
The "code" constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.: Climate Change Mitigation: CCM; Climate Change Adaptation: CCA; Water and Marine Resources: WTR; Circular Economy: CE; Pollution Prevention and Control: PPC; Biodiversity and ecosystems: BIO.

61 *The financial data included in these KPIs are a portion of group Capital Expenditures included in the Consolidated Financial Statements, notes 14 and 15.*

are also included. Goodwill and borrowing costs are not included in the denominator, as it is not defined as a tangible or intangible asset in accordance with IAS 16 and IAS 38. For further details on our accounting policies regarding our capital expenditure, please refer to the Consolidated Financial Statements of our Annual Report.

d. Regarding the numerator, we analyzed our capital expenditures in line with the previous mentioned assumptions:
   - we considered as "eligible":
     - the additions of tangible assets related to our production facilities in Maranello and Modena, plus our subsidiaries (excluding racetrack management and retail business) as well as financial services activities;
     - the additions of intangible assets related to externally acquired and internally generated development costs for our cars as well as patents, concessions and licenses and other intangible assets mainly related to the registration of trademarks.
   - we considered as "aligned": the additions of tangible and intangible assets related to the development and production of vehicles, that in particular classify as light-duty vehicles with specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, lower than 50 g CO_2/km (low-and zero-emission light-duty vehicles). Moreover, we consider the additions of tangible and intangible assets related to the plan to allow Taxonomy-eligible economic activities to become Taxonomy-aligned ('CapEx plan') under the conditions specified in the second subparagraph of the point 1.1.2.2 of Annex 1 of the Disclosure Delegated Act. At the same time, both the compliance with all DNSH criteria listed in the Delegated Regulation 2021/2139 for such activities and the fulfillment of the minimum safeguards as per Article 3 and 18 of the Taxonomy Regulation was verified;
   - we considered as "not eligible": the remaining additions of tangible and intangible assets.
   - we considered as "not aligned": the additions of tangible and intangible assets related to the development and production of our vehicles that have not met one or more of the Technical Screening Criteria specified in the Delegated Regulations or that do not fulfil the minimum safeguards specified in the Article 18 of the Taxonomy Regulation.

PORTION OF CAPITAL EXPENDITURE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023[62]

Financial year 2023		Year		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	CapEx	Proportion of CapEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-Aligned or eligible CapEx, year 2022	Category enabling activity	Category transitional activity
		€/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	**0%**														**0%**		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
3.3. Manufacture of low carbon technologies for transport	**CCM 3.3**	853,704	94%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								97%		
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**853,704**	**94%**	**94%**													**97%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**853,704**	**94%**	**94%**													**97%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-Non-Eligible activities		**54,949**	**6%**																
TOTAL (A + B)		**908,652**	**100%**																

PORTION OF CAPEX/TOTAL CAPEX

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	—%	94%
CCA	—%	—%
WTR	—%	—%
CE	—%	—%
PPC	—%	—%
BIO	—%	—%

In 2023, capital expenditures increased in absolute terms for both taxonomy-eligible and non-eligible categories, the latter growing faster than the former, primarily due to the increase of right-of-use assets (IFRS 16), resulting in a 3% decrease in the eligibility share compared to the previous year.

From the analysis performed, our investments related to the development and production of electric vehicles meet all the Technical Screening Criteria for substantial contribution to climate change mitigation and for DNSH outlined in Delegated Regulation 2021/2139 under economic activity 3.3 "Manufacture of low carbon technologies for transport". We compiled the financial figures based on the vehicle model and powertrain technology and we included the capital expenditure that are initially directly attributed to electric vehicles. Furthermore, we included in the capital expenditure all other activities that according to our medium-term planning, up to 2026, will contribute to the production of electric vehicles. Capital expenditure that was not clearly attributable to a particular vehicle was taken into account on a proportionate basis using allocation formulas.

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[62] *EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.*
The "code" constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.: Climate Change Mitigation: CCM; Climate Change Adaptation: CCA; Water and Marine Resources: WTR; Circular Economy: CE; Pollution Prevention and Control: PPC; Biodiversity and ecosystems: BIO.

Ferrari is compliant with the safeguards regarding human rights in our activities, grievance mechanisms, anti-corruption, competition and taxation. Furthermore, we are developing actions aimed at ensuring full compliance with safeguards, through the development of a state-of-the-art corporate due diligence processes on human rights that will involve our business partners both upstream and downstream. For this reason, in 2023, we joined Drive Sustainability[63] and were able to engage a selected base of our suppliers through a structured questionnaire. Suppliers were selected based on risk criteria (strategic relevance, geographical location, company size, supplier strategy, product category or service). This initiative is the starting point of a structured ESG due diligence activity. This approach, integrated into our integrity framework, will be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Through this, it will be possible to classify such business activity as Taxonomy-aligned.

The capital expenditure related to the development and production of our electric vehicles, dedicated manufacturing building "e-building" and electrification activities such as heat pumps and photovoltaic panels, amounts to €197,811 thousand, 22% of total 2023 capital expenditure denominator.

Operating Expenditure[64] KPI:

e. Regarding the denominator, it consists of direct non-capitalized costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment.
f. Regarding the numerator, we analyzed our direct non-capitalized costs in line with the previous mentioned assumptions:
    - we considered as "eligible":
        - the direct non-capitalized costs that primarily relate to research and development activities, including Formula 1 racing as well as development activities to support the innovation of our product portfolio and components, in particular, in relation to electric and other new technologies,
        - the maintenance expenditures related to the manufacturing of our vehicles, and our subsidiaries (excluding racetrack management and retail business) as well as those related to financial services activities;
    - we considered as "aligned": the direct non-capitalized costs related to the development and production of vehicles, that in particular classify as light-duty vehicles with specific emissions of CO_2, as defined in Article 3(1), point (h), of Regulation (EU) 2019/631, lower than 50 g CO_2/km (low-and zero-emission light-duty vehicles). Moreover, we consider the direct non-capitalized costs related to the CapEx plan to allow Taxonomy-eligible economic activities to become Taxonomy-aligned within a predefined timeframe as set out in the second paragraph of the point 1.1.3.2 of Annex 1 of the Disclosure Delegated Act. At the same time, both the compliance with all DNSH criteria listed in the Delegated Regulation 2021/2139 for such activities and the fulfillment of the minimum safeguards as per Article 3 and 18 of the EU Taxonomy Regulation was verified;
    - we considered as "not eligible": the remaining direct non-capitalized costs.
    - we considered as "not aligned": the direct non-capitalized costs related to the development and production of our vehicles that have not met one or more of the Technical Screening Criteria specified in the Delegated Regulations or that do not fulfil the minimum safeguards specified in the Article 18 of the Taxonomy Regulation.

[63] *Drive Sustainability is an automotive partnership between leading automotive companies. The mission of the partnership is to work together to improve the social, ethical and environmental performance of automotive supply chains.*
[64] *The financial data included in these KPIs are a portion of group Operating Expenditures included in the Consolidated Financial Statements.*

PORTION OF OPERATING EXPENDITURE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023[65]

Financial year 2023	Year			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code	OpEx	Proportion of OpEx 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water and marine resources	Pollution	Circular economy	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-Aligned or eligible OpEx, year 2022	Category enabling activity	Category transitional activity
		€/000	%	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**														**0%**		
Of which enabling		0	0%														0%	E	
Of which transitional		0	0%														0%		T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL	EL N/EL										
3.3. Manufacture of low carbon technologies for transport	CCM 3.3	565,474	100%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								100%		
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**565,474**	**100%**	**100%**													**100%**		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**565,474**	**100%**	**100%**													**100%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-Non-Eligible activities		-	**0%**																
TOTAL (A + B)		**565,474**	**100%**																

PORTION OF OPEX/TOTAL OPEX

	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	—%	100%
CCA	—%	—%
WTR	—%	—%
CE	—%	—%
PPC	—%	—%
BIO	—%	—%

In 2023, the taxonomy-eligible operating expenditure share has remained stable from the previous year.

From the analysis performed, our investments related to the development and production of electric vehicles meet all the Technical Screening Criteria for substantial contribution to climate change mitigation and for DNSH outlined in Delegated Regulation 2021/2139 under economic activity 3.3 "Manufacture of low carbon technologies for transport".

Ferrari is compliant with the safeguards regarding human rights in our activities, grievance mechanisms, anti-corruption, competition and taxation. Furthermore, we are developing actions aimed at ensuring compliance with safeguards, through the development of a state-of-the-art corporate due diligence processes on human rights that will involve our business partners both upstream and downstream. For this reason, in 2023, we joined Drive Sustainability and were able to engage a selected base of our suppliers through a structured questionnaire. Suppliers were selected based on risk criteria (strategic relevance, geographical location, company size, supplier strategy, product category or service). This initiative is the

[65] *EL – Eligible, Taxonomy-eligible activity for the relevant environmental objective; N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.*
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starting point of a structured ESG due diligence activity. This approach, integrated into our integrity framework, will be carried out in accordance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights (UNGPs). Through this, it will be possible to classify such business activity as Taxonomy-aligned.

The operating expenditure related to electric vehicles amounts to € 18,389 thousand, 3% of total 2023 operating expenditure denominator.

Potential double counting in the allocation in the numerator of Turnover, capital expenditure and operating expenditure has been avoided through the use of the financial information which are at the base of the Consolidated Financial Statements as of December 31, 2023.

Further analysis will be made over time according to the progressive evolution of the Taxonomy Regulation, and its concrete interpretation/application for reporting purposes in accordance with Ferrari's strategic approach.

In order to truly understand the importance and actions that Ferrari is putting in place to achieve the climate mitigation objective, it should be noted our unwavering pursuit of reaching carbon neutrality by 2030, addressing both direct and indirect emissions with a focus on energy and materials, in addition to our electrification journey. As a further step forward in this process, since 2019 we are monitoring our carbon footprint considering the emissions related to all the Group activities over our entire value chain. Our calculation, based on GHG protocol methodology, is certified according to ISO 14064-1:2018 requirements by a third-party player and allowed us to determine priority areas for action. We are strongly committed to expanding our Taxonomy-aligned activities through dedicated investment ("CapEx Plan") and operating expenditures, as outlined in our 2022-2026 Strategic Plan presented during our 2022 Capital Markets Day, in line with the conditions specified in the second subparagraph of the point 1.1.2.2 of Annex 1 of the Disclosure Delegated Act.

Creating and Sharing Value with the Community

Ferrari Contributes Towards the Community

Our goal is to create and share long-term value with our stakeholders. Community engagement and involvement with the local territory are of fundamental importance to us, with particular reference to Maranello and Modena, where all our cars are manufactured. To maintain alive the spirit of Ferrari and the story of its founder Enzo Ferrari, two different museums have been established, attracting every year thousands of visitors from all over the world to the heart of the Italian "Motor Valley".

In 2023, we donated € 1 million to the Emilia-Romagna Region's Agency for Territorial Safety and Civil Protection, joining the regional fundraising campaign. The funds have been devolved to help the local population affected by the flooding, with a particular focus on projects for environmental recovery and the management of hydrogeological instability.

Moreover, in 2023, Ferrari also organized fundraising initiatives together with its Cavalcade clients to support educational activities also through The Ferrari Foundation[66]. The net proceeds from the auction, held in Morocco in March, were donated to support selected preschool projects of The Moroccan Foundation for the Promotion of PreSchool Education. In addition, the net proceeds of the Ferrari Cavalcade auction, held in Rome in July, were donated to the Istituto Comprensivo Giuliano da Sangallo, a school in Ostia Ponente, through the Save the Children "Lo spazio che vorrei" ("The Space I Would Like") initiative. This project aims to redevelop an educational and social hub of great significance in the fight against educational poverty. The starting point of the project is the conversion of the school building's external space into an area suitable for outdoor education. In 2023, the total amount donated by Ferrari clients to these initiatives amounted to around €950 thousand.

Bosco Ferrari

Ferrari continues to invest in its "Bosco Ferrari" project that aims to progressively afforest 30 hectares of land in the province of Modena, and to value the importance of natural ecosystems for the well-being of the community.

The first trees were planted in 2022 in the Municipality of Maranello in partnership with Rete Clima. This area of woodland spans six hectares and is made up of a combination of oak and hornbeam, trees typical of the Po Valley. The first tree and shrub species have now been planted, having been grown from certified seeds and selected to recreate an ecosystem with significant environmental benefits.

A hectare of land bordering the new wood has also been allocated to a new "Parco dello Sport" being developed by the local council, with Ferrari supporting the installation of play apparatus for children, sports equipment and trails for walking and cycling.

Since 2022, we have planted a total of 14 hectares between the areas of Maranello, Soliera and Formigine, in the province of Modena.

Bosco Ferrari is part of the Italian National Forest Campaign (CNFI), promoted by Rete Clima in partnership with Coldiretti (the Italian Farmers' Association) and PEFC (the Programme for Endorsement of Forest Certification). It has also received endorsements from Italy's Ministry of Ecological Transition (MITE) and the Ministry of Farming, Food and Forestry (MIPAAF).

Ferrari Energy Community

In 2023, Ferrari launched the "Ferrari Energy Community", a decarbonization project for the towns of Fiorano and Maranello. This is a further project promoted and developed by Ferrari within a sustainability strategy that is based on a scientific approach and the adoption of cutting-edge technologies. The project envisages the installation of a photovoltaic system of approximately 1 MWp, on 10 thousand square meters of disused land owned by Ferrari adjacent to the Fiorano Circuit, whose energy will be entirely made available to the local community. Any public or private entity in Fiorano and Maranello may become a member of the Ferrari REC and thus use the renewable energy or even play the role of renewable

[66] *The Ferrari Foundation is a U.S. not-for-profit private foundation that will be primarily focused on education.*

energy prosumer by installing or connecting additional photovoltaic power generator systems. The new Fiorano plant will generate an average production of about 1,500 MWh for 20 years, avoiding about 450 tonnes of CO_2 emissions per year and also supports the decarbonization process and contributes to the reduction of energy costs for citizens and businesses.

Ferrari & Education

We are aware of our responsibility towards the community and our efforts are directed to support its development, mainly through collaborations with local universities and schools and thanks to the industry network in the Emilia-Romagna region. We believe that promoting the education of young talents is an essential step to reinforce the connection with local communities. Shaping brilliant engineers with a specific academic background that focuses on new technologies within the automotive industry, and in particular innovative solutions for state-of-the-art performance in luxury sports cars, is also a prerequisite for the Group to seize future opportunities.

We aim to promote education in the local community at the high school level by establishing long-term relationships with technical schools, such as the Istituti Tecnici Superiori, in Maranello and other towns nearby. The main collaborations consist in: participating in orientation committees; establishing "school-work" projects for students; bringing the testimony of Ferrari technicians in classrooms; implementing training of trainers (TOT) activities; donating Ferrari equipment; and participating in public tenders to finance technical classrooms and labs in collaboration with local schools. The aim of these initiatives is to support schools in providing the new generations with the skills and tools needed to meet the rapid technological changes taking place in society. Moreover, in 2023, we launched the "Road to Ferrari" initiative aimed at making students aware of the manufacturing life through the direct testimony of Ferrari employees.

Starting from 2022, we have been the pioneers of an exclusive 3-year program dedicated to junior high school students of Maranello, that allows them to play and participate to aptitude tests, in order to evaluate their individual potential and to address their future careers. This experiment has been promoted in collaboration with the Agnelli Foundation. We also continue our work with the e.DO Learning Center, an innovative educational project born in 2022 from the synergy between Ferrari and the local area. The project was developed within a laboratory at the IIS Fermo Corni in Modena, which has been completely refurnished and equipped with new technology and furniture thanks to the support from Ferrari. This space, dedicated to students starting from the age of 8 up to the university level, offers the opportunity to learn about artificial intelligence and new technologies through games, for the younger users, and through exercises, for the older ones. The laboratory is equipped with 5 e.DO robot, with modular and multi-axis mechanical arms with integrated open-source intelligence, developed by the company Comau.

Ferrari is a partner of "ITS Maker", the Emilia-Romagna Higher Institute of Mechanics, Mechatronics, Motor and Packaging. The project aims to deliver two-year courses to provide the most in-demand technical skills in a practical way, also thanks to an internship that takes up 40% of the total course hours. In addition to this, the Company is involved in courses on engines, materials and composites.

We have established collaborations with leading universities worldwide that include the possibility for students to develop bachelor and doctoral theses as well as other research projects.

Ferrari is partner of the Motorvehicle University of Emilia-Romagna (MUNER), an association which was strongly advocated by the Emilia-Romagna region. It was created thanks to a synergistic connection between the universities of Modena and Reggio Emilia, Bologna, Ferrara and Parma along with car companies (Automobili Lamborghini, Dallara, Ducati, HaasF1Team, HPE COXA, Marelli, Maserati, Pagani, Visa Cash App RB Formula One Team) in the region that represent the excellence of Italian brands, which of course includes Ferrari. Thanks to existing partners and those who join every year, the possibility of accessing new automotive knowledge and skills is increasing. The Motorvehicle University of Emilia-Romagna hub aims at attracting the best university students from all over the world, with the goal of training and introducing into the corporate world the engineers of tomorrow.

The master's degree offers the following courses, whose design and implementation saw the active participation of Ferrari: Advanced Automotive Engineering (AAE), Electronic Engineering for Intelligent Vehicles (EEIV) and Electronic Vehicle Engineering (EVE). The formative catalog of the latter is entirely devoted to electrical vehicles and aims at forging new professionals with a comprehensive view of all the phases and processes of the development of an electric vehicle.

In all these courses, the partners of the initiative participate in educational activities by teaching and co-teaching courses, lessons, seminars and laboratories and by inviting students to visit the production plants. This partnership opens up the opportunity for the most talented and motivated students to take part in internship programs with one of the companies involved. We invest a lot in this activity, in particular, the course Vehicle Conceptual Design (VCD) of the AAE program, is entirely taught by Ferrari Maestri, covering more than 20 lectures. In 2023, the number of enrollments in the three master's degrees increased, with about a fifth of the students coming from foreign countries.

In the summer of 2023, MUNER offered high school and university students a variety of academic, business and cultural contents, aimed at understanding high performance vehicles and engineering subjects, by organizing:

a. the fifth edition of the "Italian Motor Valley Experience – High School Summer Program";
b. the third edition of the "Summer School in Industrial Engineering for Advanced Automotive",
c. the second edition of the "Summer School MUNER - Women in Transport", and;
d. the first edition of the "Future of Automotive for Intelligent Mobility".

In addition, Formula 1 has confirmed in 2023 its extended funding commitment to the Formula 1 Engineering Scholarship program for underrepresented groups until 2025, continuing its drive to increase diversity within the sport. The initiative provides each year 3 scholarships for engineering students: from diverse ethnic backgrounds that are under-represented in the degree program; from under-privileged socio-economic backgrounds; and with career ambitions in motorsport and/or Formula 1, allowing them to get access to prestigious universities around the world. In this context, in 2023 Ferrari welcomed two students and they were offered a 3-week experience with Scuderia Ferrari.

In 2023, we supported for the fourth year the education program "Arcipelago Educativo", developed in collaboration with Fondazione Agnelli and Save the Children. This project offers to local young students an innovative educational path that aims at promoting their psycho-social well-being, consolidating and recovering basic and transversal skills and contrasting the negative effects of extended school closures.

Furthermore, in 2023, Ferrari Group around the world promoted educational and charity activities for their local communities, in collaboration with different partners.

Ferrari Museum Maranello & Museo Enzo Ferrari (MEF)

The Ferrari Museum Maranello invites visitors to experience the Prancing Horse dream first-hand, offering them a journey through the Group's history, values and automotive world.

The Museo Enzo Ferrari (MEF) is built around the house in which Enzo Ferrari was born in 1898. The MEF tells the story of Enzo Ferrari as a young boy discovering the irresistible allure of the world of motor racing, his career as a driver in 1920s, as the driving force behind the Scuderia Ferrari in the 1930s, and then as Ferrari, the Constructor, from 1947 onwards.

In 2023, the Ferrari Museum Maranello and the MEF welcomed more than 740 thousand visitors and the main exhibitions of were:

- "Roaring 50s", an exhibition on the history of the Modena Street circuit.
- "Supercars – The evolution of uniqueness" dedicated to all the Ferrari that hailed landmark advances in the marque's technological evolution.
- "Game Changers", an exhibition dedicated to the exploration of Ferrari's most revolutionary models.

Scuderia Ferrari Club

We strive to maintain and enhance the power and passion we inspire in customers and the broader community of automotive enthusiasts by continuing our rigorous production and distribution model, promoting hard-to-satisfy demand and scarcity value in our cars. We also support our brand value by enabling a strong connection between Ferrari and our community of enthusiasts.

Scuderia Ferrari Club is a non-profit consortium company founded in 2006 by Ferrari S.p.A. to coordinate the activities of the Scuderia's many fans who have founded clubs around the world. As of December 2023, the Company has 190 officially recognized Clubs, in over 20 countries (152 in Italy and 38 worldwide), with more than 16 thousand active memberships. An incredible mix of different nationalities, cultures and lifestyles is united by one enduring passion for Ferrari. Scuderia Ferrari Club also works with the Clubs to support the organization of their events. Before joining Scuderia Ferrari Club, an organization must demonstrate a significant engagement in the motorsport world and a conduct in line with Ferrari's values.

In 2023, Scuderia Ferrari Club continued with the adoption of a new brand identity and new online and social activities.

Ferrari Driver Academy

The Ferrari Driver Academy was founded with the mission of providing young drivers with a training program that will ultimately reward them with a career in a Formula 1 prancing horse car.

The Ferrari Driver Academy focuses on fostering the growth and training of talented young drivers who are handpicked from the international motor racing arena. The aim is to identify young talented drivers which one day will be able to win for Scuderia Ferrari in the Formula 1 World Championship by coaching them to develop their potential and always perform at their peak. In addition, the project also encompasses a scouting program to detect young talented karting drivers to potentially join FDA with partnerships in Italy, Latin America, Asia Pacific and Oceania. In fact on top of the two Scouting Camps run in Fiorano to evaluate European Drivers, FDA personnel coordinated other two regional selections with physical events to spot new talents coming from Latin America, Oceania and Asia Pacific. All those who passed the first selection rounds this year (6 boys between the ages of 14 and 16) were invited to take the final tests which took place in Maranello. The winner of the fourth edition of the FDA Scouting World Finals was the Dutch Driver Rene' Lammers and FDA will keep monitoring him in 2024.

The first driver to enter the program was Jules Bianchi in December 2009. The Academy's line-up for 2023 will be composed out of nine drivers: Robert Shwartzman, Arthur Leclerc, Oliver Bearman, Dino Beganovic, Rafael Camara, Maya Weug, James Wharton, Tuukka Taponen and Aurelia Nobels. Charles Leclerc joined at the beginning of 2016 and won within two years the GP3 and F2 championships. Six years ago, he raced in Formula 1 with Alfa Romeo Sauber and from 2019 he has raced for Scuderia Ferrari as an official driver. The Swedish Driver Dino Beganovic won the 2022 FIA Formula Regional title. Moreover, in 2023 for the fourth year in a row, we hosted a new edition of "FIA Girls on track-Rising Stars". The aim of this initiative is to help the best young female talents worldwide to compete at the highest level in automobile racing. The winner of the fourth edition was Alba Larsen and FDA will keep a close eye on her progresses through the 2024 Season.

FDA aims not only at supporting drivers merely from a racing point of view, but also at developing them personally and professionally through a program that spans several years. The focus is on developing both the person and the professional at a time in their life when they are growing rapidly, by providing them with all the required tools to make the right choices at the right time. Hence the idea of creating a "Campus" where the young drivers can live and breathe motorsport and, even more importantly, Ferrari, 24 hours a day.

Methodology and Scope

Through this Non-Financial Statement, we aim to provide our stakeholders with non-financial information, illustrate our sustainability strategy and our corporate social responsibility initiatives in 2023 (from January 1, 2023 to December 31, 2023) to ensure transparent and structured communication with our stakeholders.

This Statement was prepared in accordance with the Dutch Civil Code, and with the Dutch Decree on Non-Financial Information (Besluit bekendmaking niet-financiële informatie), which is a transposition of Directive 2014/95/EU 'Disclosure of non-financial and diversity information' into Dutch law. The table below shows the internal references to the chapter(s) or paragraph(s) of this Annual Report where the relevant aspects of the Dutch Decree are discussed in particular.

DUTCH DECREE ASPECTS	INTERNAL REFERENCE – CHAPTER / PARAGRAPH
Business model	• Our Business
Policies and due diligence	• Corporate Governance • Proactively Fostering Best Practice Governance / Integrity of Business Conduct • Being the Employer of Choice / Working Environment • Being the Employer of Choice / Training and Talent Development • Being the Employer of Choice / Occupational Health and Safety • Reducing Our Environmental Footprint / Environmental management systems
Principal risks and their management	• Risk Factors • Proactively Fostering Best Practice Governance / Sustainability Risks • Reducing Our Environmental Footprint / Assessing and Governing Climate-Related Risks • Risk Management Process and Internal Control Systems

Thematic aspects	
Environmental matters	• Reducing Our Environmental Footprint / Our Strategy to Reach Carbon Neutrality by 2030 • Reducing Our Environmental Footprint / Assessing and Governing Climate-Related Risks • Reducing Our Environmental Footprint / Reducing Our Direct Environmental Impacts • Reducing Our Environmental Footprint / Reducing the Environmental Impacts along the Value Chain • Further Climate-related Disclosures (TCFD)
Social matters	• Our Business • Proactively Fostering Best Practice Governance / Integrity of Business Conduct • Overview of Our Business / Procurement / Responsible Supply Chain; Conflict Minerals • Exceeding Expectations / Research innovation technology • Overview of Our Business / Client Relations / Client Satisfaction • Exceeding Expectations / Vehicle safety • Creating and Sharing Value with the Community / Ferrari & Education
Employee matters	• Being the Employer of Choice / Working Environment • Being the Employer of Choice / Training and Talent Development • Being the Employer of Choice / Talent Recruitment and Employee Retention • Being the Employer of Choice / Occupational Health and Safety • Being the Employer of Choice / Our Employees in Numbers
Respect for human rights	• Proactively Fostering Best Practice Governance / Integrity of Business Conduct • Overview of Our Business / Procurement / Responsible Supply Chain; Conflict Minerals • Being the Employer of Choice / Talent Recruitment and Employee Retention • Being the Employer of Choice / Occupational Health and Safety • Being the Employer of Choice / Our Employees in Numbers
Fight against corruption and bribery	• Proactively Fostering Best Practice Governance / Integrity of Business Conduct
Supply Chain	• Proactively Fostering Best Practice Governance / Integrity of Business Conduct • Overview of Our Business / Procurement / Responsible Supply Chain
Conflict minerals	• Proactively Fostering Best Practice Governance / Integrity of Business Conduct • Overview of Our Business / Procurement / Conflict Minerals

This Statement is prepared in accordance with the GRI standards defined by the GRI (Global Reporting Initiative). It also includes further disclosures in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Automobiles Sustainability Accounting Standards, prepared by the Sustainability Accounting Standards Board (SASB), and the EU Taxonomy Regulation 2020/852. Several operating departments of the Group have been actively involved in the process of data gathering and report drafting in order to shape this Statement. This has prepared under the supervision of Ferrari Group's Chief Financial Officer and has been shared with the Executive Officers of the Group and with the ESG Committee of the Board of Directors.

With regard to the financial data, the scope of reporting corresponds to that of Ferrari N.V.'s Consolidated Financial Statements.

Regarding the qualitative and quantitative data on social and environmental aspects, the scope of reporting corresponds to Ferrari N.V. and our subsidiaries consolidated on a line-by-line basis (as indicated in note 3 "Scope of consolidation" of the 2023 Annual Report). Environmental data and information are reported for our principal manufacturing facility in Maranello, for our second plant in Modena and for our Mugello racing circuit. We continue to measure and report in terms of energy consumption and greenhouse gas (GHG) emissions of our 14 directly operated retail stores, offices of our foreign subsidiaries and other smaller facilities in Italy, such as the Museo Enzo Ferrari (MEF) in Modena and the Ferrari

Museum in Maranello. Other environmental indicators, such as water withdrawals and discharges and waste generation are deemed negligible and excluded.

Any exceptions, with regard to the scope of this data, are clearly indicated throughout this Statement.

Directly measurable quantities have been included, while limiting, as far as possible, the use of estimates. Any estimated data is indicated accordingly, additionally certain totals in the tables included in this document may not add due to rounding.

During the reporting period, we did not face any significant change concerning the organization's size, structure, ownership or supply chain.

The reporting frequency will be annual.

In this Statement, we define as significant the judgements and the fines that are above the financial materiality threshold considered for the Financial Statement. For more detail on how it was determined, please refer to the Independent Auditor's Report in this Report.

The Statement, with the exception of the information included in the table "Sustainability Accounting Standards Board Response (SASB) INDEX 2023", is subject to a limited assurance engagement in accordance with the criteria established by the principle ISAE 3000 (Revised) by Deloitte & Touche S.p.A., which, at the end of the work performed, released the independent registered public accounting firm's Report. Quantitative indicators that do not relate to any general or topic-specific disclosures of the GRI Standards, which are reported in correspondence to the pages indicated in the Content Index, are not subject to limited Assurance by Deloitte & Touche S.p.A.

This Statement is also available online at www.ferrari.com. Please refer to the Investor Relations and Sustainability department for your inquiries about Ferrari's sustainability strategy (email: ir@ferrari.com).

Furthermore, as identified in "Double Materiality Analysis of Ferrari Group", referring to the impact materiality, we identified actual and potential impacts on the economy, environment, and people, across our activities and our business relationships. This analysis informed the prioritization of the impacts based on their significance.

The table below shows the impacts identified for each material topic, without being prioritized between each other.

TOPIC	MAIN IMPACTS	NATURE OF THE IMPACTS	TYPE OF INVOLVEMENT
Product technology, design, quality and safety	Responding to clients' demands for a product of the highest technology and design standards, also by promoting R&D for industrial development	Potential/Positive	Causes
	Reduced level of vehicle safety and quality with consequent increased risks for clients	Potential/Negative	Causes

Climate change	Energy consumption (within the organization) and related Greenhouse gas emissions (Scope 1 / Scope 2) with negative impact on climate change and the community (e.g. Maranello)	Actual/Negative	Causes and directly linked to
	Energy consumption and related GHG emissions for vehicles usage and Use of sold products (Scope 3) with negative impact on climate change	Actual/Negative	Contributes to
	Energy consumption and related GHG emissions for raw material purchased (Scope 3) with negative impact on climate change	Actual/Negative	Contributes to
	Energy consumption and related GHG emissions for logistics upstream and downstream (Scope 3) with negative impact on climate change	Actual/Negative	Contributes to
Natural resources management and biodiversity	Group's contribution to depletion and pollution of natural resources (e.g. noise pollution, emissions of ozone-depleting substances)	Actual/Negative	Causes
	Impacts on ecosystems and people in relation to the amount of water withdrawn and consumed by an organization	Potential/Negative	Causes
	Protection of biodiversity and of environmentally sound practices	Actual/Positive	Causes
	Impacts on biodiversity (terrestrial ecosystems) related to the direct operations (e.g. Maranello, Mugello)	Potential/Negative	Causes
Raw materials and circular economy	Production of hazardous / non hazardous waste	Actual/Negative	Causes
Talent attraction, retention and development	Positive impacts on employees' motivation and sense of belonging thanks to competitive remuneration, benefits, training opportunities and career development	Actual/Positive	Causes
	Loss of knowledge and key skills due to high turnover or low development with negative indirect impacts on stakeholders (e.g. customers)	Potential/Negative	Causes
Health, safety and well-being	Work-life balance, attention to mental health with positive impacts on employees' physical and mental well-being	Actual/Positive	Causes
	Work-related injuries (employees, workers whose work or workplace is controlled by Ferrari)	Potential/Negative	Causes
Diversity and inclusion	Impacts on Ferrari's employee's satisfaction and engagement by promoting awareness and culture about diversity and inclusion	Actual/Positive	Causes
	Incidents of discrimination (including gender discrimination in remuneration) and/or abuse within company's operations	Potential/Negative	Causes

Responsibility towards the community and future generations	Support community education through general and technical programs	Actual/Positive	Causes
	Operations with potential negative impacts on local communities' development (e.g. environmental and social impacts with effects on local communities)	Potential/Negative	Causes
	Impact on the community (e.g. Maranello) wealth thanks to the employment (e.g. job opportunities for local students, financial stability of employees)	Actual/Positive	Causes
Ethics and human rights	Promote awareness and culture about ethics and human rights of Ferrari management, employees, business partners and other stakeholders	Actual/Positive	Causes
	Episodes of corruption, anti-competitive behavior and monopoly practices with negative impacts on the economy/markets	Potential/Negative	Causes
	Violation of human rights within the Group with impacts on human dignity	Potential/Negative	Causes
Supply chain responsible management	Violation of human rights along the value chain with impacts on human dignity	Potential/Negative	Contributes to and directly linked to
	Creation of a responsible value chain through the assessment and evaluation of suppliers on sustainability performances	Actual/Positive	Causes
	Group's contribution to depletion and pollution of natural resources along the value chain	Actual/Negative	Contributes to and directly linked to
	Impacts on biodiversity related to the value chain (e.g. raw materials extraction from mining activities)	Actual/Negative	Directly linked to
	Impact on communities (where suppliers of Ferrari have their operations) along Ferrari value chain	Potential/Negative	Directly linked to
	Promotion of circularity within the value chain to reduce the use of natural resources and waste produced by suppliers	Actual/Positive	Causes
	Incidents of discrimination (including gender discrimination in remuneration) and/or abuse along the value chain	Potential/Negative	Directly linked to
Data responsibility, privacy and cybersecurity	Willful and/or unintentional security breaches involving confidential business information, stakeholder privacy and losses of stakeholder data, for the detriment of the Group and stakeholders	Potential/Negative	Causes and contributes to

SASB Index

FERRARI – AUTOMOBILES ACCOUNTING STANDARD
SUSTAINABILITY ACCOUNTING STANDARDS BOARD RESPONSE (SASB) INDEX 2023

TOPIC	METRIC	CODE	UNIT OF M.	Response/Comment
Activity Metrics	Number of vehicles manufactured	TR-AU-000.A	N°	14,290
	Number of vehicles sold	TR-AU-000.B	N°	13,663
Product safety	Percentage of vehicle models rated by NCAP programs with an overall 5-star safety rating, by region	TR-AU-250a.1	%	N/A[67]
	Number of safety-related defect complaints, percentage investigated	TR-AU-250a.2	N°	0 100%
	Number of vehicles recalled	TR-AU-250a.3	N°	Mandatory recalls: 4,942 Voluntary recalls: 87,105
Labor practices	Percentage of active workforce covered under collective bargaining agreements	TR-AU-310a.1	%	93.5%
	(1) Number of work stoppages and (2) total days idle	TR-AU-310a.2	N°	0
Fuel Economy and Use-phase Emissions	Sales-weighted average passenger fleet fuel economy, by region	TR-AU-410a.1	Avg	EU: 245 gCO_2/km (provisional data) USA: 391 g/mi (GHG emissions) China: 9.68 L/100 km
	Number of (1) zero emission vehicles (ZEV), (2) hybrid vehicles, and (3) plug-in hybrid vehicles sold	TR-AU-410a.2	N°	6,045 (plug-in hybrid)
	Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities	TR-AU-410a.3		• Overview of Our Business/ Regulatory Matters; • Reducing Our Environmental Footprint/Reducing the environmental impacts along the value chain/Vehicle Emissions; • Reducing Our Environmental Footprint/Assessing and governing climate-related risks

[67] *N/A non applicable. We do not take part to NCAP (New Car Assessment Program) programs.*

TOPIC	METRIC	CODE	UNIT OF M.	Response/Comment
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TR-AU-440a.1		• Reducing Our Environmental Footprint/Reducing the environmental impacts along the value chain/Raw materials; • Overview of Our Business/ Procurement/Responsible Supply Chain; • Overview of Our Business/ Procurement/Conflict minerals; • Risk Management Process and Internal Control System
Materials Efficiency & Recycling	Total amount of waste from manufacturing, percentage recycled	TR-AU-440b.1	Tons	8,821 tons 56% recycled • Reducing Our Environmental Footprint/Reducing our Direct Environmental Impacts/Waste management
	Weight of end-of-life material recovered, percentage recycled	TR-AU-440b.2	Tons; %	• Reducing Our Environmental Footprint/Reducing the environmental impacts along the value chain/ Vehicle's end of life; 85% (recycled) - 95% (recovered) These values refer to the minimum percentage by mass guaranteed on our European fleet and determined in accordance with EU Directive 2005/64/EC
	Average recyclability of vehicles sold	TR-AU-440b.3	%	85% This value refers to the minimum percentage by mass guaranteed on our European fleet and determined in accordance with EU Directive 2005/64/EC

Further Climate-related Disclosures (TCFD)

The following section aims at providing a transparent disclosure on climate change-related matters, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD").

TCFD REFERENCE TABLE

For further details, please refer to the documents mentioned in the table below.

TCFD AREA	RECOMMENDED TCFD DISCLOSURE	FURTHER REFERENCES
Governance: Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	• Corporate Governance. • Proactively Fostering Best Practice Governance/Our Decision making process. • CDP Climate Change Questionnaire: C1 – Governance.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	• Corporate Governance. • Proactively Fostering Best Practice Governance/Our Decision making process; • Reducing Our Environmental Footprint/Assessing and Governing Climate-Related Risks. • CDP Climate Change Questionnaire: C1 – Governance.

TCFD AREA	RECOMMENDED TCFD DISCLOSURE	FURTHER REFERENCES
Strategy: Disclose the actual and potential impacts of climate related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long-term.	• Risk Factors; Risk Management Process and Internal Control Systems. • Double Materiality Analysis and Stakeholder Engagement/ Double Materiality Analysis of Ferrari Group; • Proactively Fostering Best Practice Governance/Our Decision making process. • CDP Climate Change Questionnaire: C2 - Risks and Opportunities; C3 -Business strategy.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	• Risk Factors/Risk Management Process and Internal Control Systems. • Double Materiality Analysis and Stakeholder Engagement/ Double Materiality Analysis of Ferrari Group; • Proactively Fostering Best Practice Governance/Our Decision making process; • Reducing Our Environmental Footprint. • CDP Climate Change Questionnaire: C2 - Risks and Opportunities; C3 -Business strategy.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Reducing Our Environmental Footprint/Our Strategy to Reach Carbon Neutrality by 2030 - Assessing and Governing Climate-Related Risks. • CDP Climate Change Questionnaire: C3 -Business strategy.

TCFD AREA	RECOMMENDED TCFD DISCLOSURE	FURTHER REFERENCES
Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks.	• Risk Management Process and Internal Control Systems. • Proactively Fostering Best Practice Governance; • Reducing Our Environmental Footprint/Assessing and Governing Climate-Related Risks. • CDP Climate Change Questionnaire: C2 - Risks and Opportunities.
	b) Describe the organization's processes for managing climate-related risks.	• Risk Factors/Risk Management Process and Internal Control Systems. • Proactively Fostering Best Practice Governance/Our Decision making process • Proactively Fostering Best Practice Governance/ Sustainability Risks; • Reducing Our Environmental Footprint. • CDP Climate Change Questionnaire: C2 - Risks and Opportunities.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	• Risk Management Process and Internal Control Systems. • Proactively Fostering Best Practice Governance/Our Decision making process; • Reducing Our Environmental Footprint/Assessing and Governing Climate-Related Risks. • CDP Climate Change Questionnaire: C2 - Risks and Opportunities.

TCFD AREA	RECOMMENDED TCFD DISCLOSURE	FURTHER REFERENCES
Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	• Reducing Our Environmental Footprint. • CDP Climate Change Questionnaire: C4 - Targets and performance; C6 - Emissions data; C7 – Emissions breakdowns; C8 – Energy.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• Reducing Our Environmental Footprint. • CDP Climate Change Questionnaire: C6 -Emissions data; C7 – Emissions breakdowns.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	• Reducing Our Environmental Footprint. • CDP Climate Change Questionnaire: C4 - Targets and performance.

GRI Content Index

UNIVERSAL STANDARDS

Statement of use	**Ferrari N.V. has reported in accordance with the GRI Standards for the period 1st January 2023 to 31st December 2023**
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard	Disclosure	Page number / Link	Notes/Reasons for omissions
GRI 2: GENERAL DISCLOSURES (2021)			
The organization and its reporting practices			
2-1	Organizational details	119; 239-241 Via Abetone Inferiore n. 4, I-41053 Maranello (MO), Italy	
2-2	Entities included in the organizations' sustainability reporting	239-241	
2-3	Reporting period, frequency and contact point	239-241 The report was published on February 22, 2024	
2-4	Restatements of information	214	
2-5	External assurance	440-441	
Activities and workers			
2-6	Activities, value chain and other business relationships	38-39; 44-72; 239-241	
2-7	Employees	204-207	
2-8	Workers who are not employees	205	
Governance			
2-9	Governance structure and composition	119-130; 160-162; 180-181	
2-10	Nomination and selection of the highest governance body	119-125;128;160-162	
2-11	Chair of the highest governance body	119-125 The Chairman of the Board of Directors is a Non-Executive Director	
2-12	Role of the highest governance body in overseeing the management of impacts	119-125;130	
2-13	Delegation of responsibility for managing impacts	180-181	
2-14	Role of the highest governance body in sustainability reporting	130; 239-241	
2-15	Conflicts of interest	33-35; 129-131; 181-182	
2-16	Communication of critical concerns	181-182; 187	
2-17	Collective knowledge of the highest governance body	130	
2-18	Evaluation of the performance of the highest governance body	130; 166-167	
2-19	Remuneration policies	270-294	
2-20	Process to determine remuneration	270-294	

2-21	Annual total compensation ratio	208-209	
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	5-6	
2-23	Policy commitments	157; 181-185; 187 Code of Conduct (Disciplinary measures; Contractual measures; Reporting of violations of the code of conduct; Queries and support, p. 24)	
2-24	Embedding policy commitments	177-179; 181-184; 187	
2-25	Processes to remediate negative impacts	57-59; 66-67; 174-176; 190-191; 220-225; 255-269	
2-26	Mechanisms for seeking advice and raising concerns	187	
2-27	Compliance with laws and regulations	190	
2-28	Membership associations	188 Ferrari has a significant role in the following associations/foundations: European Automobile Manufacturers' Association - ACEA, Altagamma, Valore D, Motorvehicle University of Emilia-Romagna – MUNER, Fondazione Istituto Tecnico Superiore Meccanica, Meccatronica, Motoristica, Packaging - ITS Maker, Fondazione Bologna Business School, Fondazione Casa Enzo Ferrari Museo.	
Stakeholder engagement			
2-29	Approach to stakeholder engagement	177-179	
2-30	Collective bargaining agreements	208; 244	
GRI 3: MATERIAL TOPICS (2021)			
3-1	Process to determine material topics	171-172;178	
3-2	List of material topics	172; 174-176; 241-243	
EXCEEDING EXPECTATIONS			
Topic: Product technology, design quality and safety			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	192; 194; 239-241	
GRI 416: Customer Health and Safety (2016)			
416-1	Assessment of the health and safety impacts of product and service categories	194	
GRI 417: Marketing and Labeling (2016)			
417-1	Requirements for product and service information and labeling	Depending on the market of destination and whenever applicable, Ferrari vehicles are equipped with labels indicating environmental data (e.g. mercury-free label, fuel consumption and CO_2 emissions label, etc.) and additional labels related to the safe use of the vehicle and its components (e.g. battery, Start & Stop system, lubricants, anti-freeze fluid). These labels are sometimes given by an internal self-assessment, otherwise directly received from the authorities. Whenever applicable, the local representative is subject to the labeling obligations.	

BEING THE EMPLOYER OF CHOICE			
Topic: Talent attraction, retention and development			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	195-201; 208; 239-242	
GRI 401: Employment (2016)			
401-1	New employee hires and employee turnover	207-208	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	195-196; 200	
GRI 404: Training and Education (2016)			
404-1	Average hours of training per year per employee	199	
404-2	Programs for upgrading employee skills and transition assistance programs	196-199	
404-3	Percentage of employees receiving regular performance and career development reviews	201	
GRI 402: Labor/Management Relations (2016)			
402-1	Minimum notice periods regarding operational changes	208	
Topic: Health, safety and well-being			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	195-196; 203-204; 239-242	
GRI 403: Occupational Health and Safety (2018)			
403-1	Occupational health and safety management system	203-204	
403-2	Hazard identification, risk assessment, and incident investigation	203-204	
403-3	Occupational health services	203-204	
403-4	Worker participation, consultation, and communication on occupational health and safety	203-204	
403-5	Worker training on occupational health and safety	203-204	
403-6	Promotion of worker health	195-196; 203-204	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	203-204	
403-9	Work-related injuries	204	
Topic: Diversity and inclusion			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	160-162; 181-184; 187; 190; 202-203; 239-242 Code of Conduct (Defending human rights, p. 7; Ensuring a fair working environment, p. 8; Valuing people, p. 10)	
GRI 202: Market Presence (2016)			

202-1	Ratios of standard entry level wage by gender compared to local minimum wage	208 All the employees of our Group in Italy are subject to Collective Agreements (CCSL, Contratto Collettivo Specifico di Lavoro and Accordo Premio di Competitività Ferrari). The proportion between Entry-Level Salary and Minimum Wage in Italy is 1:1.Minimum wage levels are identical between men and women. As per Italy, we consider as minimum wage the minimum wage determined by collective bargaining agreements.	
GRI 405: Diversity and Equal Opportunity (2016)			
405-1	Diversity of governance bodies and employees	161; 205	
GRI 406: Non-Discrimination (2016)			
406-1	Incidents of discrimination and corrective actions taken	160-162; 190	
REDUCING OUR ENVIRONMENTAL FOOTPRINT			
Topic: Climate change			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	210-213; 220-225; 239-242; 246-249	
GRI 302: Energy (2016)			
302-1	Energy consumption within the organization	214	
GRI 305: Emissions (2016)			
305-1	Direct (Scope 1) GHG emissions	214-215	
305-2	Energy indirect (Scope 2) GHG emissions	214-215	
305-6	Emissions of ozone-depleting substances (ODS)	In 2023, leakages of refrigerant gas were recorded (HFC-23, HFC-134a, R-404A, R-407C, R-410A, R-32, R-472B), amounting to 0 tons of CFC-11 equivalent.	
305-7	Nitrogen oxides (NO_X), sulfur oxides (SO_X), and other significant air emissions	215-216	
Topic: Raw materials and circular economy			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	210; 216-217; 239-242	
GRI 306: Waste (2020)			
306-1	Waste generation and significant waste-related impacts	216-217	
306-2	Management of significant waste-related impacts	216-217	
306-3	Waste generated	216-217	
306-4	Waste diverted from disposal	216-217	
306-5	Waste directed to disposal	216-217	
Topic: Natural resources management and biodiversity			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	210; 217-220; 239-242	
GRI 303: Water and Effluents (2018)			
303-1	Interactions with water as a shared resource	217-218	
303-2	Management of water discharge-related impacts	217-218	
303-3	Water withdrawal	218	

303-4	Water discharge	218	
303-5	Water consumption	218	
GRI 304: Biodiversity (2016)			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	219-220	
CREATING AND SHARING VALUE WITH THE COMMUNITY			
Topic: Responsibility towards the community and future generations			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	235-238; 239-241; 243	
PROACTIVELY FOSTERING BEST PRACTICE GOVERNANCE			
Topic: Ethics and human rights			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	184-185; 187; 190; 239-241; 243	
GRI 205: Anti-Corruption (2016)			
205-3	Confirmed incidents of corruption and actions taken	190	
GRI 206: Anti-Competitive Behavior (2016)			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	190	
Topic: Supply chain responsible management			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	57-59; 181-185; 239-241; 243 Code of Conduct (Adding value to our supply chain, p. 16)	
GRI 414: Supplier Social Assessment (2016)			
414-1	New suppliers that were screened using social criteria	58 Beyond what is described in the above-mentioned section, we do not have any further screening procedures based on social criteria	
Topic: Data responsibility, privacy and cybersecurity			
GRI 3: Management Topics (2021)			
3-3	Management of material topics	188-189; 239-241; 243	
GRI 418: Customer Privacy (2016)			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	189	

Risk Management Process and Internal Control System

Our risk management approach is an important business driver and it is integral to the achievement of the Group's long-term business plan. We take an integrated approach to risk management, where risk and opportunity assessment is at the core of the leadership team agenda. The Board of Directors is responsible for considering the ability to control and manage risks crucial to achieve its identified business targets and to ensure continuity of the Group. For this reason, Ferrari has developed varying appetites to achieve different strategic objectives, focusing attention at all relevant risk levels, from risk management to internal control.

Ferrari has adopted the last publication ("Enterprise Risk Management - Integrating Strategy and Performance") of the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission) as the foundation of its Enterprise Risk Management (ERM) process, deeply embedded in its broader internal control system.

Our internal control system consists of a set of rules, procedures and organizational structures aimed at contributing proactively to the following objectives:

- safeguard of Ferrari's heritage;
- efficient and effective management of the Group in line with corporate strategies;
- reliability, accuracy and integrity of the information provided to corporate bodies and to the market; and
- compliance with the current laws and regulations, with the Company's Statute and Articles of Association and with the internal procedures of the Group.

Contributing to informed and consistent decision-making as well as to the spread of a correct knowledge of risks, legality and corporate values, the risk management process and the internal control system play a central role in the corporate organization, supporting the Company's management in alignment with the corporate objectives as defined by the Board of Directors.

The risk management process and the internal control system involve a plurality of organizational units and actors, requiring both coordination among each other and room to operate interdependently, guaranteeing complementarity in the objectives pursued and in the rules of operation.

In order to ensure the adequateness of its risk management and internal control system, Ferrari has allocated roles and responsibilities among the relevant organizational units and actors based on the international best practice of the "Three Line of Controls Model". Each line of control has different functions with clearly defined boundaries:

- **The first line of control** identifies and assesses the relevant risks and subsequently manages and implements specific response actions. It comprises the set of control activities that each operating unit applies to their processes to ensure operations are carried out properly. Such activities, the primary responsibility of which lies with the management of the applicable operating units, are considered an integral part of corporate operations. This first line of control comprises core business Risk Owners, staff functions Risk Owners and by the Ferrari Leadership Team;
- **The second line of control** monitors the main risks to ensure the controls implemented by the first line are appropriate and effective. It also provides support to the first line of control in the identification and assessment of the main risks, as well as in the implementation of the management procedures, and related controls, necessary to address those risks. This control line is entrusted to compliance, strategic, operational and reporting functions. Additionally, on a case-by-case basis and depending on the significance of the risk, specific corporate departments can be assigned tasks pertaining to the second-line concerning specific risk areas;
- **The third line of control** provides for independent and objective assurance and advisory activities, and it is aimed at assessing the adequacy of internal control, risk management and corporate governance processes according to a risk-based approach. Third-line controls and activities fall within the remit of Internal Audit department.

The Board of Directors designs, implements, and maintains internal risk management and control systems. In executing such responsibilities it is assisted by the Audit Committee, which is responsible for advising the Board of Directors and acts under the authority delegated by the Board of Directors with reference to internal controls and risk management systems.

The Ferrari Leadership Team is responsible for the deployment and maintenance of a risk management system across our business functions. The Ferrari Leadership Team is a managerial group led by the CEO and composed of the heads of the various corporate departments; it reviews the risk management framework and the Company's key global risks on a regular basis. For risks deemed to be significant, comprehensive risk response plans are developed and reviewed on a regular basis to ensure the actions are relevant and sufficient. Our risk management framework is discussed with the Group's Audit Committee on a regular basis.

Ferrari's Enterprise Risk Management process

The Ferrari Enterprise Risk Management system is oriented by and structured in six different components:

1. **Risk Governance**: a structure through which our organization directs, manages and reports its risk management activities. The Risk Governance structure encompasses clearly defined roles and responsibilities, decision-making powers, risk operating model and reporting lines.
2. **Risk Culture**: the values and the attitude consistent with our risk management culture are communicated and understood at all levels of the organization.
3. **Risk Strategy & Appetite**: our risk management principles are intended to enable the achievement of our business plan, goals and strategic objectives. Our risk appetite is balanced through risk tolerance, limits and associated protocols to be activated in case of a breach, to ensure risk levels' control within our organization.
4. **Risk Assessment & Measurement**: established activities that allow Ferrari to identify, assess and quantify potential risks on a regular basis. This activity allows Ferrari to consider the potential impact that events may have on the achievement of the Company's objectives. Risks are assessed using likelihood, impact, preparedness and velocity level criteria. The results of each risk assessment are consolidated on a risk map and analyzed to determine priority and risk treatment methods.
5. **Risk Management & Monitoring**: management's response to manage, mitigate or accept risk. Risk management efforts create value through information on risks and controls in order to improve business performance. Systematically monitoring the identified risks and management activities against established metrics allows for timely and proactive response where warranted. Key Risk Indicators are reviewed to ensure their consistency with the identified risks and their trends are analyzed to identify needs for further remediation plans.
6. **Risk Reporting**: reporting of risk and related information (e.g. mitigation activities) provides genuine insight into the strengths and weaknesses of the risk management process. Disclosure of risk management information to key internal and external stakeholders supports the decision-making processes. The risk map derived from Risk Assessment & Measurement activities is first shared with the top management (through quarterly FLT meetings) and then presented to the Group's Audit Committee, with a specific focus on the priority risk areas, the mitigation activities implemented, any management strategies that must be adopted and their priority.

Risk Appetite

The risk appetite of Ferrari (i.e. the level of risk that Ferrari is willing to accept to achieve its objectives), is applied to our strategy, Code of Conduct, corporate values and policies. Such risk appetite is measured and tracked thanks to the so-called "Risk Appetite Framework".

The Risk Appetite Framework is integrated in all corporate decision-making levels. It defines Ferrari's risk profile, provides explicit boundaries to risk levels within which the management is expected to safely operate, and iteratively reviews risk values, metrics and limits.

The risks, divided into specific categories as set out in the table below, are all relevant to the Ferrari business in different ways and their order of appearance does not reflect a ranking by significance.

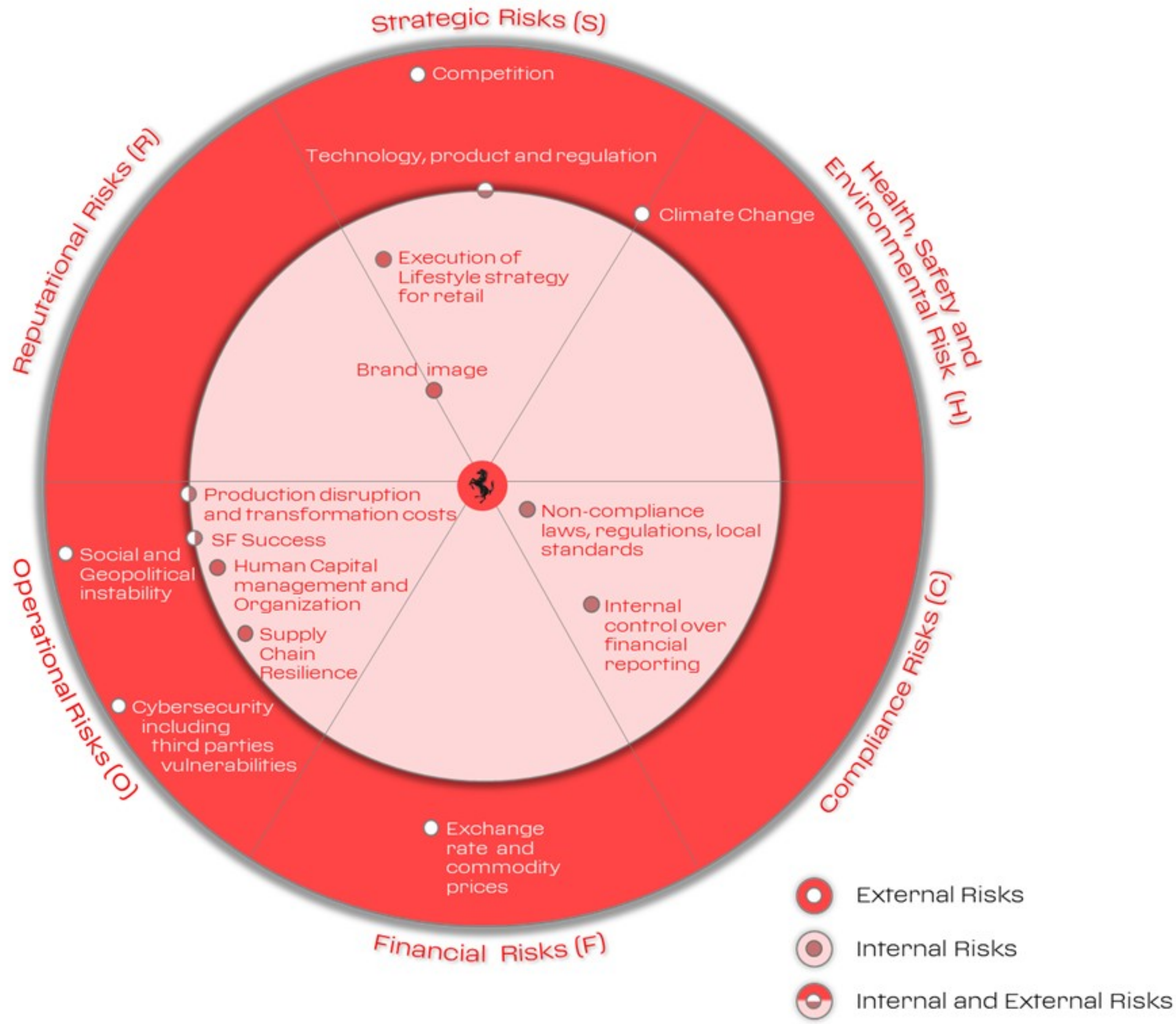
Risk category	Risk description	Overall appetite	Risk appetite statement

Strategic risks (S)	Risks which affect or are created by Ferrari's business strategy and could affect Ferrari's long-term positioning and performance.	**Moderate**	Ferrari is willing to accept moderate risks in order to achieve its strategic objectives. Ferrari recognizes the need of continuing to invest in research and development to design and build technically innovative, aesthetically iconic and highly performing cars able to deliver the most "fun to drive" experience and feature design excellence. Strategic risks are taken in a responsible way considering all stakeholders' interests in order to preserve Ferrari's brand exclusivity, a high level of demand, the unique customer experience and the current technological and regulatory trends.
Operational risks (O)	Risks which impact the internal processes, people, systems and/or external resources of the organization and affect Ferrari's ability to implement its business plan.	**Moderate**	Ferrari seeks to minimize operational risks on its business plans by implementing a manufacturing system capable of flexibly meeting expected targets, maintaining a quality of products and services in line with Ferrari's customers' expectations, developing and retaining talents within the organization, securing business continuity as well as production line performances and ensuring the adequacy of our business partners.
Financial risks (F)	Risks which include areas such as valuation, currency, liquidity, commodity and impairment risks.	**Low**	Ferrari has a cautious approach with respect to financial risks. Ferrari continuously seeks to improve and strengthen its financial position in order to generate the required cash to finance its operations and reward its stakeholders.
Compliance risks (C)	Risks of non-compliance with laws, regulations, local standards, code of conduct, internal policies and procedures.	**Zero tolerance**	Ferrari does not tolerate infringements of, and abides to, all applicable laws and regulations through the implementation of preventive measures and the rigorous enforcement of its internal Code of Conduct. This ensures that ethics and integrity are respected and the promotion of its values.
Reputational risks (R)	Risks which affect Ferrari's brand image, credibility and/or integrity	**Zero tolerance**	Ferrari strives to protect and enhance its reputation by mitigating all the potential threats that could influence the Ferrari's reputation, credibility and the operational integrity, while constantly increasing its brand awareness.
Health, Safety and Environmental risk (H)	Risks which affect health and safety and the environment	**Zero Tolerance**	Ferrari does not tolerate risks that could have effect on its employees or clients as well as on the surrounding environment.

Risk Trends and Key Risks

Ferrari assesses risks according to their potential impact, likelihood and the entity's preparedness, which, properly combined, determine an overall risk exposure to prioritize risks and focus the efforts on the most important ones. Ferrari expects that the risk responses which have been implemented or that will be deployed when activated by ad-hoc triggers, will mitigate the risks up to the level defined within the risk appetite.

Below we identify and discuss some of our key Company-specific risks. The risks listed and the response plans are not exhaustive and may be adjusted from time to time. The image below shows the listed risks divided by risk category.



The following paragraphs present a more detailed discussion of the above risks and is organized by risk category. The main departments involved for each risk are listed in alphabetical order.

Brand Image (S/R)

The preservation and enhancement of the value of the Ferrari brand is crucial in driving revenue and demand for our cars. The perception and recognition of the Ferrari brand are of strategic importance and depend on many factors such as design, technology, performance, quality and image of our cars, as well as the appeal of our dealerships and stores, the success of our client activities, and our general profile, including our brand's image of exclusivity.

The entire Company is oriented and works towards preserving the image of Ferrari in all different company processes such as in the selection and management of business partners (e.g. selection of licensing-franchising partners, preventive controls on suppliers, enhancement of the client community, Ferrari Academy training center for dealers, etc.), in the social media management (e.g. close monitoring of social media and Ferrari perception, adoption of a Ferrari Social Media Practice) and in the preservation of brand value (e.g. with an internal function dedicated to monitoring and maximizing the residual value of Ferrari cars, monitoring of pre-owned market and estimating evolution of residual values, etc.).

Key aspects	Main departments involved
Preserving brand value **Car Residual Value** **Success of the Formula 1 team** **Selection and management of business partners** **Social Media management**	*All Ferrari Departments*

Competition (S)

We face competition in all product categories and markets in which we operate. We compete with other international luxury performance car manufacturers owning and operating well-known brands of high-quality cars. Some of them are part of larger automotive groups and may have greater financial resources and bargaining power with suppliers than us, particularly in light of our policy to maintain low volumes in order to preserve and enhance the exclusivity of our cars.

We believe that we compete with other international luxury performance car manufacturers primarily thanks to our brand image, the performance and design of our cars, our reputation for quality and the driving experience we offer our customers. In addition, relations with clients are key to Ferrari, and we organize many initiatives to preserve and enhance them - among others: personalization services (Atelier and Tailor Made), Maranello Experience, selected participation for new model launches, Ferrari clubs, dealers and client programs enhancing the clients community (e,g. Esperienza Fiorano, Cavalcades, Tribute, Legacy tour, Finali Mondiali, etc) and a constant monitoring of customer satisfaction to ensure a strong trend and performance over the years.

Several global luxury automotive manufacturers have increased competitive pressure for luxury cars, particularly in EMEA and the United States. Considering the maturity of these markets, we anticipate that existing market participants will try to aggressively protect or increase their market share. Increased competition may result in pricing pressure, reduction of marginality and our inability to meet our shipment targets, which could have a material adverse effect on our results of operations and financial condition. Ferrari implemented different response plans related to these aspects: an internal department dedicated to the monitoring of the customer base renewal, indirect support of residual values through financial services products for pre-owned cars, definition and monitoring of waiting list targets.

An additional element to be considered concerns the fact that our competitors could steal, infringe or copy our intellectual property. To protect our image, products, innovations and brand from competitors we have created dedicated teams that manage trademarks, logos and patents, and different actions are in place to limit the leakage of sensitive technical data and information, including non-disclosure agreements signed by all suppliers/consultants, procedures and internal controls related to internal sensitive information management, clean desk policy, tools to qualify the sensitive level of each information, and an awareness campaign on data/information/hardware management.

Key aspects	Main departments involved
Customer base renewal Order book and residual value management Margin pressure Shipments Intellectual property protection	*Digital and Data* *Finance* *Legal* *Marketing and Commercial* *Manufacturing*

Technology, Product and Regulation (S)

Performance cars are characterized by leading-edge technology that is constantly evolving. In particular, advances in racing technology often lead technology improvements in road cars. We invest heavily in research and development to maintain our leading position in high performance car technology and our competitive position. As technologies change, we upgraded and adapted our cars introducing new models, to keep providing cars with the latest and best-in-class technology.

External factors such as the shortages of raw materials and components, faster obsolescence of components and the evolution or introduction of new regulations (for example, safety, noise, environmental and sustainability) required us to increase our focus on defining new strategies for products and components to preserve the individual initiatives' profitability and our ability to develop new attractive products and to meet our customers' preferences.

The design of our electric cars and, more generally, of future models, could be differentiated from past and successful designs in appearance and functionality. A failure in the challenge to make appealing Ferrari new models, in renewing style over time, in differentiating ICE from hybrid/electric cars and in differentiating new models from older models could impact our ability to meet the tastes of clients and prospects. We are closely monitoring luxury car market, technological evolution, social trends (for example connectivity expectations) and change in our customer experiences to offer the most appealing future models possible.

The transformation of our car technology creates risks and uncertainties such as the impact on driver experience and on the cars' residual value over time, both of which may be met with an unfavorable market reaction. Furthermore, other luxury sports cars manufacturers may be more successful in implementing technology evolution. To mitigate such risks, we already have and will continue to increase R&D spending in the medium term, particularly on hybrid and electric technology-related projects.

Another challenge that Ferrari is facing is keeping up with the evolution of software, also due to its impact on performance and client expectations. Advancements in this area require significant investments and integration of components across vehicles. Ferrari is focused on researching excellence in both its existing and new software technologies. The Company is constantly working to integrate and increase software competences, and we have a dedicated internal department committed towards software development/integration. Our Quality Department is also involved in the definition and monitoring of processes aimed at ensuring respect of standards.

The technology, product and regulation evolution are impacting also after-sales activities, now characterized by a greater degree of complexity if compared with the past. Among other initiatives, Ferrari invested to mitigate these risks through training activities for dealers/workshops, providing new technical tools and through the definition of a Global RRR (Retain-Recruit-Reward). The aforementioned project is dedicated to dealerships with the aim to increase the efficiency and effectiveness of our dealership network and to maintain a strong customer satisfaction and enhance the Ferrari's community.

Key aspects	Main departments involved
Increase of complexity of products and components	*Design*
Misalignment between product features & customer preferences	*Marketing and Commercial*
Shortening of components and technologies life cycle	*Product Development*
New dominant design/technologies	*Purchasing & Quality*
Increase of complexity in after sales activity	*Research & Development*
Software Development and Integration	*Technologies & Infrastructures*

Execution of Lifestyle Strategy for Retail (S)

Our lifestyle strategy for retail presents a high degree of complexity. It aims to establish Ferrari as a unique brand with a dual identity: exclusive in relation to the luxury pricing and aspirational character of our cars, but also inclusive in relation to our community. If we are unable to manage this duality, our brand's image may be weakened, or we may be unable to take fully advantage of our brand's potential.

The focus on carefully selected luxury and lifestyle categories outside of our car business and of the sporting activities requires new and different key competences. In recent years, we fostered the acquisition of skilled employees and the transition of existing competences in line with the execution of our lifestyle strategy for retail. One of the actions implemented is the Ferrari Lifestyle & Fashion Academy, a program based in Milan and Maranello for the best Fashion & Luxury Management master's graduates.

Furthermore, due to the strategic importance of our business partners, our ability to recruit new business partners, in the current global social and geopolitical conditions, may impact and potentially delay the implementation of our new lifestyle strategy for retail. Dedicated resources are focused on business development activities and definition of procedures to identify, select and evaluate business partners. Business partners are assessed and qualified under different standards such as quality, financial, sustainability and ethics. Moreover, sections in new contracts are dedicated to aspects such as Health & Safety, and social audit procedures are performed to check compliance with the minimum required reputational and ethical standards.

Key aspects	Main departments involved
Deployment of lifestyle strategy for retail	*Finance*
Selection of new potential business partners	*Human Resources*
Relationship with business partners	*Communication*
	Lifestyle

Social and Geopolitical Instability (O)

Operating and having business partners in certain markets may expose us to risks related to the social and geopolitical conditions. Our activities could be affected by social restrictions such as those in response to new potential pandemics, imposing measures that may impact our sales, after-sales, manufacturing and procurement processes. Consequently, it could be difficult for Ferrari to ship cars to dealers, for dealers to sell cars and for clients to collect cars. Restrictions could also impact our supply chain both by generating shortages of raw materials and components and by leading to production delays and to an increase of costs. Moreover, our activities could also be affected by rising military tensions. As a consequence of these events, import and/or export restrictions could be imposed, or other international sanctions could be enacted. This could lead to limits in sales and after-sales services in specific markets and could potentially impact our supply chain with effects on our supplier base.

Ferrari closely monitors social/geopolitical events in the areas of interest with coordination from both corporate functions and local hub organizations. We are prepared to adjust sales operations and consequently production processes in case sales to specific countries are restricted.

To ensure the resilience of our supply chain, Ferrari is scouting the availability of alternative suppliers that can be activated in case activities of a business partners are restricted, or the cost of supply excessively increases as a consequence of social and geopolitical events.

Key aspects	Main departments involved
Social and Geopolitical Instability	*Finance*
Sales and After-Sales Activity	*Marketing and Commercial*
Supply Chain management	*Purchasing & Quality*
	Research & Development

Production Disruption and Transformation Costs (O)

All cars and engines are internally manufactured at our production facility in Maranello, Italy, where we also have our corporate headquarters and Formula 1 activities. We manufacture all of our car chassis in a nearby facility in Modena, Italy. Our Maranello or Modena plants could become unavailable either permanently or temporarily for a number of reasons, including contamination, power shortage, labor strikes or other events related to information technology business continuity. In addition, Maranello and Modena are located in the Emilia-Romagna region of Italy, which has the potential for seismic activity. If major disasters such as earthquakes, fires, floods, hurricanes, wars, terrorist attacks, pandemics or other events occur, our headquarters, as well as our Formula 1 activities and production facilities, may be seriously damaged, or we may have to stop or delay the production and shipment of our cars.

In the last 15 years, Ferrari increased investments to reduce the extent of possible damages from earthquakes and fires and has been implementing different activities to mitigate climate change risks. For example, to mitigate floods risk, the Company has implemented alert systems to monitor possible floods near corporate facilities as well as floods management tools like flow diverters and pumps.

Other actions in place further mitigate risks connected to disruptive events. For example to avoid impacts on the information technology business continuity Ferrari implemented disaster recovery plans. Furthermore, insurance coverages have been structured to avoid financial impacts from natural events.

We face risks related to supply chain disruption and shortages of raw materials, parts, components and systems used in our cars. Key mitigations are in place such as: safety stock for critical components and an internal task force in charge of monitoring, identifying and addressing possible raw materials, parts and components shortages.

Transformation costs are directly impacted by general market conditions and fluctuation of prices for raw materials, commodities, parts and components. Ferrari works to prevent an increase in operating costs and reduction of profitability for example by putting in place hedging activities.

Key aspects	Main departments involved
Dependence on two manufacturing facilities located in close proximity	*Finance*
Production and operations suspension	*Digital and Data*
Supply chain management	*Manufacturing*
Shortage of critical production inputs (e.g., raw materials)	*Purchasing and Quality*
Prices for raw materials, commodities, parts and components	*Research and Development*
	Technologies and Infrastructures

Supply Chain Resilience (O)

Our business depends on a significant number of suppliers that provide raw materials, parts and systems we require to manufacture cars and parts to run our business. We source materials from a limited number of suppliers. In addition, similar to other small volume car manufacturers, most of the key components we use in our cars are purchased from single source suppliers.

We work with strategic partners in various areas of our business, and since our strategic partners' approach might differ from our own standards, Ferrari is exposed to performance, operational, financial and reputational risks regarding its suppliers. The general macroeconomic conditions could contribute to the financial distress for our suppliers leading to reduction or termination of their operations. Suppliers' default could have a negative effect on Ferrari's business activities resulting in additional costs, liabilities and leading to not having access to components/products supplied by the business partner. Furthermore, potential unethical or improper business practices by suppliers could have a negative effect on the Company's reputation.

Ferrari, through a dedicated department and with the collaboration of functional experts, assesses its suppliers prior to assignation under different criteria; among others: logistic, quality, financial robustness, ethics, cyber security resilience and technical standards. Moreover, the Company has a dedicated supplier development function with the mandate to monitor suppliers' conditions through the usage of KPIs and to encourage a continuous improvement of their activities.

Macroeconomic conditions led to an increase in commodities' prices during the last years. The increase of these prices generated higher costs for suppliers, that were immediately reflected in requests for prices adjustments from our suppliers. Ferrari worked on two aspects: on one side, structuring a process to define and enact proper purchasing strategies (e.g. identifying alternative suppliers for critical components) and on the other side, performing analyses to assess the feasibility to increase prices for some of our car models.

Furthermore, the increase of components and products' complexity and the increase of car volumes produced could result in further pressure on suppliers' activities. If suppliers are unable to strengthen their operation or are unable to work on multiple projects, this could lead to critical issues and lack of respect of requirements. The Company monitors suppliers' activities and supports its suppliers to ensure the respect of the highest standards in terms of technology, quality and timing in order to minimize the potential risk of reworks, delay in car deliveries and recall/services campaigns.

We are strongly connected and impacted by our supply chain's attention to climate change and other ESG aspects. Please refer to paragraph dedicated to "*Climate Change*" risk trend for further details on Ferrari's view on this aspect.

Key aspects	Main departments involved
Single source suppliers for raw materials, parts and components **Critical issues from suppliers and lack of respect of requirements** **Difficulties in accessing and building long-term relationships with critical suppliers** **Increase in cost of supply**	*Finance* *Purchasing & Quality*

Human Capital Management and Internal Organization (O)

Our success and our innovation capacity depend on the ability of our senior executives and other members of management to effectively manage individual areas of our business and our business as a whole.

The prestige, identity, and appeal of the Ferrari brand depend on the continued success of the Scuderia Ferrari racing team in the Formula 1 World Championship, which depends on our ability to attract and retain top drivers, racing management and engineering talent.

The fast technology evolution that automotive industry is experiencing requires us to always reinforce and update our competences in new and emerging skill areas and guarantee a continuous alignment with market and technology trends. Ferrari maps current, and analyzes future, pivotal competences and whenever a gap is identified, the transition to new capabilities is pursued either through internal capabilities development or through competences acquisition on the external market.

Ferrari works to attract, retain and incentivize senior executives, drivers, team managers and key employees to develop new car models and innovative technology and to succeed in international competitions. Some of the activities deployed are: improving talent development program for key resources, preparing current successful employees for future key positions, talent reviews, succession plans, retention plans, "Scuola dei mestieri" initiative, Ferrari Corporate Executive MBA, Ferrari Global Corporate MBA, people survey to measure employees' engagement rate and other training and development initiatives.

Our current growth strategy, both in terms of volumes and international presence, in addition to new laws, regulations, and policies of governmental organizations around the world, have increased the scope and complexity of our current operations as well as the need to deploy new corporate processes and to update our internal organization to address such increased scope and complexity. To avoid criticalities in internal processes or issues in the organizational integration that could affect the achievement of our strategic objectives, Ferrari is fostering collaborations between corporate divisions and implementing an efficient and agile decision-making process.

Key aspects	Main departments involved
Requirement for skilled employees **Requirement to attract and retain the best talents** **Transition of key competences** **Internal Organization**	*All Departments*

Scuderia Ferrari Success (O)

Revenues from our Formula 1 activities depend primarily on the income from our sponsorship agreements and on our share of Formula 1 revenues from broadcasting and other sources.

A dedicated function is in charge to perform business development activities, negotiate new sponsorship contracts, renew existing ones and define new services and partners experience as well as different activities to provide to our sponsors. Moreover, branding guidelines have been defined through specific procedures on topics such as selection of brand partners, selection of sponsors and management of Ferrari branded items.

Our ability to renew our existing sponsorship agreements and to have other more competitive sponsorship agreements also depends on our performance in Formula 1 activities and on our ability to win Formula 1 championships, both drivers and constructors. To compete effectively on track we have been investing significant resources in research and development and in compensating competitively the best available drivers and other racing team members.

Periodic changes in Formula 1 frameworks and regulations (technical-sporting-financial) require modifications to our engines, chassis, cars and more generally processes. Ferrari structured an activity of continuous monitoring for changes in the Formula 1 regulations which is aimed at identifying as soon as possible new activities to be put in place to comply with frameworks and regulations (including through the involvement of our business partners).

Key aspects	Main departments involved
Formula 1 sponsorship revenues	*Finance*
Formula 1 financial regulation	*Racing Revenue*
SF Business Partners	*Scuderia Ferrari*

Cybersecurity Including Third Parties Vulnerabilities (O)

Our information technology systems architecture and industrial machinery are exposed to external cyber-attacks. The number and sophistication of attacks have dramatically increased in recent years. Furthermore, external cyber organizations are currently better structured and organized than in the past and can more effectively perform cyber-attacks. To manage this risk, Ferrari is working on different lines of action, among which: protect our information technology systems architecture and industrial machinery, design a well-functioning security architecture for our cars, increase employees' awareness on phishing activities and prevention of external cyber-attacks, continuous monitoring of potential external cyber-attacks and remediation plans, assessment of internal vulnerability levels through vulnerability assessments and implementation of further technical actions where necessary. All of these activities are also aimed at avoiding the stealing and dissemination of both our internal sensitive data, customers' data stored in the cars and the potential ransomware practices.

We have developed dedicated activities and teams for the minimization of cybersecurity risks for road users in terms of safety, operational conditions of cars, financial impact and privacy damage. If in the coming years, we will increase the connectivity features of our cars, the cyber security risk of our cars could increase, with the chance that an external attack may occur.

In addition, our third parties could be subject to external cyber-attacks. In case the third party is connected to our systems, the cyber attackers could also penetrate our information technology systems. Ferrari assesses and monitors the cybersecurity maturity level of third parties (suppliers and dealers) and promotes good practices internally and towards business partners.

Moreover, we have to consider that, UN-ECE regulations have been introduced and we will be required to maintain over time and periodically renew the Cyber Security Management System ("CSMS") to register and sell our cars and to demonstrate that we are able and aware to deal with potential cyber risk, both at car level and enterprise level. Ferrari, in addition to specific departments dedicated to these processes, has appointed a CSMS Committee to coordinate activities related to CSMS and cybersecurity, both at corporate level and car level.

For additional information relating to cybersecurity see *"Corporate Governance—Cybersecurity"*.

Key aspects	Main departments involved
Increased sophistication of cyber attacks	*Digital & Data*
Third parties cybersecurity	*Finance*
Remote working impact on information technology security	*Marketing & Commercial*
Cars connectivity	*Product Development*
CSMS certification	*Purchasing & Quality*
	Research & Development

Climate Change (H/S)

As relevant factors for long-term value creation, Ferrari considers pivotal to manage risks related to climate change. The fight against climate change and the preservation of the environment are becoming crucial around the world and these concerns have resulted in rapidly evolving climate and environmental regulations emitted across international markets. By 2030, Ferrari aims to address direct and indirect GHG emissions, focusing on energy and materials, in addition to its electrification journey. Any difficulty or delay in implementing actions to become carbon neutral by 2030, could negatively affect our revenues, profits, image and our capacity to work with new and existing third parties that ask more attention on climate change matters.

Ferrari is working to increase the environmental awareness to continuously set and implement new programs and actions. We are conscious that these goals require an effort both from us and from our third parties and the Company is working on adapting internal processes, developing components, studying materials and sharing this perspective with our partners.

Ferrari has been performing a complete mapping of direct and indirect emissions, including an estimation of indirect emissions by suppliers/materials and the monitoring of fleet emissions over time. In addition, to build an effective resilience climate change strategy, we have performed a climate scenario analysis of our climate change risks, both physical and transitional, covering the 2030-2050 period.

Carbon footprint matters are considered also during product development and R&D activities, as specific attention to this is dedicated during the identification of new co-designers and partners and new products and innovations.

Due to our reliance on a highly complex supply chain, characterized by a high number of suppliers and by a worldwide presence, we are working to support our supply chains in improving and adopting both environmental standards and other sustainability standards and regulations (such as those related to health, safety, human rights, governance best practices, diversity and inclusion, misconducts, etc.). Support to the supply chain is performed by: engaging and assessing a considerable part of our suppliers through a questionnaire that covers sustainability standards (ethics, human rights, health and safety and environment) and for suppliers with identified room for improvement, activating action plans such as: sharing best practice governance, encouraging the adoption of sustainable practices, sharing our knowledge and support in committing to improve their sustainability level. With specific reference to carbon footprint, Ferrari is working on mapping suppliers carbon footprint and is raising awareness to improve bottom-up information sharing among the supply chain business partners.

Climate Change is also strongly connected to environmental laws' changes and tightening. Please refer to paragraph dedicated to *"Technological and regulatory uncertainty"* risk for further details on Ferrari's view on this aspect.

Key aspects	Main departments involved
Climate Change	*Finance* *Manufacturing* *Product Development* *Purchasing & Quality* *Research & Development* *Technologies and Infrastructures*

Non-compliance with Laws, Regulations, Local Standards (Including Tax) and Codes (C)

We are subject to comprehensive and constantly evolving laws, regulations and policies throughout the world. We expect that legal and regulatory requirements affecting our business and our costs of compliance will continue to increase significantly in scope and complexity in the future. In Europe, United States and China, for example, significant governmental regulation is driven by environmental, fuel economy, vehicle safety and noise emission concerns, and regulatory enforcement has become more active in recent years. Evolving regulatory requirements could significantly affect our product development plans and may limit the number and types of cars we sell and where we sell them, which may adversely affect our revenue and operating results.

Ferrari has specific compliance controls, policies, and procedures in place in order to comply with applicable laws and regulations and to protect itself from acts committed by employees, agents, contractors or associates that would violate the laws or regulations of the jurisdictions in which Ferrari operates, including employment, foreign corrupt practices, environmental, competition, privacy and other laws and regulations.

In parallel, we work to increase our employees knowledge and awareness of the laws, regulations, standards and codes that apply to Ferrari and we have specific departments dedicated to monitor, review, report and adapt our policies and procedures to relevant changes in rules and regulations. Moreover, specific project teams are activated in case of new laws or regulation requirements to comply with the new requirements thanks to organizational and processes changes as well as to start specific training activities aimed at creating awareness at all company levels.

Key aspects	Main departments involved
Technical regulatory requirements regarding Ferrari cars **HSE (Health, Safety and Environment)** **Tax** **Human Resources** **Legal** **Anti-Bribery & Corruption** **Code of Conduct** **Personal Data Management**	*All Ferrari Departments*

Exchange Rate Fluctuations, Interest Rate Changes, Commodity Prices, Credit Risk and Other Market Risks (F)

Ferrari operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency and to a lesser extent interest rates and commodity prices.

The Group has in place various financial risk management policies, which primarily relate to foreign exchange rates and commodity prices, interest rates and liquidity risks. The analysis of the exposure to financial risks and the definition of the related hedging strategies are reviewed on a periodic basis. The Group's risk management policies allow derivatives to be used to mitigate the impact of such risks (primarily forward currency contracts, currency options and commodity swaps); such derivatives are executed for hedging purposes. Counterparties to these agreements are major financial institutions.

The exposure to foreign exchange rate risks is mainly linked to our cash flow from revenues denominated in currencies different from the ones connected to purchases or production activities. We incur a large portion of our capital and operating expenses in Euro while we receive the majority of our revenues in currencies other than Euro.

Several subsidiaries are located in countries that are outside the Eurozone exposing Ferrari to translational exchange risk, in particular the United States, China, Japan and Australia. The Group monitors its principal exposure to translational exchange risk, although there was no specific hedging in this respect at the reporting date because the relative exposure is not material.

In addition, an increase of certain commodity prices can have a negative impact on Ferrari's results.

The Group's exposure to interest rate risk arises from the need to fund certain activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

Ferrari generally has a positive cash flow that almost offsets the exposure to liquidity risk. The Group uses various forms of financing to cover the funding requirements of its industrial activity and for financing offered to customers and dealers. The terms of these financings, which include bank facilities (committed and uncommitted), access to capital markets and private placements, are intended to ensure an adequate level of available liquidity with a limited exposure to interest rate fluctuation. Ferrari enters into interest rate caps as requested by certain of its asset-backed financing agreements for its financial services activities. Considering the current capital structure of the Group, Ferrari has not entered into any interest rate derivatives other than the interest rate caps mentioned, however, the exposure is regularly monitored.

Ferrari's most important financial asset is cash. It is held on bank and deposit accounts with primary financial institutions and high-quality liquid instruments. It is the Ferrari Group's policy to continuously monitor counterparty risk and limit concentration of bank and deposit accounts to a maximum of 25% of the total with a single financial counterpart. With specific reference to Money Market Funds, instead, the invested amounts in any specific fund must not exceed 10% of the par value of such. Ferrari owns a financial services portfolio secured on the titles of cars or other guarantees, spread over more than 4,800 clients that are mainly in the U.S. Impairment risk mainly relates to the financial services portfolio which is evaluated on an individual basis for material or overdue credit positions. The amount of any write-down is based on an estimate of the recoverable cash flows, their timing, recovery costs and the fair value of any guarantees received.

Further qualitative and quantitative information on these risks as well as response plans are included in Note 30 *"Qualitative and Quantitative Information on Financial Risks"* to the Consolidated Financial Statements included elsewhere in this document for additional information related to our financial risks and policies for managing those risks.

Key aspects:	**Main departments involved:**
Exposure to foreign exchange movements from non-Euro related sales	
Exposure to interest rate movements on financial assets and liabilities	*Finance*
Exposure to commodity price increase	
Credit risk of default or insolvency	

Internal Control over Financial Reporting (C)

Starting from October 2015, Ferrari N.V. is listed on the New York Stock Exchange (NYSE), while from January 2016 Ferrari N.V. is also listed on the Euronext Milan (formerly Mercato Telematico Azionario, or MTA).

Our shares' listing on regulated markets involves being compliant with the related securities regulations and listing rules. In particular, publicly traded companies filing financial statements with the US Securities and Exchange Commission are required to comply with the Sarbanes Oxley Act requirements, in particular sections 302, 404 and 906 that involve a periodical management assessment of internal controls and CEO and CFO Certifications of Periodic Financial Reports and SEC Filings. In addition, our independent registered public accounting firm is also required to report on the effectiveness of the internal control over financial reporting.

Under the COSO Internal Control-Integrated Framework, according to which the internal control system is defined as a set of rules, procedures and tools designed to provide reasonable assurance of the achievement of corporate objectives, Ferrari has developed an Internal Control System over the Financial Reporting in order to assure completeness, accuracy and reliability of the group financial reporting.

Within the abovementioned context, identification and evaluation of the risk of misstatements which could have material effects on financial reporting is carried out through a risk assessment process that uses a top-down approach to identify the organizational entities, processes and the related accounts, in addition to specific activities that could potentially generate significant errors. Under the methodology adopted by the Company, risks and related controls are associated with the accounting and business processes upon which accounting information is based.

Significant risks identified through the assessment process require definition and evaluation of key controls that address those risks, thereby mitigating the possibility that financial reporting will contain any material misstatements.

In accordance with international best practices, the Group has two principal types of control in place:

- controls that operate at Group or subsidiary level, such as delegation of authorities and responsibilities, separation of duties, and assignment of access rights to information technology systems; and
- controls that operate at process level, such as authorizations, reconciliations, verification of consistencies, etc. This category includes controls for operating processes, controls for financial closing processes and controls carried out by specific service providers. These controls can be preventive (i.e., designed to prevent errors or fraud that could result in misstatements in financial reporting) or detective (i.e., designed to reveal errors or fraud that have already occurred). These controls may also be classified as manual or automatic, such as application-based controls relating to the technical characteristics and configuration of information technology systems supporting business activities.

An assessment of the design and operating effectiveness of key controls is carried out through tests performed periodically during the year, both at Group and subsidiary level, using sampling techniques recognized as best practices internationally.

The assessment of the controls may require the definition of compensating controls and plans for remediation and improvement. The results of monitoring are subject to periodic review by the manager responsible for the Company's financial reporting and communicated by him to senior management and to the Audit Committee.

Remuneration of Directors

Introduction

The description below summarizes the guidelines and the principles followed by Ferrari in order to define and implement the remuneration policy applicable to the executive Directors and non-executive Directors of the Company, as well as members of the Ferrari Leadership Team (FLT). In addition, this section provides the remuneration paid to these individuals for the year ended December 31, 2023. The form and amount of compensation received by the Directors of Ferrari for the year ended December 31, 2023 was determined in accordance with the remuneration policy.

The Compensation Committee oversees the remuneration policy, remuneration plans and practices of Ferrari and recommends changes when appropriate. The Committee is solely comprised of non-executive Directors from the Board of Directors who are independent pursuant to the Dutch Corporate Governance Code (the "Code"). Through this document, Ferrari aims to provide its stakeholders with a high level of transparency and disclosure in order to strengthen the trust they and the market place in Ferrari, as well as provide them with the information they need to assess the Company's remuneration principles and exercise shareholders' rights in an informed manner. The Company may from time to time amend the remuneration policy, subject to our shareholders' approval when necessary. This Compensation Report consists of two sections:

1. Remuneration strategy: our current remuneration policy (which is available on our corporate website) governs compensation for both executive and non-executive Directors. In 2020, Ferrari confirmed these remuneration features through the positive vote expressed by shareholders in the Annual General Meeting held on April 16, 2020 (the "2020 AGM").
   Our current remuneration strategy further strengthens the alignment with shareholders' interests and long-term sustainability of our business, adopting certain updates to reflect developing best practices in the Dutch Corporate Governance Code.
2. Implementation of remuneration strategy: details how remuneration features have been implemented during the 2023 financial year and actual remuneration received by each executive and non-executive Director. In 2023, there was no deviation from the remuneration policy.

1. Remuneration Strategy for the 2023 Financial Year

Our remuneration policy is aligned with Dutch law and the Code. In particular, the Code requires listed companies to disclose certain information about the compensation of their Board and executive Directors. Through this remuneration strategy, Ferrari fulfills the requirements of the Code ensuring full transparency with our shareholders.

Remuneration principles

The main goal of Ferrari's remuneration strategy is to develop a system which consistently supports the business strategy and value creation for all shareholders, establishing a compensation structure that allows us to attract and retain the most highly qualified executive talents and motivate such executives to achieve business and financial goals that create long-term value for shareholders in a manner consistent with our core business and leadership values and taking into account the social context around the Company.

In defining the remuneration strategy, the Compensation Committee has taken into account certain principles which characterize Ferrari's remuneration policy, such as:

1. the identity, mission and values of the Company, to attract, retain and reward skilled women and men who constitute the soul of the Company. Their passion, courage, creativity, ambition and pride constitute the essence of Ferrari and fuel its legend to ever greater heights. Being Ferrari means being part of a unique future-focused team in which people are the most valuable resource. Together with all our employees we have crafted the vision, mission and values that are the very essence of being part of Ferrari and which guide our employees as we tackle our day-to-day challenges;
2. the provision of statutory requirements, with specific focus on the Shareholder Rights Directive (Directive (EU) 2017/828) and the implementation thereof into Dutch law;

3. international competitive remuneration market trends, based on the idea that it is becoming increasingly challenging to attract and retain employees in today's competitive labor market. For our executive Directors and members of the FLT, fixed remuneration, short-term incentive opportunities and long-term incentive opportunities are calculated based on the position and responsibilities assigned to each, taking into account average remuneration levels on the market for positions with similar levels of responsibility and managerial complexity in large international companies, in order to maintain high levels of competitiveness and engagement;
4. corporate governance and executive remuneration best practices as expressed by institutional investor guidelines, developing a remuneration policy compliant with the Code and the interest of Ferrari's shareholders. We analyze any gaps in each of our remuneration components in order to provide a high level of alignment with the main guidelines of our stakeholders;
5. the societal context around and social support in respect of the Company, developing a specific focus on trends in sustainability among our employees. We are committed to provide a healthy and safe workplace for all employees and stakeholders by implementing a high level of safety standards to avoid potential risks to people, assets or the environment, in order to guarantee an optimal working environment for all employees and attract the best talents. Our results in this field reflect, once again, our strategic commitment to protecting the environment and ensuring personal safety;
6. the views of the Board of Directors, members of the FLT, other senior leaders and all employees, in order to make the health and safety of the Company's employees essential to the successful conduct and future growth of the Company. In this respect and in line with the Code, the internal pay ratio is an important input for determining the remuneration for the Board of Directors; and
7. the centrality for Ferrari of value creation and the interest of our shareholders, the importance of which is recognized through the use of Total Shareholder Return (TSR) as a performance metric in the Company's long-term incentive plans. The Compensation Committee considers that the use of relative TSR remains one of the most appropriate measures of long-term performance for Ferrari. The structure of our PSU awards demonstrates the centrality of this factor and helps to promote a strong correlation between pay and performance for our executives.

The main principles of Ferrari's remuneration policy are outlined in the chart below:

1	**Alignment with Ferrari Industrial's Strategy**	*Compensation is strongly linked to the achievement of target aligned with the Company's publically disclosed objectives.*
2	**Pay For Performance**	*Compensation must reinforce our performance driven culture and meritocracy. Our incentive plans are based on peer and market benchmarked performance metrics.*
3	**Competitiveness**	*Programs are designed to recruit, motivate and reward Executive Directors and members of the FLT delivering operational and strategic performance over time. Compensation program provisions and financial objectives are evaluated on an annual basis and modified in accordance with industry and business conditions.*
4	**Long-Term Shareholder Value Creation**	*Target triggering any variable compensation payment aligned to interests of shareholders. Our compensation structure places an appropriate amount of compensation at risk based on long-term results.*
5	**Compliance**	*Ferrari compensation policies and plans are designed to comply with applicable laws and corporate governance requirements.*

Overview of remuneration elements

As anticipated above, Ferrari's current remuneration policy was approved by shareholders at the 2020 Annual General Meeting and will be resubmitted to a vote by the Company's General Meeting at least every four years. The structure of the remuneration applicable to our executive Directors, non-executive Directors and other key management under Ferrari's remuneration policy has not changed in 2023 and consists of the following elements:

(i) **Fixed Remuneration** linked to the third pillar of Ferrari's remuneration policy (*Competitiveness*) with the objective of attracting, retaining and motivating our qualified executives and effective leaders. For this reason, we periodically benchmark comparable salaries paid to executives with similar experience by comparable companies;

(ii) **Short-Term Incentives (STI)** linked to the first and second pillars of Ferrari's remuneration policy (*Alignment with Ferrari's Strategy* and *Pay for Performance*) and tied to specific financial targets which are set at challenging levels; short-term incentives are also linked to the contribution of the individual member (*Individual Performance Factor*) in order to motivate its beneficiaries to achieve challenging targets. In particular, Ferrari's 2023 achievements, success and developments were driven by organization-wide alignment with the Company's strategy and values, through incentives that reward the achievement of those goals;

(iii) **Long-Term Incentives (LTI)** linked to the first and fourth pillars of Ferrari's remuneration policy (*Alignment with Ferrari's Strategy* and *Long-Term Shareholder Value Creation*) with the aim to align the behavior of executives critical to the business with shareholders' interests, motivate executives to achieve long-term strategic objectives, and enhance retention of key resources;

(iv) **Non-Monetary Benefits** which are related to the overall remuneration and linked to the third pillar of Ferrari's remuneration policy (*Competitiveness*).

Ferrari's remuneration policy provides that a substantial portion of the compensation of our executive Directors and members of the FLT should be "at-risk", meaning that each will receive a certain percentage of his or her total compensation only to the extent Ferrari and the executive accomplish short- and long-term goals established by the Compensation Committee.

Stakeholder engagement

The Compensation Committee regularly reviews the Directors' remuneration policy against the best corporate governance practices adopted by institutional shareholders and the recommendations of the main proxy advisors, considering also the view of the stakeholders on the remuneration policy and main features of the compensation report.

In this respect, the Annual General Meeting of shareholders held on April 14, 2023 approved the remuneration report for the year 2022 (the "Ferrari Remuneration Report 2022") and the voting results are reflected in the following table:

Resolution	Votes For	%	Votes Against	%	Votes Total	Abstain
2.c - Remuneration Report 2022 (discussion and advisory vote)	207,134,035	99.27366%	1,515,514	0.72634%	208,649,549	543,771

Considering the previous vote of the Annual General Meeting of shareholders and to further understand shareholders' feedback to the Ferrari Remuneration Report 2022, we engaged with our stakeholders prior to drafting the remuneration report for the year 2023. We believe that those conversations have been very constructive and have led to improvements in our remuneration report. This year, the compensation report's has been enhanced to increase transparency and disclosure towards the market and stakeholders through disclosure of target achieved for the FY 2023 Performance Period for our Short-Term Incentive.

Through this remuneration report we continue to pursue our objective to provide our stakeholders each year with clear and comprehensive disclosure of the decisions relating to the remuneration of our executive and non-executive Directors and members of the FLT.

The remuneration report for the year 2023 is subject to a consultative vote at the Annual General Meeting of Shareholders scheduled for April 2024.

Remuneration structure for 2023 and outlook 2024

The purpose and features of the different elements of our remuneration structure for 2023 which will remain unchanged for 2024 are outlined in the table below:

Component	Purpose	Terms and Conditions	2023 Implementation and Outlook 2024
Remuneration Structure	• Attract, retain and motivate highly qualified executives to achieve challenging results • Competitively position our compensation package compared to the compensation of comparable companies, mainly represented by the reference panel ("Reference Panel") and companies that compete for similar talent • Reinforce our performance driven culture and meritocracy	Ferrari's remuneration structure is organized as follows: • Fixed remuneration • Short-term incentives • Long-term incentives • Non-monetary benefits	• Offer a highly competitive compensation package compared to the reference market. • Reference Market: Roles with the same managerial complexity and responsibilities within comparable companies, comprised of those represented by the Reference Panel.
Fixed Remuneration	Reward skills, contribution and experience required for the position held	• Executive Chairman: Fixed remuneration is set in relation to the delegated powers assigned over the term and positions held in line with the Reference Market based on yearly benchmarking (see *"Benchmarking for Executive Directors Remuneration"* Paragraph). • CEO: Fixed remuneration is set in relation to the delegated powers assigned over the term and positions held in line with the Reference Market (see *"Benchmarking for Executive Directors Remuneration"* Paragraph). • Non-executive Directors: Remuneration of non-executive Directors is fixed and not dependent on the Company's financial results. It is approved by the Company's shareholders and periodically reviewed by the Compensation Committee. • FLT Members: The fixed remuneration is related to the position held and the responsibilities attributed, as well as the experience and strategic nature of the resources, in line with reference market offering for roles of similar responsibility and complexity.	**Executive Chairman**: €500,000 annually. **CEO**: €1,500,000 annually. **Non-Executive Directors**: \$75,000 annually. **FLT Members**: The fixed remuneration is related to the position held and the responsibilities attributed, as well as the experience and strategic nature of the resource, in line with reference market offering for roles of similar responsibility and complexity.

Component	Purpose	Terms and Conditions	2023 Implementation and Outlook 2024
Short-Term Incentives	• Achieve the annual financial, operational and other targets and additional business priorities • Motivate and guide executives' activities over the short-term period	Short-term incentives targets: • Based on achievement of annually predetermined performance objectives • Annual financial, operational and other identified objectives	**Executive Chairman**: The compensation package includes a short-term incentive plan with a target pay-opportunity equal to 100% of base salary and maximum pay-opportunity equal to 225% of base salary. **CEO**: The compensation package includes a short-term incentive plan with a target pay-opportunity equal to 100% of base salary and maximum pay-opportunity equal to 225% of base salary. **FLT Members**: Variable incentive percentage of fixed remuneration based on the position held with an average target pay-opportunity equal to 100% of base salary and an average maximum pay-opportunity equal to 225% of base salary.
Long-Term Incentives	• Align the behavior of executives critical to the business with shareholders' interests • Motivate executives to achieve long-term strategic objectives • Enhance retention of key resources	• Equity awards to promote creation of value for the shareholders **Equity Incentive Plan 2021-2023** • PSUs and RSUs: vest at the end of the three year performance and service periods • PSUs: 50% linked to TSR compared to Peer Group, 30% linked to EBITDA; 20% linked to a qualitative factor related to the sustainability and innovation of business **Equity Incentive Plan 2022 – 2024 and 2023 – 2025** • Executive Directors: awarded only PSUs. • FLT Members: were awarded a combination of PSUs and RSUs • PSUs: 40% linked to TSR compared to Peer Group, 40% linked to EBITDA, 20% linked to ESG Target	**Executive Chairman:** • The Equity Incentive Plan 2021-2023 provides for a target pay-opportunity of 300% and maximum pay-opportunity is 400% of base salary. • The Equity Incentive Plan 2022-2024 and 2023-2025 provides for a target pay-opportunity equal to 200% and a maximum pay-opportunity equal to 274% of base salary. **CEO:** • The Equity Incentive Plan 2022-2024 and 2023-2025 provides for a target pay-opportunity equal to 200% and a maximum pay-opportunity equal to 274% of base salary. **FLT Members:** •variable incentive percentage of fixed remuneration based on the position held with an average target opportunity equal to 125% and average maximum pay opportunity equal to 156% of base salary.
Non-Monetary Benefits	• Retain executives through a total reward approach • Enhance executive and employee security and productivity	Represent an integral part of the remuneration package with welfare and retirement-related benefits	Customary welfare, retirement-related and fringe benefits such as company cars and drivers, personal/home security, medical insurance, accident insurance, tax preparation and financial counselling.

Component	Purpose	Terms and Conditions	2023 Implementation and Outlook 2024
Lock Up Period	• Ensures alignment with shareholders' interests	In 2022 a lock up provision was introduced for the Executive Chairman, the CEO, the members of the FLT and other key members of the Group. The Lock Up provision applies retroactively to all equity incentive plans in place.	Under the lock up provision, 50% of the vested shares under the equity incentive plan will be subject from the date of vesting to unavailability and non-transferability for a period determined according to the corporate role: • CEO and Chairman: 36 months • FLT members: 24 months • Other key members of the Group: 12 months

2023 remuneration of executive Directors and FLT members

The Board of Directors determines the compensation for our executive Directors following the recommendation of the Compensation Committee and with reference to the remuneration policy. The compensation structure for executive Directors and FLT members includes a fixed component and a variable component based on short and long-term performance.

Benchmarking for executive Directors remuneration

We believe that this compensation structure promotes the interests of Ferrari in the short and the long-term and is designed to encourage the executive Directors and FLT members to act in the best interests of Ferrari. In determining the level and structure of the compensation of the executive Directors, the non-executive Directors will take into account, among other things, Ferrari's financial and operational results and other business objectives, while considering the executive Directors' view concerning the level and structure of their own remuneration. Performance targets are set by the Compensation Committee to be both achievable and stretching, considering Ferrari's strategic priorities and the automotive landscape. The performance measures that are used for variable components have been chosen to support Ferrari's strategy, long-term interests and sustainability.

For the abovementioned reasons, the compensation packages adopted by Ferrari are significantly balanced towards the variable components in order to reinforce the performance-driven culture and meritocracy. This is in line - as per the short-term incentive component - with the first and second pillars of Ferrari's remuneration policy (see "*Alignment with Ferrari's Strategy and Pay for Performance*") and - as per the long-term incentive component (which has a dominant weight, as shown in the figures below) - with the first and fourth pillars of Ferrari's remuneration policy (see "*Alignment with Ferrari's Strategy and Long-Term Shareholder Value Creation*"), with the ultimate aim to align the performance with shareholders' interests and value creation in the medium- to long-term, to motivate executives to achieve long-term strategic objectives, and to enhance retention of key resources.

This compensation structure, inspired by Ferrari's remuneration policy, is mirrored in the compensation package for the Ferrari workforce at every level, in order to promote and better pursue the organization-wide alignment with the Company's strategy and values and contribute to pay-for-performance culture and long-term value creation.

The structure of the compensation package (base salary and variable compensation, composed of LTI and STI components) specifically provided for the CEO and the Executive Chairman is aligned to, and consistent with, the main pillars of the Ferrari's remuneration policy applied to the entire workforce as well as to the best market practice and to the Reference Panels, as better explained below.

In this regard, we establish target compensation levels using a market-based approach and we monitor compensation levels and trends in the market. We also periodically benchmark our executive compensation program against peer companies.

In 2023, Ferrari conducted the periodic review of the Reference Panel it uses to assess the competitiveness and alignment of the compensations awarded to the CEO and Executive Chairman, as well as to ensure the consistency of the adopted compensation policies with the reference market.

As for the CEO, Ferrari identified an *ad hoc* Reference Panel composed of 17 companies.

In continuity with previous years, Ferrari benchmarked its CEO's total remuneration with those of listed companies deemed comparable with Ferrari in light of some or all of the following criteria: a) representing excellence and luxury in their respective sectors; b) operating in the same business as Ferrari; c) acting in similar sectors; d) presenting overall a similar market capitalization, revenues and number of employees with Ferrari.

Compared to 2022, the CEO's Reference Panel has been updated by adding Volvo and Ermenegildo Zegna, each of which meets the selection criteria outlined above.

The companies in the Reference Panel used by Ferrari for the CEO's compensation benchmarking are listed below:

Chief Executive Officer Reference Panel	
Aston Martin Lagonda	Brembo
Bayerische Motoren Worke	Burberry
Compagnie Financiere Richemont	Mercedes-Benz Group
Harley-Davidson	Hermes International
Kering	LVMH
Moncler	Pirelli
Porsche	The Estée Lauder Companies
Volkswagen	Volvo
Ermenegildo Zegna	

The Executive Chairman's Reference Panel comprises the companies of the CEO's Reference Panel which have a chairman with powers and delegations comparable to the powers and authority of the Executive Chairman (5 Companies out of 17 of those inserted in CEO's Reference Panel), along with three additional companies (added in order to benchmark a statistically significant number of peers and determined based on companies that have a chairman with powers and authority comparable to the powers and authority of the Executive Chairman).

Compared to 2022, the Executive Chairman's Reference Panel has been updated by adding Prada Group, which meets the selection criteria outlined above, in replacement of Salvatore Ferragamo.

The companies forming part of the Reference Panel for the Executive Chairman target compensation benchmarking are listed below:

Executive Chairman Reference Panel	
Aston Martin Lagoonda	Brembo
Compagnie Financiere Richemont	Ford Motors
Hermes International	Prada Group
The Estèe Lauder Companies	Ariston Group Holding

As described above, both Reference Panels are composed of companies representing excellence in their respective sectors and offering very competitive compensation levels to their executives.

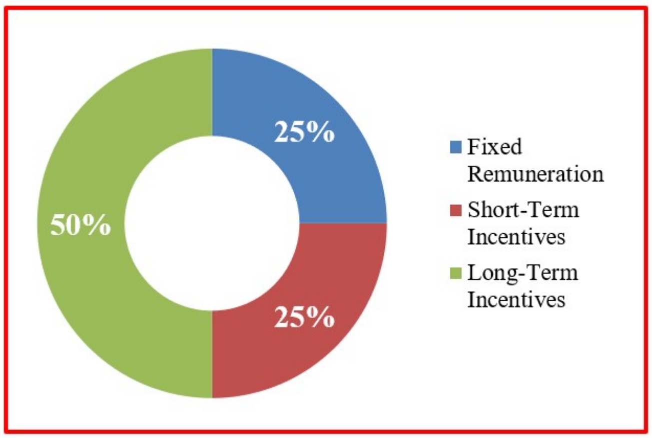
The level and structure of the Executive Chairman's and CEO's compensation packages for 2023 have therefore been compared to the practices of the companies belonging to the abovementioned Reference Panels.

As for the compensation structure, the current Executive Chairman's and CEO's compensation packages are in line with (i) market practice and the compensation packages offered by companies belonging to the Reference Panels; and (ii) Ferrari's remuneration policy as approved by shareholders at the 2020 AGM.

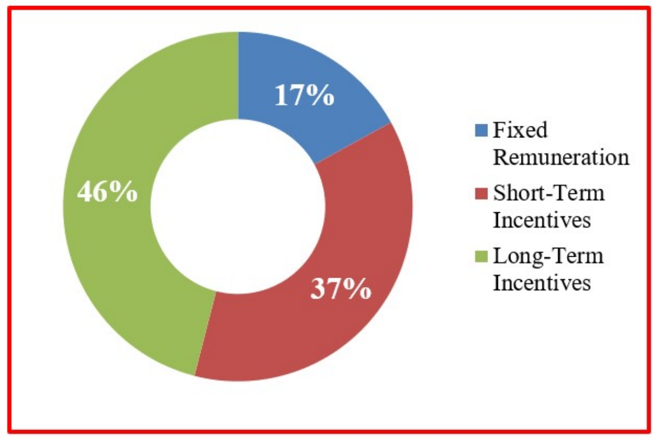
Because the Reference Panels consist of several companies that are larger than Ferrari in terms of revenues and/or number of employees and that have competitive remuneration packages, the CEO's base salary is positioned around the median of the CEO's Reference Panel (as it was in 2022) while the Executive Chairman's base salary is below the 25th percentile of the Executive Chairman's Reference Panel (as it was in 2022); the total target compensation for the CEO is above the 25th percentile and below the median while the Executive Chairman's total target compensation is positioned below the 25th percentile (as it was in 2022).

Our Executive Chairman's and CEO's compensation packages are structured as follows:

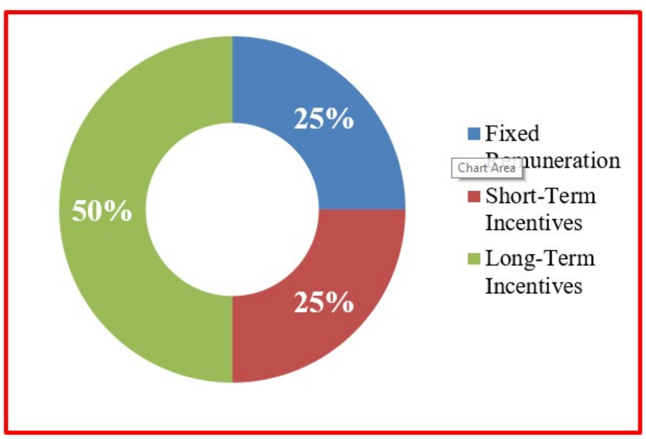
Chairman Target Amounts



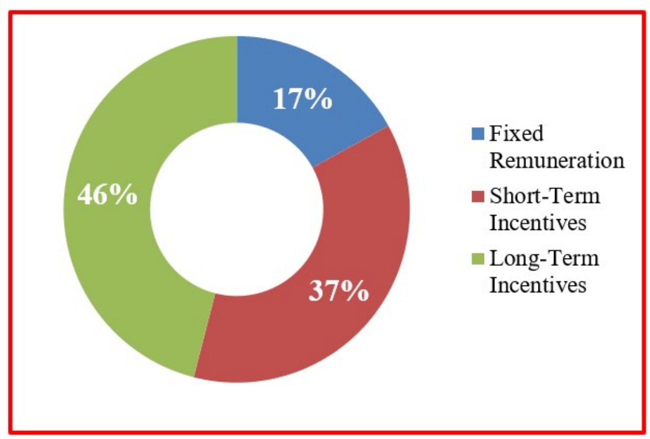
Chairman Maximum Amounts



CEO Target Amounts



CEO Maximum Amounts



On the basis of the remuneration policy objectives, compensation of executive Directors and FLT members consists, *inter alia*, of the elements discussed below.

Fixed component

The primary objective of the base salary (the fixed part of the annual cash compensation) for executive Directors and FLT members is to attract and retain highly qualified senior executives. Our policy is to periodically benchmark comparable salaries paid to executives with similar experience by comparable companies.

Variable components

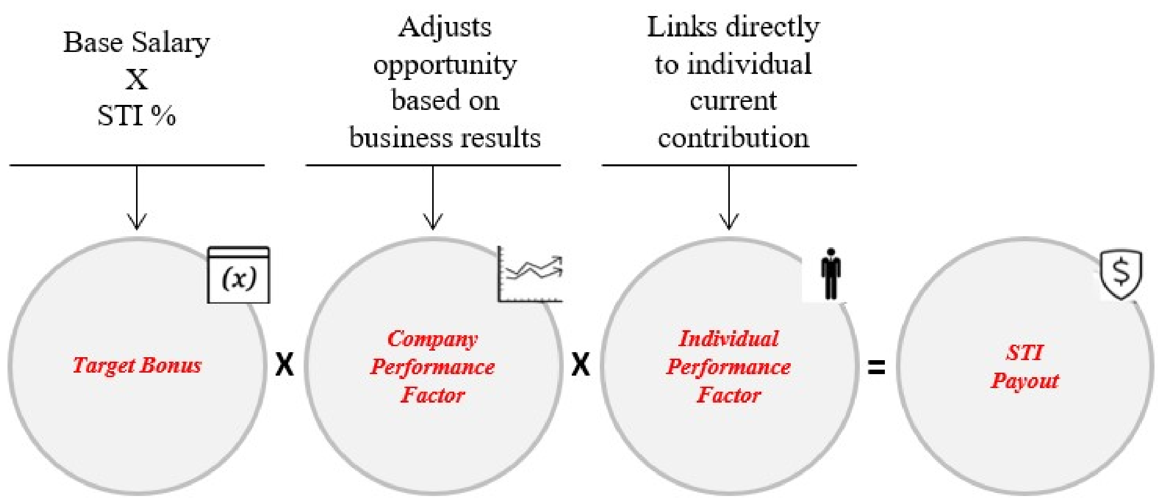
Executive Directors and FLT members are also eligible to receive variable compensation subject to the achievement of pre-established financial and other identified performance targets. The short and long-term components of executive Directors' and FLT members' variable remuneration are linked to predetermined, assessable targets in order to create long-term value for the shareholders.

Our variable compensation programs are designed to recruit, motivate and reward executive Directors and members of the FLT delivering operational and strategic performance over time. The provisions and financial objectives of our variable compensation programs are evaluated on an annual basis and modified in accordance with industry and business conditions.

Short-term incentives

The primary objective of our performance-based short-term variable cash-based incentives is to incentivize the executive Directors and the members of the FLT to focus on the business priorities for the current or next year. The short-term incentive plan is designed to motivate its beneficiaries to achieve challenging targets, by recognizing individual contributions to the Group's results on an annual basis. The Compensation Committee believes that it is appropriate to use a balance of corporate financial targets, strategic objectives and individual performance objectives.

The methodology for calculating payouts under our short-term incentive plan is the following:



The target level for both the Company Performance Factor and the Individual Performance Factor is 100%, reaching a possible maximum level which is equal to the 150% of target set level, resulting in a maximum pay-opportunity equal to 225% of base salary. There is no minimum bonus payout; as a result, if none of the threshold objectives are satisfied, there is no bonus payment.

To determine the executive Directors' annual performance bonus, the non-executive Directors, upon proposal of the Compensation Committee:

- approve the executive Directors' targets and maximum allowable bonuses;
- select the appropriate metrics and their weighting;
- set the stretch objectives;
- consider any unusual items in a performance year to determine the appropriate measurement of achievement; and
- approve the final bonus determination.

In 2023, the Compensation Committee defined the Company Performance Factor by reference to four metrics:

- Net Revenues (20%)
- Consolidated Adjusted Operating profit (Adjusted EBIT) (20%)
- Consolidated Adjusted EBITDA Margin (20%)
- Industrial Free Cash Flow (40%)

The Compensation Committee established challenging goals for each metric linked to budget, each of which pays out independently. The achievement of the budget target implies the application of a coefficient equal to 100 to the relevant metric, and deviations within thresholds defined from year to year imply a linear variation of the coefficient between 50 and 150; outside these thresholds the coefficient goes to zero or remains equal to 150 which represents the cap of the coefficient, resulting in a maximum pay-opportunity equal to 225% of base salary. The overall Company Performance Factor coefficient is a weighted average of those obtained for the each metric.

In addition, upon proposal of the Compensation Committee, the non-executive Directors have authority to grant special bonuses for specific transactions that are deemed exceptional in terms of strategic importance and effect on Ferrari's results, taking into account standards of reasonableness and fairness. The form of any such bonus (cash, common shares of Ferrari or options to purchase common shares) is determined by the non-executive Directors from time to time.

No special bonuses were awarded to the executive Directors or members of the FLT for 2023.

Beginning in 2022, our executive Directors (Executive Chairman and CEO) are included in the short-term incentive plan, in order to better align executive Directors' action to Ferrari's strategy and performance and with market practice.

Short-term incentives clawback clause

In 2023 Ferrari introduced a clawback clause for its short-term incentives, which allows the Company to claim the refund of part or all of the variable component of remuneration received during the three fiscal years immediately preceding the date the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under applicable securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

This new clawback clause is in accordance with the NYSE listing requirements, and we have adopted a specific internal policy abiding to those requirements (the "NYSE Clawback Policy"). The NYSE Clawback Policy, which became effective on December 1, 2023, provides for the recovery of certain erroneously awarded incentive-based compensation earned by current or former executive officers of the Company in the event that the Company is required to prepare an accounting restatement.

Long-term incentives

We believe that the equity incentive plan discussed below increases the alignment between the Company's performance and shareholder interests, by linking the compensation opportunity of the executive Directors and members of the FLT to increasing shareholder value.

During 2023, Ferrari had three long-term equity incentive plans in place, consistent with the Company's business plans presented at the Capital Markets Day in June 2022 and awarding to their beneficiaries, as the case may be, a combination of performance share units ("PSUs") and restricted share units ("RSUs"), each representing the right to receive one Ferrari common share:

- *Equity Incentive Plan 2021-2023*, approved on February 26, 2021 by the Board of Directors, covering a performance period from 2021 to 2023, having the Executive Chairman and Interim CEO of the Company, as well as members of the FLT and other key members of the Group as beneficiaries;

- *Equity Incentive Plan 2022-2024*, approved on February 25, 2022 by the Board of Directors, covering a performance period from 2022 to 2024, having the Executive Chairman and CEO of the Company, as well as members of the FLT and other key members of the Group as beneficiaries;
- *Equity Incentive Plan 2023-2025*, approved on February 23, 2023 by the Board of Directors, covering a performance period from 2023 to 2025, having the Executive Chairman and CEO of the Company, as well as members of the FLT and other key members of the Group as beneficiaries.

Further details about vesting of *Equity Incentive Plan 2021-2023*, covering a performance period from 2021 to 2023, which will vest on March 2024 and having the Executive Chairman and the CEO of the Company, as well as members of the FLT and other key employees of the Group, as beneficiaries, ended on December 31, 2023 are provided in Section 2.

For the *Equity Incentive Plan 2021-2023*, the PSU awards are earned based on the level of achievement of defined key performance indicators relating to: i) a relative total shareholder return ("TSR") target (which is relative to the TSR of a defined peer group ("Peer Group")), ii) an EBITDA target, and iii) an innovation target. For the *Equity Incentive Plan 2022-2024* and the *Equity Incentive Plan 2023-2025*, the innovation target has been replaced by an ESG target focusing on an Environment Factor and a Social Factor described below.

Each target is measured independently of the other targets and relates to separate portions of the aggregate awards.

For the *Equity Incentive Plan 2022-2024* and for the *Equity Incentive Plan 2023-2025*, executive Directors will be awarded only PSUs. The RSU awards (for the *Equity Incentive Plan 2022-2024* and for the *Equity Incentive Plan 2023-2025,* only for members of the FLT and other key employees of the Group) are service-based and vest conditional on the employees' continued employment with the Company at the time of vesting.

Details of the equity long-term incentives granted to the Executive Chairman and CEO are summarized below:

Equity Incentive Plan 2021-2023

	Type of Equity Long-Term Incentive Vehicle	Proportion of Equity Long-Term Grant	Holding Period	Performance Metrics (Weighting) or Vesting Condition
Executive Chairman and Interim CEO	Equity Incentive Plan 2021-2023 **Performance Share Units (PSUs)**	67%	6 years: 3 years Performance + 3 years Lock Up	1) TSR (50%) 2) EBITDA (30%) 3) Innovation Performance Goal (20%)
	Equity Incentive Plan 2021-2023 **Retention Restricted Share Units (RSUs)**	33%	6 years: 3 years Performance + 3 years Lock Up	Conditional on continued employment

Equity Incentive Plan 2022-2024 and Equity Incentive Plan 2023-2025

	Type of Equity Long-Term Incentive Vehicle	Proportion of Equity Long-Term Grant	Holding Period	Performance Metrics (Weighting) or Vesting Condition
Executive Chairman	Equity Incentive Plan **Performance Share Units (PSUs)**	100%	6 years: 3 years Performance + 3 years Lock Up	1) TSR (40%) 2) EBITDA (40%) 3) ESG Goal (20%)
CEO	Equity Incentive Plan **Performance Share Units (PSUs)**	100%	6 years: 3 years Performance + 3 years Lock Up	1) TSR (40%) 2) EBITDA (40%) 3) ESG Goal (20%)

The number of PSU awards earned is determined based on the level at which the three performance criteria described below are achieved. At the end of the vesting period, the total number of PSUs earned is equal to the sum of:

- the number of PSUs earned under the TSR payout factor; plus
- the number of PSUs earned under the EBITDA payout factor; plus
- the number of PSUs earned under (i) for Equity Incentive Plan 2021-2023, the Innovation Performance Goal and (ii) for the Equity Incentive Plan 2022-2024 and the Equity Incentive Plan 2023-2025, the ESG Factor.

Equity Incentive Plan 2021-2023 main features

<table>
<tr><th>Metrics (weight)</th><th>Metrics (type)</th><th>Benchmark</th><th>Rationale</th><th>Link between pay and performance</th></tr>
<tr><td>TSR (50%)</td><td>Financial criteria</td><td>Peer Group
(8 companies: Ferrari, Aston Martin, Burberry, Hermes, Kering, LVMH, Moncler, Richemont)</td><td>TSR is tracked for both Ferrari and the companies in the defined Peer Group calculating starting and ending prices as an average of the 30 calendar days prior to grant and award date</td><td><table><tr><th>Ranking</th><th>% of Target Awards</th></tr><tr><td>1°</td><td>150%</td></tr><tr><td>2°</td><td>120%</td></tr><tr><td>3°</td><td>100%</td></tr><tr><td>4°</td><td>75%</td></tr><tr><td>5°</td><td>50%</td></tr><tr><td>6° - 7° - 8°</td><td>0</td></tr></table></td></tr>
<tr><td>EBITDA (30%)</td><td>Financial criteria</td><td>5-year Business Plan</td><td>EBITDA is defined as net profit before income tax expense, financial expenses, net and amortization and depreciation and is an indicator of Ferrari's profitability</td><td><table><tr><th>Performance</th><th>% of Target Awards</th></tr><tr><td>+10%</td><td>140%</td></tr><tr><td>+5%</td><td>120%</td></tr><tr><td>5 Years Plan</td><td>100%</td></tr><tr><td>-5%</td><td>80%</td></tr><tr><td>< - 5%</td><td>0</td></tr></table></td></tr>
<tr><td>Innovation Performance Factor (20%)</td><td>Non-financial criteria</td><td>Critical project milestones</td><td colspan="2">The Innovation Performance Factor focuses on the new product launches in line with Ferrari's plan and on technological innovation. It is measured in terms of product launches (milestones, volumes and contribution margin), for a weight of 70%, and key technological projects, for the remaining 30%, to be achieved during the performance period.</td></tr>
</table>

Our non-financial criterion, the Innovation Performance Factor, is included in the Equity Incentive Plan in order to have a performance indicator directly linked to the long-term sustainability and technological innovation of our business.

In relation to the vesting of the PSUs awarded to the Executive Chairman, the vesting of all units under the plan occurs after the end of the relevant performance period (*i.e.* December 31, 2023), to the extent that the conditions for vesting are satisfied.

The performance period for the Equity Incentive Plan 2021-2023 PSUs commenced on January 1, 2021. The fair value of the awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the PSUs that were granted to Mr. Elkann in 2021 is €130.42 per share.

Key Assumptions	PSU Awards Granted to the Executive Directors in 2021
Grant date share price	€175.80
Expected volatility	27.0%
Dividend yield	0.75%
Risk-free rate	0%

The expected volatility was based on the observed volatility of the defined Peer Group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

The RSUs granted under the Equity Incentive Plan 2021-2023 will vest in 2024 at the end of the three-year cliff vesting period, subject to continued employment with the Company. The fair value of the RSUs that were granted to Mr. Elkann in 2021 is €171.86 per share.

Equity Incentive Plan 2022-2024 and Equity Incentive Plan 2023-2025 main features

The Equity Incentive Plan 2022-2024 and the Equity Incentive Plan 2023-2025, provide for significant changes compared to the former long-term equity incentive plan. The main changes include:

- **Combination of PSUs and RSUs**: different weight of RSU and PSU distribution in relation to the responsibilities and the level of contribution to the results of each cluster of beneficiaries. Executive Directors were awarded only PSUs in order to strengthen the alignment of their long-term interests with those of shareholders;
- **Different relative weight of the metrics**: TSR is now weighted 40% (instead of 50%) and EBITDA 40% (instead of 30%);
- **TSR Peer Group**: TSR Peer Group increased **by three companies** (Mercedes Benz Group AG, Prada and Estee Lauder), in order to have an **odd number of companies** and, consequently, **modifying the pay-out scale** providing that executives will become eligible to earn awards only in case of performance at the benchmark median;
- **Non-financial criteria**: the Innovation Performance Factor has been replaced by the ESG factor described in the table below. In particular, the component of ESG factor linked to the Environment is consistent to actions adopted by Ferrari to achieve carbon neutrality by 2030, as already explained in the Capital Markets Day 2022. For Scope 1 and 2, Ferrari is planning to gradually reduce the use of trigeneration through an electrification process. While for Scope 3, electrification will reduce the vehicle use phase CO2eq emissions; additionally, Ferrari is exploring solutions to reduce the otherwise growing emissions of raw materials.

<table>
<tr><th>Metrics
(weight)</th><th>Metrics
(type)</th><th>Benchmark</th><th>Rationale</th><th>Link between pay and performance</th></tr>
<tr><td>TSR (40%)</td><td>Financial criteria</td><td>Peer Group

(11 companies: Ferrari, Aston Martin, Burberry, Estee Lauder, Hermes, Kering, LVMH, Mercedes Benz Group AG, Moncler, Prada and Richemont)</td><td>TSR is tracked for both Ferrari and the companies in the defined Peer Group calculating starting and ending prices as an average of the 30 calendar days prior to grant and award date</td><td><table>
<tr><th>Ranking</th><th>% of target awards</th></tr>
<tr><td>1°</td><td>175%</td></tr>
<tr><td>2°</td><td>150%</td></tr>
<tr><td>3°</td><td>125%</td></tr>
<tr><td>4°</td><td>100%</td></tr>
<tr><td>5°</td><td>75%</td></tr>
<tr><td>6°</td><td>50%</td></tr>
<tr><td>7° - 8° - 9° - 10° - 11°</td><td>0</td></tr>
</table></td></tr>
<tr><td>EBITDA (40%)</td><td>Financial criteria</td><td>5-year Business

Plan</td><td>EBITDA is defined as net profit before income tax expense, financial expenses, net and amortization and depreciation and is an indicator of Ferrari's profitability</td><td><table>
<tr><th>Performance</th><th>Payout</th></tr>
<tr><td>+15%</td><td>175%</td></tr>
<tr><td>+10%</td><td>150%</td></tr>
<tr><td>+5%</td><td>125%</td></tr>
<tr><td>5 Years Plan</td><td>100%</td></tr>
<tr><td>-5%</td><td>75%</td></tr>
<tr><td>< - 5%</td><td>0</td></tr>
</table></td></tr>
<tr><td>ESG Factor (20%)</td><td>Non-financial criteria</td><td>Project linked to E and S spheres</td><td colspan="2">The ESG focuses on an Environment Factor and a Social Factor:
- 50% is based on the Reduction CO_2 Carbon Emission following the milestones of the Ferrari's sustainability plan – Rolling KPI until 2030: for the intermediate years leading up to 2030, the amount of the incentive attributed to this KPI will be assessed based on targets calculated through a year-by-year reduction proportional to product development up to 2030. This methodical approach ensures a progression towards the final targets established for the year 2030, allowing for a consistent and measurable tracking of the CO2 emission reduction efforts in alignment with Ferrari's long-term sustainability objectives.
- 50% is based on the maintenance of Equal Salary Certification or equivalent certification. The award of certification is based not only on equal pay for men and women, but in a more extensive way on targets of continuous improvement of D&I culture and inclusive environment.

The certification process involves both quantitative and qualitative evaluations. The quantitative evaluation, which must be surpassed to proceed to the qualitative evaluation, consists of a detailed statistical analysis of compensation levels to verify that the gender pay gap is lower than 5% compared to a predictive statistical salary and that the accuracy of the data used is greater than 90%. The qualitative evaluation assesses: (i) the CEO and Top Management's commitment to Diversity and Inclusion matters, (ii) how Corporate processes and policies are fair in terms of gender, (iii) employees' perception of the inclusiveness of the culture and (iv) the PDCA (Plan, Do, Check, Act) methodology application in all of the aforementioned processes.</td></tr>
</table>

In relation to the vesting of the PSUs awarded to the Executive Chairman and the CEO, the settlement of all units under the plans occur after the end of the performance period (*i.e.* December 31, 2024 and December 31, 2025), to the extent that the conditions for vesting are satisfied.

The performance period for the Equity Incentive Plan 2022-2024 PSUs commenced on January 1, 2022. The fair value of the awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the PSUs that were granted to Mr. Elkann and Mr. Vigna in 2022 is €162.02 per share.

The key assumptions used to calculate the grant-date fair values for these awards are summarized below:

Key Assumptions	PSU Awards Granted to the Chairman and CEO in 2022
Grant date share price	€ 177.95
Expected volatility	27.75%(1)
Dividend yield	0.75%
Risk-free rate	0%

(1) The expected volatility was based on the observed volatility of the defined Peer Group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

The performance period for the Equity Incentive Plan 2023-2025 PSUs commenced on January 1, 2023. The fair value of the awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the PSUs that were granted to Mr. Elkann and Mr. Vigna in 2023 is € 221.76 per share.

The key assumptions used to calculate the grant-date fair values for these awards are summarized below:

Key Assumptions	PSU Awards Granted to the Chairman and CEO in 2023
Grant date share price	€ 242.30
Expected volatility	27.93%(2)
Dividend yield	0.75%
Risk-free rate	2.90%

(2) See Footnote no. 1.

Any RSUs awarded to FLT members and other key members of the Group are service-based and will vest in March 2025 or March 2026 (as applicable) conditional on the continued employment of the beneficiaries with the Company or the Group at the time of vesting. The executive Directors were not awarded any RSUs in 2022 and 2023.

Recoupment of incentive compensation (clawback policy)

The Equity Incentive Plans include a clawback clause, which allows the Company to claim the refund of part or all of the variable component of remuneration awarded or paid on the basis of information or data that subsequently prove manifestly incorrect, if the Board of Directors determines that circumstances that would have constituted "cause" (as defined) existed while the remuneration remained unvested or due to the beneficiaries' fraud or negligence (each, a "Recovery Event").

In particular, if a Recovery Event occurs within three years after the payment of cash or delivery of any shares in respect of the PSUs or RSUs, a participant will be required to repay the net amount received, as determined by the Board of Directors in its discretion.

As discussed above, the NYSE Clawback Policy also governs the recovery of certain erroneously awarded incentive-based compensation earned by current or former executive officers of the Company in the event that the Company is required to prepare an accounting restatement.

Lock up period

In 2022, the Board of Directors approved a lock up provision for its Executive Chairman, CEO, members of the FLT and other key members of the Group which replaces the former stock ownership guidelines and applies to all long-term incentive plans issued and to be issued by the company.

Under the lock up provision 50% of the vested shares under the Equity Incentive Plans will be subject from the date of vesting to unavailability and non-transferability for a period determined according to the corporate role:

- CEO and Chairman: 36 months after the vesting
- FLT members: 24 months after the vesting
- Other key members of the Group: 12 months after the vesting

The Executive Chairman and the CEO are each required to retain 100% of the shares of common stock issued, on a net, after-tax basis, upon vesting and settlement of any equity awards granted to such individual until the fifth anniversary of the grant date of the applicable award other than in the event of death, termination of service due to total disability, approved leave of absence or retirement.

Other benefits

Executive Directors may also be entitled to customary fringe benefits such as personal use of aircraft, company cars and drivers, personal/home security, medical insurance, accident insurance, tax preparation and financial counselling. The Compensation Committee may grant other benefits to the executive Directors in particular circumstances.

Severance

The terms of service of the CEO provide that termination of the contract by either party is subject to six months' notice period. However, if the Company terminates his services for reasons other than for just cause (as defined) or if he terminates his services due to the reduction or limitations of his managing powers or following his dismissal in case of change of control, the Company shall pay the CEO an amount equal to 18 monthly installments of his base monthly salary, including any amount due for the six months' notice period (which means that the severance amount does not exceed 12 months' salary, in line with the Code), plus the accrued pro rata of the Company's contribution to the pension fund as well as STI and LTI variable compensation accrued at the date of termination of employment. If an actual severance payment will be made at the termination of employment and such severance payment would exceed 12 months' base salary, then a disclosure will be made in line with the Code.

If within twenty-four months following a change of control (as defined), the Chairman's services are terminated by the Company (other than for cause), or are terminated by the Chairman for good reason, the Chairman is entitled to receive the accelerated vesting of awards under his long-term incentive plan.

Internal pay ratios

In line with the Code, the internal pay ratio is an important input for determining the Remuneration Policy for the Board of Directors. The internal pay ratio is calculated as the ratio between (i) the total annual remuneration of the CEO(1) and (ii) the average total annual remuneration of the employees of the company and the group companies of which the company consolidates the financial data(2). The following table presents the internal pay ratio for 2023, 2022, 2021, 2020 and 2019.

(1) *The total annual remuneration of the CEO includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based portion of the remuneration (value of the share-based payment is determined at the time of allocation in line with the applicable regulations under IFRS), social premiums, pension, expense allowance, et cetera), as included in the (consolidated) financial statements on an IFRS basis.*

(2) *The average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements on an IFRS basis) by the average number of FTEs during the financial year. Hiring of external employees is taken into account on a pro rata basis, insofar as these are hired for at least three months during the financial year.*

	2023	2022	2021[2]	2020	2019
Total Annual Remuneration of CEO (A)	6,692,434[1]	4,993,961[1]	4,486,151	6,835,721	8,631,030
Average Total Annual Employee (FTE) Remuneration Costs (B)	99,857	97,182	92,656	78,193	83,780
Pay Ratio (A/B)	**67.0**	**51.4**	**48.4**	**87.4**	**103.0**

(1) Includes €1,994,433 and €1,009,045 recognized as share-based compensation expense during the years ended December 31, 2023, 2022, respectively, for equity awards granted under the Group's Equity Incentive Plan 2023-2025 and the Equity Incentive Plan 2022-2024 that will vest in 2026 and 2025, respectively, subject to certain performance and service conditions. See also "—Directors' compensation" and "—Share-Based Compensation of Executive Directors" below.

(2) For 2021 the pay ratio is calculated considering the remuneration of the current CEO, Benedetto Vigna, payable for the period from September 16, 2021 (the date when Mr. Vigna began acting as Chief Executive Officer) to December 31, 2021, which includes a one-off Welcome Bonus. There is no significant difference between the pay ratio so calculated and the pay ratio calculated based on the target remuneration elements pro rated on a full year basis. In addition, the compensation payable to Mr. Elkann as interim CEO during 2021 is not included in the calculation of the pay ratio because such compensation was forfeited by Mr. Elkann. The decrease in the pay ratio in 2021 when compared to 2020 can be explained, inter alia, by the fact that for 2020 and 2019 the pay ratio is calculated considering the remuneration of the former CEO, Louis Camilleri, whose compensation package was different from that of the current CEO and included a large portion of LTI variable compensation.

Scenario analysis

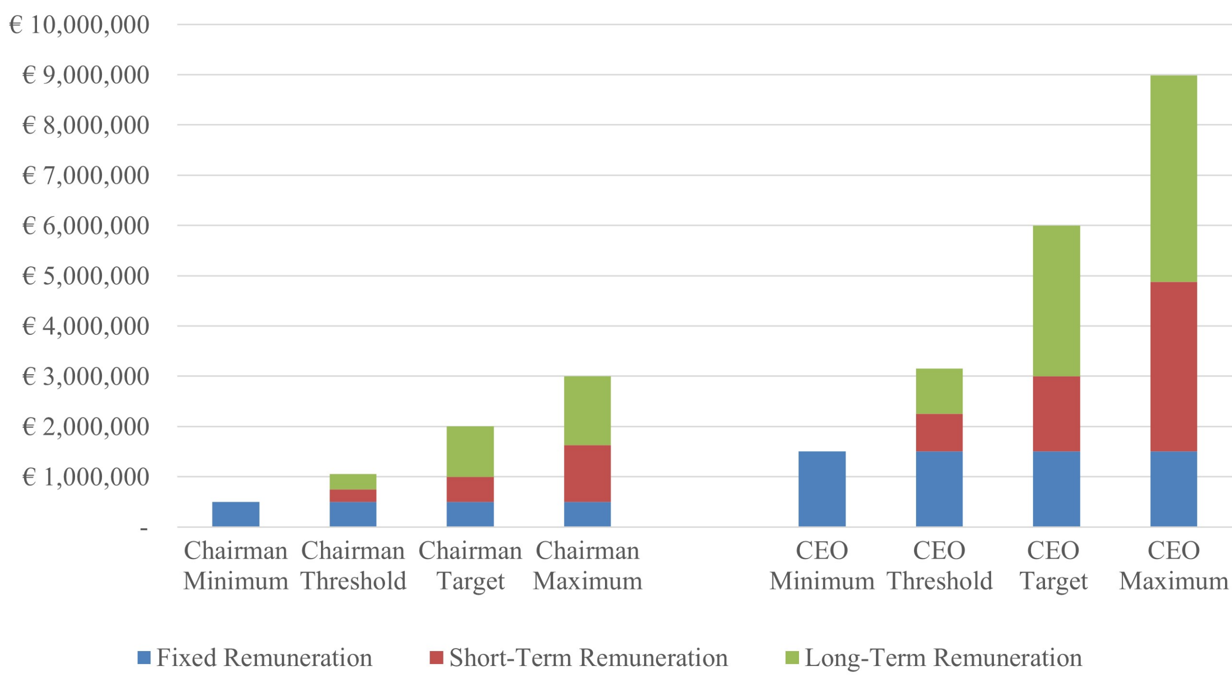
On an annual basis, the non-executive Directors, upon proposal of the Compensation Committee, examine the relationship between the performance criteria chosen and the possible outcomes for the variable remuneration of our executive Directors (scenario analysis). To date, the non-executive Directors believe the remuneration policy has proven effective in terms of establishing a correlation between Ferrari's strategic goals and the chosen performance criteria, as the main key performance criteria of our executive Directors' long-term incentive plan, which represents a significant part of the Executive Chairman's and the CEO's compensation package, supports both Ferrari's business strategy and value creation for our shareholders.

The Compensation Committee evaluates the mix of variable compensation linked to financial and non-financial performance, as well as shareholder returns, taking also into account the wages and employment conditions of our employees. Our incentive plans are based on peer and market benchmarked performance metrics.

In the event that specific long-term threshold performance targets are not achieved, there will be no variable pay vesting or payout for executive Directors for the relevant period.

The following table and chart describe compensation levels that the Executive Chairman and the CEO could receive under the compensation packages in place and different scenarios in a calendar year, assuming a constant share price (i.e. no appreciation):

Element of remuneration	Details of assumption
Fixed remuneration	The Executive Chairman's base salary is €500,000 and the CEO's base salary is €1,500,000.
Short-term Incentive Plan	The compensation packages for 2023 for the Chairman and the CEO include a short-term incentive plan with a threshold pay-opportunity equal to 50% of base salary, a target pay-opportunity equal to 100% of base salary and maximum pay-opportunity equal to 225% of base salary.
Long-term Incentive Plan	Executive Chairman and CEO: – in case of failure to achieve any of the performance criteria the scenario assumes no award of PSUs; – in case of achievement of the threshold for each of the performance criteria, the scenario assumes an award equal to threshold pay opportunity (60% of base salary); – in case of achievement of the targets for each of the performance criteria, the scenario assumes an award equal to target pay opportunity (200% of base salary); – in case of achievement of the maximum level of each performance criteria the scenario assumes the award equal to maximum pay opportunity (274% of base salary).



N.B. *Details about the Chairman and the CEO's actual 2023 remuneration are included in section* 2.

In the event of performance below the set threshold, both in the short and long term incentive plan, the Executive Chairman and the CEO will be recognized with fixed remuneration only.

Remuneration policy for Non-Executive Directors

Remuneration of non-executive Directors is approved by the Company's shareholders and periodically reviewed by the Compensation Committee.

Remuneration of non-executive Directors is fixed and not dependent on the Company's financial results. Non-executive Directors are not eligible for variable compensation and do not participate in any incentive plans.

The current annual remuneration for the non-executive Directors (which was approved at the 2020 AGM) is shown in the table below:

Non-Executive Director Compensation	U.S. $
Annual cash retainer	$75,000
Additional retainer for Audit Committee member	$10,000
Additional retainer for Audit Committee Chairman	$20,000
Additional retainer for Compensation Committee member	$5,000
Additional retainer for Compensation Committee Chairman	$15,000
Additional retainer for ESG Committee member	$5,000
Additional retainer for ESG Committee Chairman	$15,000
Additional retainer for the senior non-executive Director	$25,000

All remuneration of the non-executive Directors is paid in cash.

Remuneration of other employees and Equal Salary Certification

Ferrari aims to provide a market-competitive and fair remuneration package for its workforce, in line with the remuneration policy and in order to better pursue the Company's strategy and purpose and contribute to long-term value creation.

Furthermore, Ferrari operates a merit-based remuneration policy, which does not discriminate on the basis of gender, age, nationality, social status or cultural background.

In 2023, we received the renewal of the Equal-Salary Certificate for providing equal pay to men and women with the same qualifications and positions in the Company. For the first time, the Equal Salary Certification is global. See also "*Non Financial Statement—Being the Employer of Choice—Talent Recruitment and Employee Retention—Diversity and Inclusion*".

Ferrari strongly believes in the Equal Salary Certification and since 2022 the maintenance of the certification is part of the vesting conditions of the equity incentive plans (as a component of the ESG performance factor).

2. Implementation of Remuneration Strategy in 2023

Introduction

This section sets out the implementation of Ferrari's remuneration strategy for the year ended December 31, 2023. The remuneration granted in the year ended December 31, 2023 is in accordance with the substance and the procedures of the remuneration strategy (as set out above) and therefore we believe it allows us to seek to attract and retain the most highly qualified executive talent and motivate such executives to achieve business and financial goals that create long-term value for shareholders in a manner consistent with our core business and leadership values and taking into account the social context around the Company.

Directors' compensation

The following table summarizes the remuneration received by the members of the Board of Directors for the year ended December 31, 2023 from Ferrari and its subsidiaries.

Name	Office held	Fixed remuneration		Variable remuneration (€)	Extraordinary items (€)	Pension benefits (€)	LTI (€)	Total remuneration [2] (€)
		Annual fee (€)	Fringe benefits (€)					
John Elkann	Chairman and Executive Director	513,833	13,279 (1)	984,900 (*)	—	—	878,667	2,390,679
Benedetto Vigna	Chief Executive Officer and Executive Director	1,501,560	11,741 (1)	2,954,700 (*)	—	230,000	1,994,433	6,692,434
Total	**Executive Directors**	**2,015,393**	**25,020**	**3,939,600**	**—**	**230,000**	**2,873,100**	**9,083,113**
Piero Ferrari	Vice Chairman and Non-Executive Director	73,777	13,080 (1)	—	—	—	—	86,857
Sergio Duca	Senior Non-Executive Director	110,665	—	—	—	—	—	110,665
Delphine Arnault	Non-Executive Director	73,777	—	—	—	—	—	73,777
Francesca Bellettini	Non-Executive Director	78,387	—	—	—	—	—	78,387
Eddy Cue	Non-Executive Director	78,387	—	—	—	—	—	78,387
John Galantic	Non-Executive Director	82,999	—	—	—	—	—	82,999
Maria Patrizia Grieco	Non-Executive Director	78,387	—	—	—	—	—	78,387
Adam Keswick	Non-Executive Director	69,166	—	—	—	—	—	69,166
Mike Volpi	Non-Executive Director	49,513	—	—	—	—	—	49,513
Total	**Non-Executive Directors**	**695,058**	**13,080**	**—**	**—**	**—**	**—**	**708,138**
Total		**2,710,451**	**38,100**	**3,939,600**	**—**	**230,000**	**2,873,100**	**9,791,251**

(1) Relate to car benefits provided to Mr. Vigna, Mr. Elkann and Mr. Ferrari in accordance with the remuneration policy.
(2) Certain amounts have been converted from U.S. Dollars to Euro.
(*) This amount refers to short-term incentives.

The following table summarizes the remuneration received by the members of the Board of Directors for the year ended December 31, 2022 from Ferrari and its subsidiaries.

Name	Office held	Fixed remuneration		Variable remuneration (€)	Extraordinary items (€)	Pension benefits (€)	LTI (€)	Total remuneration [2] (€)
		Annual fee (€)	Fringe benefits (€)					
John Elkann	Chairman and Executive Director	514,355	11,842 [1]	680,000 [*]	—	—	770,998	1,977,195
Benedetto Vigna	Chief Executive Officer and Executive Director	1,500,000	10,916 [1]	2,244,000 [*]	—	230,000	1,009,045	4,993,961
Total	**Executive Directors**	**2,014,355**	**22,758**	**2,924,000**	**—**	**230,000**	**1,780,043**	**6,971,156**
Piero Ferrari	Vice Chairman and Non-Executive Director	76,563	19,402 [1]	—	—	—	—	95,965
Sergio Duca	Senior Non-Executive Director	114,844	—	—	—	—	—	114,844
Delphine Arnault	Non-Executive Director	76,563	—	—	—	—	—	76,563
Francesca Bellettini	Non-Executive Director	81,348	—	—	—	—	—	81,348
Eddy Cue	Non-Executive Director	81,348	—	—	—	—	—	81,348
John Galantic	Non-Executive Director	86,133	—	—	—	—	—	86,133
Maria Patrizia Grieco	Non-Executive Director	81,348	—	—	—	—	—	81,348
Adam Keswick	Non-Executive Director	71,777	—	—	—	—	—	71,777
Total	**Non-Executive Directors**	**669,924**	**19,402**	**—**	**—**	**—**	**—**	**689,326**
Total		**2,684,279**	**42,160**	**2,924,000**	**—**	**230,000**	**1,780,043**	**7,660,482**

(1) Relate to car benefits provided to Mr. Vigna, Mr. Elkann and Mr. Ferrari in accordance with the remuneration policy.
(2) Certain amounts have been converted from U.S. Dollars to Euro.
(*) This amount refers to short-term incentives.

The following table shows a comparison of the total remuneration of Directors over the last five years, based on Ferrari Directors who served as Directors in 2023.

Directors' Total Remuneration (€)

Name	Office held	2023	2022		2021	2020	2019	
John Elkann (*)	Executive Chairman and Executive Director	2,390,679	1,977,195	(1)	336,938	77,790	223,586	(2)
Benedetto Vigna (*)	Chief Executive Officer and Executive Director	6,692,434	4,993,961	(4)	4,486,151	—	—	
Piero Ferrari	Vice Chairman and Non-Executive Director	86,857	95,965		81,062	30,041	83,472	
Sergio Duca	Senior Non-Executive Director	110,665	114,844		103,238	27,233	109,810	
Delphine Arnault	Non-Executive Director	73,777	76,563		68,171	17,020	67,080	
Francesca Bellettini (6)	Non-Executive Director	78,387	81,348		73,127	—	—	
Eddy Cue	Non-Executive Director	78,387	81,348		73,127	19,290	73,542	
John Galantic (6)	Non-Executive Director	82,999	86,133		77,429	—	—	
Maria Patrizia Grieco	Non-Executive Director	78,387	81,348		73,127	19,290	76,024	
Adam Keswick	Non-Executive Director	69,166	71,777		64,524	17,020	67,080	
MIke Volpi	Non-Executive Director	49,513	—		—	—	—	
Adjusted EBITDA (5) (€ thousand)		2,279	1,773		1,531	1,143	1,269	
Average Ferrari Share Price		275.25	196.34		185.25	155.98	131.44	
Median fixed remuneration of employees (6)		37,210	34,960		34,071	32,876	31,782	

(1) From January 1, 2021, to September 15, 2021: Chairman, CEO and Executive Director. From September 16, 2021, to December 31, 2021: Executive Chairman and Executive Director.

(2) From January 1, 2019, to December 4, 2019: Chairman and Non-Executive Director. From December 4, 2019, to December 31, 2019: Executive Chairman and Executive Director.

(3) Mr. Vigna joined Ferrari as CEO and Executive Director on September 16, 2021. As a Welcome Bonus for having joined Ferrari, Mr. Vigna was granted (i) an extraordinary lump sum of €1,000,000 and (ii) 16,256 Ferrari common shares, in each case subject to approval by shareholders at the 2022 Annual General Meeting.

(4) Mrs. Francesca Bellettini and Mr. John Galantic were Non-Executive Directors from April 16, 2020.

(5) For additional information relating to this non-IFRS financial measure, see "Financial Overview—Non-GAAP Financial Measures—EBITDA and Adjusted EBITDA".

(6) This information does not include the "Premio di Competitività", which is on top of the fixed remuneration.

(*) For information regarding equity-based variable compensation see "Share-Based Compensation of Executive Directors" below.

Short-term incentive of executive Directors

In March 2024, the CEO and the Executive Chairman will receive the payout of their short-term incentives for the performance year 2023:

	Weight %	Payout %
Net Revenues	20%	150%
Adj. EBITDA %	20%	150%
Adj. Operating profit (EBIT)	20%	150%
Industrial Free Cash Flow	40%	126.7%

THE RESULTS OF LINEAR INTERPOLATION IS COMPANY PERFORMANCE FACTOR 2023 = 140.7%

Share-based compensation of executive Directors

The following table provides an overview of the outstanding equity incentive plans provided to Ferrari executive Directors in 2023:

	Main conditions of share award plans				Movements in share awards during 2023					
Name, position	**Plan**	**Performance period**	**Grant date**	**Vesting date**	**Number of unvested shares at January 1, 2023**	**Shares awarded**	**Shares vested**	**Shares forfeited/ other**	**Number of unvested shares at December 31, 2023**	***of which are subject to performance conditions***
John Elkann, Executive Chairman	Equity Incentive Plan 2020-2022	2020 - 2022	April 2020	March 2023	4,829	—	4,652	177	—	—
	Equity Incentive Plan 2021-2023	2021 - 2023	April 2021	March 2024	4,448	—	—	—	4,448	*2,965*
	Equity Incentive Plan 2022-2024	2022 - 2024	April 2022	March 2025	5,042	—	—	—	5,042	*5,042*
	Equity Incentive Plan 2023-2025	2023 - 2025	April 2023	March 2026	—	4,170	—	—	4,170	*4,170*
Benedetto Vigna, Chief Executive Officer	Equity Incentive Plan 2022-2024	2022 - 2024	April 2022	March 2025	15,126	—	—	—	15,126	*15,126*
	Equity Incentive Plan 2023-2025	2023 - 2025	April 2023	March 2026	—	12,510	—	—	12,510	*12,510*

In March 2023, 3,042 PSUs and 1,610 RSUs held by the Executive Chairman under the Equity Incentive Plan 2020-2022 vested. The evidence of the level of achievement of the KPIs relating to the PSUs is summarized in the following table:

	KPY	Actual Performance		PAY-OUT
1	**RELATIVE TSR:** (weight **50%**)	**4th place positioning in the TSR ranking against the Peer Group**	**PAYOUT 75%**	**37.5%**
2	**EBITDA:** (weight **30%**)	**+5.85% vs 5years plan**	**PAYOUT 123.4%**	**37%**
3	**INNOVATION:** (weight **20%**)	**achievement of launches (70%) of the Innovation Factor and technological projects (30%) of the Innovation Factor**	**PAYOUT 100%**	**20%**
				PSU TOTAL PAY-OUT 94,5%

In March 2024, the Equity Incentive Plan 2021-2023 will vest and the evidence of the level of the achievement is summarized in the following table:

	KPY	Actual Performance		PAY-OUT
1	**RELATIVE TSR:** (weight **50%**)	**2nd place positioning in the TSR ranking against the Peer Group**	**PAYOUT 120%**	**60%**
2	**EBITDA:** (weight **30%**)	**+11,2% vs 5years plan**	**PAYOUT 140%**	**42%**
3	**INNOVATION:** (weight **20%**)	**achievement of launches (70%) of the Innovation Factor and technological projects (30%) of the Innovation Factor**	**PAYOUT 100%**	**20%**
				PSU TOTAL PAY-OUT 122%

Threshold, Target and Maximum are presented in the "*Equity Incentive Plan 2021-2023*" paragraph.

Compensation of the members of the FLT

The compensation paid to or accrued during the year ended December 31, 2023 by Ferrari and its subsidiaries to the members of the FLT (excluding the CEO) amounted to €39.1 million in aggregate, consisting of €26.5 million for salary and €7.6 million for other short-term benefits (which is linked to the FY 2023 performance and represents slightly more than the target set levels), €4.5 million for share-based compensation in relation to PSUs and RSUs awarded under the Group's Equity Incentive Plans (2021-2023; 2022-2024; 2023-2025) and other share-based awards, and €0.5 million for the Group's contributions to pension funds. The PSU and RSU awards will vest in March 2024, 2025 and 2026, subject to continued employment and, for the PSU awards, to the achievement of performance conditions related to TSR, EBITDA and Innovation Factor (for LTI Plan 2021-2023) or ESG Factor (for LTI Plan 2022-2024 and 2023-2025), as described above.

Given: (i) Ferrari's fourth place positioning in the TSR ranking against the Peer Group (corresponding to the vesting of 75 percent. of the target PSUs awarded); (ii) the result of the EBITDA factor payout (+5.85% vs 5-years plan) and (iii) the achievement of technological projects (30% of the Innovation Factor), for the vesting of the Equity Incentive Plan 2020-2022, which covers the performance period from 2020 to 2022, ending at December 31, 2022, 13,256 PSUs and 9,785 RSUs had vested for FLT members.

Director and Officer Overlaps

There are overlaps among certain Directors and officers of Stellantis (formerly FCA) and Exor and our Directors and officers. These individuals owe duties both to us and to the other companies that they serve as officers and/or Directors. This may raise certain conflicts of interest as, for example, these individuals review opportunities that may be appropriate or suitable for both Ferrari and such other companies, or business transactions are pursued in which both Ferrari and such other companies have an interest, such as Ferrari's arrangement to supply engines for Maserati cars. For example, Mr. John Elkann our Executive Chairman, is also the Chairman of Stellantis and the Chairman and Chief Executive Officer of Exor. As of February 9, 2024, Exor held approximately 24.65 percent of our outstanding common shares and approximately 36.48 percent of the voting power in the Company, while it holds approximately 14.90 percent of the outstanding common shares in Stellantis, based on 2024 SEC filings. The percentages of ownership and voting power above are calculated based on the number of outstanding shares net of treasury shares. See *"Risk Factors—Risks related to our Common Shares—We may have potential conflicts of interest with Stellantis and Exor and its related companies".*

Controls and Procedures

Disclosure Controls and Procedures

Under the supervision, and with the participation, of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2023 pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control system was designed to provide reasonable assurance regarding the preparation and fair presentation of published financial statements in accordance with IFRS.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation in accordance with IFRS.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, using the criteria set forth in the "Internal Control - Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment, management believes that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. That report is included herein.

Changes in Internal Control

No change to our internal control over financial reporting occurred during the year ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

STATEMENT BY THE BOARD OF DIRECTORS

Based on the assessment performed, the Board of Directors believes that, as of December 31, 2023, the Group's and the Company's Internal Control over Financial Reporting is considered effective and that (i) the Board Report provides sufficient insights into any material weaknesses in the effectiveness of the internal risk management and control systems (please refer to section "Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting" of this Annual Report), (ii) the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (please refer to section "Principal Characteristics of the Internal Control System and Internal Control over Financial Reporting" of this Annual Report), (iii) based on the current state of affairs, it is justified that the Group's and the Company's financial reporting is prepared on a going concern basis (please refer to Note 1 to the Consolidated Financial Statements of this Annual Report and Note 2 to the Company Financial Statements of this Annual Report for additional information on the basis of preparation), and (iv) the Board Report states those material risks and uncertainties that are, in the Board of Director's judgment, relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of the Board Report (please refer to the chapter "Risk Factors" of this Annual Report).

February 22, 2024

John Elkann
Executive Chairman

Benedetto Vigna
Chief Executive Officer

Ferrari N.V.

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Ferrari N.V.
CONSOLIDATED INCOME STATEMENT
for the years ended December 31, 2023, 2022 and 2021

		For the years ended December 31,		
	Note	**2023**	**2022**	**2021**
			(€ thousand)	
Net revenues	4	5,970,146	5,095,254	4,270,894
Cost of sales	5	2,995,877	2,648,953	2,080,613
Selling, general and administrative costs	6	462,580	427,974	348,024
Research and development costs	7	881,559	775,572	768,104
Other expenses, net	8	18,898	21,548	5,561
Result from investments		6,137	6,175	6,896
Operating profit (EBIT)		**1,617,369**	**1,227,382**	**1,075,488**
Financial income	9	132,319	83,858	42,999
Financial expenses	9	147,334	133,474	76,256
Financial expenses, net	9	15,015	49,616	33,257
Profit before taxes		**1,602,354**	**1,177,766**	**1,042,231**
Income tax expense	10	344,897	238,472	209,095
Net profit		**1,257,457**	**939,294**	**833,136**
Net profit attributable to:				
Owners of the parent		*1,252,048*	*932,614*	*830,767*
Non-controlling interests	3	*5,409*	*6,680*	*2,369*
Basic earnings per common share (in €)	12	**6.91**	**5.11**	**4.50**
Diluted earnings per common share (in €)	12	**6.90**	**5.09**	**4.50**

The accompanying notes are an integral part of the Consolidated Financial Statements.

Ferrari N.V.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the years ended December 31, 2023, 2022 and 2021

		For the years ended December 31,		
	Note	**2023**	**2022**	**2021**
			(€ thousand)	
Net profit		**1,257,457**	**939,294**	**833,136**
Items that will not be reclassified to the consolidated income statement in subsequent periods:				
Gains/(Losses) on remeasurement of defined benefit plans	20	221	1,605	(463)
Related tax impact	20	(52)	(376)	110
Total items that will not be reclassified to the consolidated income statement in subsequent periods		**169**	**1,229**	**(353)**
Items that may be reclassified to the consolidated income statement in subsequent periods:				
(Losses)/Gains on cash flow hedging instruments	20	(26,284)	92,898	(64,130)
Exchange differences on translating foreign operations	20	(6,323)	9,798	14,229
Related tax impact	20	6,403	(24,626)	17,960
Total items that may be reclassified to the consolidated income statement in subsequent periods		**(26,204)**	**78,070**	**(31,941)**
Total other comprehensive (loss)/income, net of tax		**(26,035)**	**79,299**	**(32,294)**
Total comprehensive income		**1,231,422**	**1,018,593**	**800,842**
Total comprehensive income attributable to:				
Owners of the parent		*1,226,428*	*1,012,215*	*797,988*
Non-controlling interests		*4,994*	*6,378*	*2,854*

The accompanying notes are an integral part of the Consolidated Financial Statements.

Ferrari N.V.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at December 31, 2023 and 2022

		At December 31,	
	Note	2023	2022
		(€ thousand)	
Assets			
Goodwill	13	785,182	785,182
Intangible assets	14	1,419,699	1,307,388
Property, plant and equipment	15	1,575,200	1,457,825
Investments and other financial assets	16	67,671	59,534
Deferred tax assets	10	217,553	203,382
Total non-current assets		**4,065,305**	**3,813,311**
Inventories	17	948,514	674,662
Trade receivables	18	261,380	232,414
Receivables from financing activities	18	1,451,158	1,399,997
Tax receivables	18	11,616	16,054
Other current assets	18	130,228	153,183
Current financial assets	19	61,130	87,301
Cash and cash equivalents	32	1,121,981	1,388,901
Total current assets		**3,986,007**	**3,952,512**
Total assets		**8,051,312**	**7,765,823**
Equity and liabilities			
Equity attributable to owners of the parent		3,060,888	2,592,857
Non-controlling interests	3	9,734	9,630
Total equity	20	**3,070,622**	**2,602,487**
Employee benefits	22	123,045	110,807
Provisions	23	187,276	180,694
Deferred tax liabilities	10	136,846	126,507
Debt	24	2,477,186	2,811,779
Other liabilities	25	1,022,967	952,025
Other financial liabilities	19	13,539	19,993
Trade payables	26	930,560	902,968
Tax payables		89,271	58,563
Total equity and liabilities		**8,051,312**	**7,765,823**

The accompanying notes are an integral part of the Consolidated Financial Statements.

Ferrari N.V.
CONSOLIDATED STATEMENT OF CASH FLOWS
for the years ended December 31, 2023, 2022 and 2021

	Note	For the years ended December 31, 2023	2022	2021
			(€ thousand)	
Cash and cash equivalents at the beginning of the year	32	**1,388,901**	**1,344,146**	**1,362,406**
Cash flows from operating activities:				
Net profit		1,257,457	939,294	833,136
Income tax expense	10	344,897	238,472	209,095
Amortization and depreciation	14,15	662,305	546,225	455,989
Provision accruals	23	64,834	72,331	30,284
Result from investments		(6,137)	(6,175)	(6,896)
Financial income	9	(132,319)	(83,858)	(42,999)
Financial expenses	9	147,334	133,474	76,256
Other non-cash expenses, net	32	79,813	46,653	23,941
Change in inventories	17	(309,564)	(153,890)	(81,309)
Change in trade receivables	18	(33,381)	(48,400)	1,771
Change in trade payables	26	43,277	103,981	72,568
Change in receivables from financing activities	27	(107,247)	(187,890)	(122,746)
Change in other operating assets and liabilities		48,642	140,008	(29,840)
Finance income received	9	32,432	5,158	1,679
Finance costs paid	9	(83,243)	(37,351)	(29,202)
Income tax paid	10	(292,463)	(304,692)	(109,001)
Total cash flows from operating activities		**1,716,637**	**1,403,340**	**1,282,726**
Cash flows used in investing activities:				
Investments in intangible assets	16	(487,148)	(456,894)	(384,827)
Investments in property, plant and equipment	15	(381,762)	(347,725)	(352,316)
Investments in joint ventures		—	(1,367)	—
Proceeds from the sale of property, plant and equipment and intangible assets	15,16	2,458	578	4,405
Total cash flows used in investing activities		**(866,452)**	**(805,408)**	**(732,738)**
Cash flows used in financing activities:				
Proceeds from borrowings from banks and other financial institutions	24	250,000	8,909	142,344
Repayments of borrowings from banks and other financial institutions	24	(72,500)	(55,000)	(20,959)
Proceeds from securitizations	24	151,217	218,924	248,714
Repayments of securitizations	24	(49,611)	(72,824)	(177,270)
Proceeds from other debt	24	34,596	34,456	17,265
Repayments of other debt	24	(35,566)	(23,215)	(25,302)
Repayments of lease liabilities	24	(17,691)	(16,500)	(21,605)
Repayments of bonds and notes	24	(575,702)	—	(500,000)
Proceeds from bonds and notes	24	—	—	149,495
Dividends paid to owners of the parent	20	(328,631)	(249,522)	(160,101)
Dividends paid to non-controlling interests	20	(4,890)	(2,266)	(1,354)
Share repurchases	20	(460,629)	(396,522)	(230,899)
Total cash flows used in financing activities		**(1,109,407)**	**(553,560)**	**(579,672)**
Translation exchange differences		(7,698)	383	11,424
Total change in cash and cash equivalents		**(266,920)**	**44,755**	**(18,260)**
Cash and cash equivalents at the end of the year	32	**1,121,981**	**1,388,901**	**1,344,146**

The accompanying notes are an integral part of the Consolidated Financial Statements.

Ferrari N.V.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2023, 2022 and 2021

	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 equity
					(€ 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	—	830,767	—	—	—	**830,767**	2,369	**833,136**
Other comprehensive income/(loss)	—	—	(46,170)	13,744	(353)	**(32,779)**	485	**(32,294)**
Total comprehensive income	**—**	**830,767**	**(46,170)**	**13,744**	**(353)**	**797,988**	**2,854**	**800,842**
Dividends to owners of the parent	—	(160,272)	—	—	—	**(160,272)**	—	**(160,272)**
Dividends to non-controlling interests	—	—	—	—	—	**—**	(1,354)	**(1,354)**
Share repurchases	—	(230,899)	—	—	—	**(230,899)**	—	**(230,899)**
Share-based compensation	—	13,895	—	—	—	**13,895**	—	**13,895**
Other movements	—	(418)	—	—	418	**—**	—	**—**
At December 31, 2021	**2,573**	**2,192,453**	**(22,006)**	**42,518**	**(9,640)**	**2,205,898**	**5,518**	**2,211,416**
Net profit	—	932,614	—	—	—	**932,614**	6,680	**939,294**
Other comprehensive income/(loss)	—	—	68,272	10,100	1,229	**79,601**	(302)	**79,299**
Total comprehensive income	**—**	**932,614**	**68,272**	**10,100**	**1,229**	**1,012,215**	**6,378**	**1,018,593**
Dividends to owners of the parent	—	(249,522)	—	—	—	**(249,522)**	—	**(249,522)**
Dividends to non-controlling interests	—	—	—	—	—	**—**	(2,266)	**(2,266)**
Share repurchases	—	(396,522)	—	—	—	**(396,522)**	—	**(396,522)**
Share-based compensation	—	20,860	—	—	—	**20,860**	—	**20,860**
Other movements	—	(112)	(33)	—	73	**(72)**	—	**(72)**
At December 31, 2022	**2,573**	**2,499,771**	**46,233**	**52,618**	**(8,338)**	**2,592,857**	**9,630**	**2,602,487**
Net profit	—	1,252,048	—	—	—	**1,252,048**	5,409	**1,257,457**
Other comprehensive income/(loss)	—	—	(19,881)	(5,908)	169	**(25,620)**	(415)	**(26,035)**
Total comprehensive income	**—**	**1,252,048**	**(19,881)**	**(5,908)**	**169**	**1,226,428**	**4,994**	**1,231,422**
Dividends to owners of the parent	—	(328,631)	—	—	—	**(328,631)**	—	**(328,631)**
Dividends to non-controlling interests	—	—	—	—	—	**—**	(4,890)	**(4,890)**
Share repurchases	—	(460,629)	—	—	—	**(460,629)**	—	**(460,629)**
Share-based compensation	—	30,863	—	—	—	**30,863**	—	**30,863**
At December 31, 2023	**2,573**	**2,993,422**	**26,352**	**46,710**	**(8,169)**	**3,060,888**	**9,734**	**3,070,622**

The accompanying notes are an integral part of the Consolidated Financial Statements.

1. BACKGROUND AND BASIS OF PREPARATION

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 approximately 60 markets worldwide through a network of 178 authorized dealers operating 196 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 14 Ferrari-owned directly operated stores and 2 franchised stores (as of December 31, 2023), as well as on Ferrari's website. To facilitate the sale of new and pre-owned cars, the Group provides various forms of financing to clients, as well as to dealers in certain territories, directly or through cooperation or other agreements with financial institutions. Ferrari also participates in the Formula 1 World Championship through its team Scuderia Ferrari and the World Endurance Championship through its Ferrari endurance teams. Ferrari's racing activities are a core element of Ferrari marketing and promotional activities, as well as an important source of innovation to support the technological advancement of Ferrari's product portfolio.

Basis of preparation

Authorization of consolidated financial statements and compliance with International Financial Reporting Standards

These consolidated financial statements of Ferrari N.V. were authorized for issuance by the Board of Directors on February 22, 2024.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. The designation IFRS also includes International Accounting Standards ("IAS") as well as the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC" and "SIC").

The consolidated financial statements are prepared on a going concern basis and applying the historical cost method, modified as required by IFRS for the measurement of certain financial instruments, which are generally measured at fair value.

The Group's presentation currency is the Euro, which is also the functional currency of the Company, and unless otherwise stated amounts are presented in thousands of Euro.

2. MATERIAL ACCOUNTING POLICIES

Format of the financial statements

The consolidated financial statements include the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and the accompanying notes (referred to collectively as the "Consolidated Financial Statements").

For presentation of the consolidated income statement, the Group uses a classification based on the function of expenses, as it is more representative of the format used for internal reporting and management purposes and is consistent with international practice. In the consolidated income statement, the Group presents a subtotal for its operating profit before interest and taxes which is named operating profit (EBIT). Operating profit (EBIT) distinguishes between the profit before taxes arising from operating items and those arising from financing activities. Operating profit (EBIT) is one of the primary measures used by the Board of Directors (the Group's "Chief Operating Decision Maker" as defined in IFRS 8 — *Operating*

Segments) to assess performance and allocate resources. Starting in 2023, the Company also disaggregates financial income and financial expense in the consolidated income statement, as already reported in the related note disclosures. This information was previously presented on a net basis in the consolidated income statement and on a gross basis in the related note disclosures.

For presentation of the consolidated statement of financial position, a mixed format has been selected to present current and non-current assets and liabilities, as permitted by IAS 1 paragraph 60. More specifically, the Consolidated Financial Statements include both industrial and financial services activities. Receivables from financing activities are included in current assets as the investments will be realized in their normal operating cycle. The funding for financial services activities is primarily obtained through securitization programs and funding from certain of the Group's operating companies. This financial service structure within the Group does not allow the separation of financial liabilities funding the financial services operations (whose assets are reported within current assets) and those funding the industrial operations. Presentation of financial liabilities as current or non-current based on their date of maturity would not facilitate a meaningful comparison with financial assets, which are categorized on the basis of their normal operating cycle. Disclosure as to the due date of the various components of debt is provided in Note 24.

The consolidated statement of cash flows is presented using the indirect method. Starting in 2023, the Company also disaggregates proceeds and repayments of debt (securitizations, banks and other financial institutions, other debt) in the consolidated statement of cash flows, as already reported in the related debt note disclosures. This information was previously presented on a net basis in the consolidated statement of cash flows and on a gross basis in the related debt note disclosures.

New standards and amendments effective from January 1, 2023

The following new standards and amendments effective from January 1, 2023 were adopted by the Group for the preparation of these Consolidated Financial Statements.

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. There was no effect 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. Certain accounting policy disclosures were updated a result of 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. There was no effect 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. There was no effect from the adoption of these amendments.

In December 2021, the IASB issued amendments to IFRS 17 — *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*, which provides a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. The amendment is effective on or after January 1, 2023. There was no effect from the adoption of these amendments.

In June 2020, the IASB issued amendments to IFRS 4 — *Insurance Contracts* which defer the expiry date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after January 1, 2023. There was no effect from the adoption of these amendments.

In May 2023, the IASB issued amendments to IAS 12 — *Income taxes: International Tax Reform – Pillar Two Model Rules*, to clarify the application of IAS 12 — *Income taxes* to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The amendments introduce: (i) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately upon issuance of the amendment, and (ii) disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before the effective date of the Pillar Two model rules, which apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023. The Group started applying the mandatory temporary exception to accounting for deferred taxes arising from the Pillar Two model rules on its effective date.

The Pillar Two model rules introduce a minimum effective taxation of 15 percent on a jurisdictional basis for multinational enterprise groups and large-scale domestic groups with annual revenues of at least €750 million in their consolidated financial statements in at least two of the four prior fiscal years. Many countries where the Group operates have enacted domestic tax legislation for the Pillar Two model rules that are effective from January 1, 2024, including Italy, the Netherlands, France, Germany, Japan, Switzerland and the UK. The Group did not recognize any tax expense or liability relating to Pillar Two in 2023 as the legislation was not in effect at the reporting date. The Pillar Two model rules are complex and management is in the process of assessing and determining its impact on the Group, if any, and based on the information available to date, management does not expect any material impacts for the Group as a result of the legislation.

New standards, amendments and interpretations not yet effective

The standards, amendments and interpretations issued by the IASB that will have mandatory application in 2024 or subsequent years are listed below:

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, 2024. The Group does not expect any material impact from the adoption of these amendments.

In September 2022, the IASB issued amendments to IFRS 16 — *Leases*: Liability in a Sale and Leaseback to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

In October 2022, the IASB issued amendments to IAS 1 — *Presentation of Financial Statements: Non-current Liabilities with Covenants*, that clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

In May 2023, the IASB issued amendments to IAS 7 — *Statement of Cash Flows* and IFRS 7 — *Financial Instruments: Disclosures: Supplier Finance Arrangements,* that introduce new disclosure requirements to enhance the transparency and usefulness of the information provided by entities about supplier finance arrangements and are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments are effective on or after January 1, 2024. The Group is evaluating the potential impact from the adoption of these amendments.

In August 2023, the IASB issued amendments to IAS 21 — *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, to clarify how an entity has to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and the disclosures to provide. These amendments are effective on or after January 1, 2025. The Group does not expect any material impact from the adoption of these amendments.

Basis of consolidation

Subsidiaries

Subsidiaries are entities over which the Group has control. Control is achieved when the Group has power over the investee, when it is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power over the investee to affect the amount of the investor's returns. Subsidiaries are consolidated on a line by line basis from the date on which the Group achieves control. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Group recognizes any non-controlling interests ("NCI") in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's share of the recognized amounts of the acquiree's identifiable net assets. Net profit or loss and each component of other comprehensive income/(loss) are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income/(loss) of subsidiaries is attributed to owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

Subsidiaries are deconsolidated from the date when control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary and recognizes the fair value of any consideration received from the transaction. Any retained interest in the former subsidiary is then remeasured to its fair value.

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without having control or joint control over those policies. Associates are accounted for using the equity method of accounting from the date significant influence is obtained.

Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit/(loss) and other comprehensive income/(loss) of the investee. The Group's share of the investee's profit/(loss) is recognized in the consolidated income statement. Distributions received from an investee reduce the carrying amount of the investment. Post-acquisition movements in other comprehensive income/(loss) are recognized in other comprehensive income/(loss) with a corresponding adjustment to the carrying amount of the investment.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When the Group's share of the losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method from the date the investment ceases to be an associate or when it is classified as available-for-sale.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When the Group undertakes its activities under joint operations, it recognizes in relation to its interest in the joint operation: (i) its assets, including its share of any assets held jointly, (ii) its liabilities, including its share of any liabilities incurred jointly, (iii) its revenue from the sale of its share of the output arising from the joint operation, (iv) its share of the revenue from the sale of the output by the joint operation, and (v) its expenses, including its share of any expenses incurred jointly.

Foreign currency transactions

The functional currency of the Group's entities is the currency of their primary economic environment. In individual companies, transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the consolidated income statement.

Consolidation of foreign entities

All assets and liabilities of foreign consolidated companies with a functional currency other than the Euro are translated using the closing rates at the date of the consolidated statement of financial position. Income and expenses are translated into Euro at the average foreign currency exchange rate for the period. Translation differences resulting from the application of this method are classified as currency translation differences within other comprehensive income/(loss) until the disposal of the investment. Average foreign currency exchange rates for the period are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows.

Goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the Euro are recognized in the Consolidated Financial Statements in the functional currency and translated at the foreign currency exchange rate at the acquisition date. These balances are translated at subsequent balance sheet dates at the relevant foreign currency exchange rate.

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

	2023		2022		2021	
	Average	At December 31,	Average	At December 31,	Average	At December 31,
U.S. Dollar	1.0814	1.1050	1.0530	1.0666	1.1827	1.1326
Pound Sterling	0.8699	0.8691	0.8528	0.8869	0.8596	0.8403
Swiss Franc	0.9717	0.9260	1.0047	0.9847	1.0811	1.0331
Japanese Yen	151.8540	156.3300	138.0274	140.6600	129.8767	130.3800
Chinese Yuan	7.6568	7.8509	7.0788	7.3582	7.6282	7.1947
Australian Dollar	1.6283	1.6263	1.5167	1.5693	1.5749	1.5615
Singapore Dollar	1.4521	1.4591	1.4512	1.4300	1.5891	1.5279
Canadian Dollar	1.4595	1.4642	1.3695	1.4440	1.4826	1.4393
Hong Kong Dollar	8.4663	8.6314	8.2451	8.3163	9.1932	8.8333

Intangible assets

Goodwill

Goodwill is not amortized, but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Development costs

Development costs for car project production and related components, engines and systems are recognized as an asset if, and only if, the required conditions under IAS 38 — *Intangible Assets* are met, including, among others: (i) that development costs can be measured reliably, (ii) that the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits, and (iii) the Group has the intention to complete the development and the ability to use the intangible asset. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process. All other research and development costs are expensed as incurred, net of any government grants received.

Capitalized development costs are amortized on a straight-line basis from the start of production over the estimated lifecycle of the model or the useful life of the related components or other assets (generally between four and eight years). Increasing an asset's expected lifecycle or its residual value would result in a reduced amortization charge in the consolidated income statement.

The Group incurs significant research and development costs also for its Formula 1 racing activities. These costs are considered fundamental to the development of the road and track car models and prototypes. Technological developments and changes in the regulations of the Formula 1 World Championship generally require the Group to design, develop and construct a new racing car to be used for one year only. The costs incurred for the design, development and construction of a new racing car are generally expensed as incurred unless the technology will be used for more than one year and the costs meet the capitalization criteria in IAS 38.

Patents, concessions and licenses

Separately acquired patents, concessions and licenses are initially recognized at cost. Patents, concessions and licenses acquired in a business combination are initially recognized at fair value. Patents, concessions and licenses are amortized on a straight-line basis over their useful economic lives, which is generally between three and five years.

Other intangible assets

Other intangible assets mainly relate to the registration of trademarks and have been recognized in accordance with IAS 38 — *Intangible Assets*, where it is probable that the use of the asset will generate future economic benefits for the Group and where the cost of the asset can be measured reliably. Other intangible assets are measured at cost less any impairment losses and amortized on a straight-line basis over their estimated life, which is generally between three and five years.

Property, plant and equipment

Cost

Property, plant and equipment is initially recognized at cost which comprises the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by management, capitalized borrowing costs and any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Self-constructed assets are initially recognized at production cost. Subsequent expenditures and the cost of replacing parts of an asset are capitalized only if they increase the future economic benefits embodied in that asset. All other expenditures are expensed as incurred. When such replacement costs are capitalized, the carrying amount of the parts that are replaced is recognized as a loss in the period of replacement in the consolidated income statement.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

	Depreciation rates
Industrial buildings	3% - 20%
Plant, machinery and equipment	5% - 22%
Other assets	12% - 25%

Land is not depreciated.

If the asset being depreciated consists of separately identifiable components whose useful lives differ from that of the other parts making up the asset, depreciation is charged separately for each of its component parts through application of the ‘component approach’.

Leases

The Group recognizes a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the principal liability and finance costs. Finance costs are charged to the consolidated income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated on a straight-line basis over the lease term.

Right-of-use assets are measured at cost comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received; (iii) any initial direct costs and, if applicable, (iv) restoration costs. Payments associated with short-term leases and leases of low-value assets are recognized as an expense in the consolidated income statement on a straight-line basis.

Lease liabilities are measured at the net present value of the following: (i) fixed lease payments, (ii) variable lease payments that are based on an index or a rate and, if applicable, (iii) amounts expected to be payable by the lessee under residual value guarantees, and (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Lease liabilities do not include any non-lease components that may be included in the related contracts.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Some lease contracts contain variable payment terms that are linked to sales generated from Ferrari stores. Variable lease payments that depend on sales are recognized in the consolidated income statement in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases related to Ferrari stores, warehouses and machinery and equipment of the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are expensed in financial expenses if related to the Group's industrial activities or cost of sales if related to the Group's financial services activities in the consolidated income statement, as incurred.

Impairment of assets

The Group continuously monitors its operations to assess whether there is any indication that its intangible assets (including development costs) and its property, plant and equipment may be impaired. Goodwill is tested for impairment annually or more frequently, if there is an indication that an asset may be impaired.

If indications of impairment are present, the carrying amount of the asset is reduced to its recoverable amount, which is the higher of fair value less costs of disposal and its value in use. The recoverable amount is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, in which case the asset is tested as part of the cash-generating unit ("CGU") to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In assessing the value in use of an asset or CGU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the recoverable amount is lower than the carrying amount.

Where an impairment loss for assets other than goodwill, subsequently no longer exists or has decreased, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the consolidated income statement immediately.

Financial instruments

Presentation

Current financial assets include trade receivables, receivables from financing activities, derivative financial instruments, other current financial assets and cash and cash equivalents.

Investments and other financial assets include investments accounted for using the equity method as well as other securities and non-current financial assets.

Financial liabilities include debt (which primarily includes bonds, notes, asset-backed financing (securitizations) and borrowings from banks), trade payables and other financial liabilities, which mainly include derivative financial instruments.

Measurement

Financial assets, other than investments accounted for using the equity method, and financial liabilities are measured in accordance with IFRS 9 - *Financial Instruments*.

Except for investments accounted for using the equity method, the Group initially measures financial assets at fair value plus, in the case of financial assets not measured at fair value through profit or loss, transaction costs.

Equity instruments held by the Group are recognized at fair value through profit or loss. When market prices are not directly available, the fair value is measured using appropriate valuation techniques (e.g. discounted cash flow analysis based on market information available at the balance sheet date).

Trade receivables and receivables from financing activities are originated in the ordinary course of business and held within a business model with the objective to hold the receivables in order to collect contractual cash flows that meet the 'solely payments of principal and interest' criterion under IFRS 9, therefore they are measured at amortized cost using the effective interest rate method. Receivables with maturities greater than one year are discounted to present value.

Assessments are made regularly as to whether there is any objective evidence that a financial asset or group of financial assets may be impaired. If any such evidence exists, an impairment loss is recognized within selling, general and administrative costs for trade receivables and within cost of sales for receivables from financing activities. Under IFRS 9, a forward-looking expected credit loss model must be applied when assessing impairment. In making impairment assessments for trade receivables and receivables from financing activities that are within the scope of IFRS 16, the Group applies the simplified approach to estimate the lifetime expected credit losses and considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Group's receivables and economic environment.

For all other receivables from financing activities, the Group applies the general approach, which requires the application of a three-stage model to assess whether there has been a significant increase in credit risk on the financial instrument since initial recognition. Based on an internal analysis performed by management, the loss allowance calculated for such receivables is not materially different if calculated using the general approach or the simplified approach.

Stage	Description	Time period for measurement of ECL
Stage 1	A financial instrument that is not credit-impaired on initial recognition	12-month ECL
Stage 2	A financial instrument with a significant increase in credit risk since initial recognition	Lifetime ECL
Stage 3	A financial instrument that is credit-impaired or has defaulted	Lifetime ECL

The Group considers a default to occur and a significant increase in credit risk to occur when the counterparty fails to make contractual payments within a certain number of days of when they fall due. For example, for receivables from financing activities this typically occurs when the counterparty fails to make contractual payments within 60 days of when the related receivables fall due, while for trade receivables this is assessed on a case by case basis.

Receivables are written off when the counterparty fails to make contractual payments and there is no reasonable expectation of recovery, and in any circumstance no later than 360 days. When trade receivables or receivables from financing activities have been written off, the Company may continue to engage in enforcement actions to attempt to recover the receivables. Receivables from financing activities are generally secured on the title of cars or other guarantees.

Financial liabilities, with the exception of derivative financial instruments, are measured at amortized cost using the effective interest rate method.

Derivative financial instruments

Derivative financial instruments are used for economic hedging purposes only in order to reduce financial risks and in particular, foreign currency risks. Derivative financial instruments qualify for hedge accounting only when at the inception of the hedge there is formal designation and documentation of the hedging relationship, the hedge is expected to be highly effective, its effectiveness can be reliably measured and it is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value.

When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

Cash flow hedges — Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognized asset or liability or a highly probable forecasted transaction and could affect the consolidated income statement, the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income/(loss). The cumulative gain or loss is reclassified from other comprehensive income/(loss) to the consolidated income statement at the same time as the economic effect arising from the hedged item affects the consolidated income statement. The gain or loss associated with a hedge or part of a hedge that has become ineffective is recognized in the consolidated income statement immediately within net financial income/expenses. When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss realized to the point of termination remains in other comprehensive income/(loss) and is recognized in the consolidated income statement at the same time as the underlying transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss held in other comprehensive income/(loss) is recognized in the consolidated income statement immediately.

The Group does not use fair value hedges or hedges of a net investment.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately within financial expenses.

Transfers of financial assets

The Group sells certain of its receivables from financing activities under securitization programs. Securitization transactions involve the sale of financial receivables to a special purpose vehicle, which in turn finances the purchase of such financial receivables by issuing asset-backed securities in the form of notes whose repayment of principal and interest depends on the cash flows generated by the related financial receivables. The receivables sold as part of securitization programs are consolidated until collection from the customer as they do not meet the requirements for derecognition in accordance with IFRS 9.

The Group may also sell certain of its trade receivables through factoring transactions without recourse. The Group derecognizes the trade receivables when, and only when, the contractual rights and risks to the cash flows arising from the related trade receivables are no longer held or the Group has transferred the financial assets.

In the case of a transfer of receivables, if the Group transfers substantially all the risks and rewards of ownership of the receivables, it derecognizes the receivables and separately recognizes as assets or liabilities any rights and obligations created or retained in the transfer. On derecognition of the receivables, the difference between their carrying amount and the consideration received or receivable for the transfer of the receivables is recognized within cost of sales for receivables from financing activities and within financial income or financial expenses for trade receivables.

Trade receivables

Trade receivables are amounts due from clients for goods sold or services provided in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less any provision for allowances.

Inventories

Inventories of raw materials, semi-finished products and finished goods are stated at the lower of cost and net realizable value, cost being determined on a first-in first-out (FIFO) basis. The measurement of inventories includes the direct costs of materials, labor and indirect costs (variable and fixed). Purchase costs include ancillary costs. Prototypes are recognized at their estimated realizable value, if lower than production cost. Provision is made for obsolete and slow-moving raw materials, finished goods, spare parts and other supplies based on their expected future use and realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs for sale and distribution.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Employee benefits

Defined contribution plans

Costs arising from defined contribution plans are expensed as incurred.

Defined benefit plans

The Group's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods, and deducting the fair value of any plan assets. The present value of the defined benefit obligation is measured using actuarial techniques and actuarial assumptions that are unbiased and mutually compatible and attributes benefits to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method.

The components of the defined benefit cost are recognized as follows:

- the service costs are recognized in the consolidated income statement by function and presented in the relevant line items (cost of sales, selling, general and administrative costs, research and development costs, etc.);
- the net interest on the defined benefit liability is recognized in the consolidated income statement as net financial income /(expenses), and is determined by multiplying the net liability/(asset) by the discount rate used to discount obligations taking into account the effect of contributions and benefit payments made during the year; and
- the remeasurement components of the net obligations, which comprise actuarial gains and losses and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income/(loss). These remeasurement components are not reclassified in the consolidated income statement in a subsequent period.

Other long-term employee benefits

The Group's obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in the consolidated income statement in the period in which they arise.

Share-based compensation

The Group has implemented equity incentive plans that provide for the granting of share-based compensation to the Chairman, the Chief Executive Officer, all other members of the Ferrari Leadership Team and other key employees of the Group. The Group also provides share-based compensation as part of commercial agreements with certain suppliers. The share-based compensation arrangements are accounted for in accordance with *IFRS 2 — Share-based Payment*, which requires the Company to recognize share-based compensation expense based on fair value of awards granted. Compensation expense for the equity-settled awards containing market performance conditions is measured at the grant date fair value of the award using a Monte Carlo simulation model, which requires the input of subjective assumptions, including the expected volatility of the Company's common stock, the dividend yield, interest rates and a correlation coefficient between the common stock and the relevant market index. The fair value of the awards which are conditional only on a recipient's continued service to the Company is measured using the share price at the grant date adjusted for the present value of future distributions which employees will not receive during the vesting period.

Share-based compensation expense relating to the equity incentive plans is recognized over the service period within selling, general and administrative costs or cost of sales in the consolidated income statement depending on the function of the employee, with an offsetting increase to equity. Share-based compensation expense relating to commercial agreements with certain suppliers is recognized over the period in which the supplier's services are received and classified within the consolidated income statement depending on the function of the supplier's services, with an offsetting increase to equity.

Provisions

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Warranty and recall campaigns provision

All cars are sold with warranty coverage. The warranty coverage generally applies to defects that may become apparent within a certain period from the purchase of the car.

The warranty provision is recognized at the time of the sale of the car, based on the present value of management's estimate of the expected cost to fulfill the obligations over the contractual warranty period. Estimates are principally based on the Group's historical claims or costs experience and the cost of parts and services to be incurred in the activities. The costs related to these provisions are recognized within cost of sales at the time when they are probable and reasonably estimable.

See *"—Use of estimates"* below for further details relating to recall campaigns.

Deferred income

Deferred income relates to amounts received by the Group under various agreements, which are reliant on the future performance of a service or other act of the Group. Deferred income is recognized as net revenues when the Group has fulfilled its obligations under the terms of the various agreements.

Range models (models belonging to the Ferrari product portfolio, excluding Special Series, Icona, limited edition supercars and one-off models) are sold with a scheduled maintenance program to ensure that the cars are maintained to the highest standards to meet the Group's strict requirements for performance and safety. Amounts attributable to the maintenance program are not recognized as income immediately, but are deferred over the maintenance program term. The amount of the deferred income related to this program is based on the estimated fair value of the service to be provided.

Advances

Advances relate to amounts received from or billed to customers in advance of having delivered the related cars or provided the related services. The advances are recognized in net revenues when the cars are shipped or the services provided.

Revenue recognition

Revenue is recognized when control over a product or service is transferred to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer and excludes any sales incentives as well as taxes collected from customers that are remitted to government authorities. The transaction price will include estimates of variable consideration to the extent it is probable that a significant reversal of revenue recognized will not occur. The Group enters into contracts that may include both products and services, which are generally capable of being distinct and accounted for as separate performance obligations.

The Group generates revenue from the sale of cars, spare parts and engines as well as from sponsorship, commercial and brand activities. The Group accounts for a contract with a customer when there is a legally enforceable contract between the Group and the customer, the rights of the parties are identified, the contract has commercial substance, and collectability of the contract consideration is probable. Payments from customers are typically due within 30 and 40 days of invoicing.

The Group does not recognize any assets associated with the incremental costs of obtaining a contract with a customer that are expected to be recovered. The majority of revenue is recognized at a point-in-time or over a period of one year or less, and the Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would otherwise be recognized is one year or less.

Cars, spare parts and engines

The sales of cars, spare parts and engines have multiple performance obligations that include products, services, or a combination of products and services as contracts may include maintenance programs and extended warranties that are separately priced or not separately priced. Contracts may also include variable consideration for discounts such as sales incentives and performance based bonuses and product returns. The Group offers incentives to its third-party dealers, which are designed to promote the sale of cars and parts, as well as a variety of other performance indicators, which may be qualitative or quantitative, such as quality service, customer satisfaction and preservation of the Ferrari brand, among others. The cost of incentives is estimated at the inception of a contract at the expected amount that will ultimately be paid and is recognized as a reduction to revenue generally at the time of the sale or when the dealer is expected to achieve the required performance if in relation to other performance indicators different from sales. Revenues recognized are limited to the amount of consideration the Group expects to receive. The Group allocates the transaction price to the performance obligations based on the stand alone selling prices (SSP) for each obligation. When the SSP does not exist, the Group estimates the SSP based on the adjusted market approach.

Revenues for the sale of cars, spare parts and engines are recognized at a point in time when control of the cars, spare parts or engines is transferred to the customer based on shipping terms, which generally corresponds to the date when the cars, spare parts and engines are released to the carrier responsible for transportation to dealers or Maserati. Revenues relating to the maintenance program are recognized over time based on the input method of measuring progress towards complete satisfaction of the related performance obligation, calculated as a proportion of overall revenues expected during the maintenance period equal to the ratio of costs incurred in the reporting period compared to the overall costs to be incurred during the maintenance period. Revenues relating to the extended warranties are recognized on a straight-line basis over the extended warranty period. Revenues from the supply of engines and related services to other Formula 1 racing teams are recognized over time on a time and materials basis when the services are provided.

Management has exercised judgment in determining performance obligations, variable consideration, allocation of transaction price and the timing of revenue recognition.

Sponsorship, commercial and brand activities

Revenues from sponsorship agreements in connection with our participation in racing competitions are generally recognized ratably over the contract term as the customer benefits from the service throughout the service period. Revenues from sponsorship agreements that contain variable consideration based on the performance of the Group's racing teams are estimated and recognized over the relevant period to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognized will not occur, which is typically when it is considered highly probable that the related conditions associated with the variable consideration will be achieved.

Revenues from commercial activities primarily relate to the revenues from participating in the Formula 1 World Championship. The revenues attributable to each racing team are governed by a specific agreement and depend upon, among other factors, the prior year ranking of each of the racing teams. Revenues of the commercial activities are recognized ratably over the contract term.

Revenues from brand licensing agreements where the customer has a right to access the Group's brands or the contract includes minimum guaranteed payments are recognized on a straight-line basis over the contract term. Licensing revenues in excess of the minimum guaranteed payments are recognized when the related conditions are satisfied. Revenues from sales-based licensing agreements are recognized when the sales occur.

Management has exercised judgment in determining variable consideration.

Other revenues

Interest income generated by our financial service activities from the provision of client and dealer financing is reported within revenues using the effective interest rate method and not within net financial income/expenses.

Cost of sales

Cost of sales comprises expenses incurred in the manufacturing and distribution of cars and parts (including the engines rented to other Formula 1 racing teams), of which, cost of materials, components and labor costs are the most significant portion. The remaining costs principally include depreciation, amortization, insurance and transportation costs. Cost of sales also includes warranty and product-related costs, which are estimated and recorded at the time of sale of the car.

Expenses which are directly attributable to the financial services companies, including the interest expenses related to their financing as a whole and provisions for risks and write-downs of assets, are also reported in cost of sales.

Other expenses and other income

Other expenses consist of miscellaneous costs which cannot be allocated to specific functional areas, such as indirect taxes, accruals for provisions not attributable to cost of sales or selling, general and administrative costs, and other miscellaneous expenses, including marketing expenses incurred on behalf of our third-party dealers.

Other income consists of miscellaneous income that is not directly attributable to the sale of goods or services, such as gains on the disposal of property plant and equipment, the release of certain provisions originally recognized as other expenses, rental income and other miscellaneous income.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Current and deferred taxes are recognized as income or expense and are included in the consolidated income statement for the period, except tax arising from (i) a transaction or event which is recognized, in the same or a different period, either in other comprehensive income/(loss) or directly in equity, or (ii) a business combination.

Deferred taxes are accounted using the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences between the carrying amounts of assets or liabilities and their tax base, except to the extent that the deferred tax liabilities arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized, unless the deferred tax assets arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the substantively enacted tax rates in the respective jurisdictions in which the Group operates that are expected to apply to the period when the asset is realized or liability is settled. Any remeasurements to deferred tax assets and liabilities as a result of changes in substantially enacted tax rates are recognized in the consolidated income statement.

The recoverability of deferred tax assets is dependent on the Group's ability to generate sufficient future taxable income in the period in which it is assumed that the deductible temporary differences reverse and tax losses carried forward can be utilized. In making this assessment, the Group considers future taxable income arising on the most recent budgets and plans, prepared by using the same criteria described for testing the impairment of assets and goodwill, moreover, it estimates the impact of the reversal of taxable temporary differences on earnings and it also considers the period over which these assets could be recovered. The carrying amount of deferred tax assets is reduced to the extent that it is not probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax assets to be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date.

The Group recognizes deferred tax liabilities associated with the existence of a subsidiary's undistributed profits, except when it is able to control the timing of the reversal of the temporary difference and it is probable that this temporary difference will not reverse in the foreseeable future. The Group recognizes deferred tax assets associated with the deductible temporary differences on investments in subsidiaries only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets relating to the carry-forward of unused tax losses and tax credits, as well as those arising from deductible temporary differences, are recognized to the extent that it is probable that future profits will be available against which they can be utilized.

Current income taxes and deferred taxes are offset when they relate to the same taxation authority and there is a legally enforceable right of offset.

Imposta Regionale sulle Attività Produttive ("IRAP") is recognized within income tax expense. IRAP 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 applied on the tax base at 3.9 percent for the years ended December 31, 2023, 2022 and 2021.

Tax uncertainties are accounted for in accordance with IFRIC 23.

Other taxes not based on income, such as property taxes and capital taxes, are included in other expenses, net.

Dividends

Dividends payable by the Group are reported as a change in equity in the period in which they are approved by shareholders or the Board of Directors as applicable under local rules and regulations.

Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand Euro unless otherwise stated.

Segment reporting

The Group has determined that it has one operating and one reportable segment based on the information reviewed by the Board of Directors (the Group's "Chief Operating Decision Maker" as defined in IFRS 8 — *Operating Segments*) in making decisions regarding the allocation of resources and to assess performance.

For additional disclosures required by IFRS 8, see Note 31 "*Entity-Wide Disclosures*".

Use of estimates and judgments

The Consolidated Financial Statements are prepared in accordance with IFRS, which require the use of estimates, judgments and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses recognized. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant.

Estimates and underlying assumptions are reviewed periodically and continuously by the Group. If the items subject to estimates do not perform as assumed, then the actual results could differ from the estimates, which would require adjustments. The effects of any changes in estimates are recognized in the consolidated income statement in the period in which the changes are made, or prospectively in future periods.

The most significant estimates that could be exposed to the management judgment are described below.

Maintenance programs and extended warranties

The Group's new cars are sold with a scheduled maintenance program to ensure that the cars are maintained to the highest standards to meet the Group's strict requirements for performance and safety. Amounts attributable to the maintenance programs are not recognized as income immediately, but are recognized over the maintenance program term based on the input method of measuring progress towards complete satisfaction of the related performance obligation, calculated as a proportion of overall revenues expected during the maintenance period equal to the ratio of costs incurred in the reporting period compared to the overall costs to be incurred during the maintenance period. The amount of the deferred income related to this program is based on the estimated fair value of the service to be provided. The Group also offers various extended warranty programs to customers that provide additional coverage beyond the warranty period required by applicable law or included with all new car sales. Revenues relating to the extended warranties are recognized on a straight-line basis over the extended warranty period. Management has exercised judgment in determining performance obligations, variable consideration, allocation of the transaction price and the timing of revenue recognition in relation to its maintenance programs and extended warranties.

Recall campaigns

The Group periodically initiates voluntary service actions to address various client satisfaction, safety and emissions issues related to cars sold. Included in the reserve is the estimated cost of these services and recall actions. Considering the nature of the recall campaigns, in certain circumstances management may exercise judgment in determining the related provisions. The estimated future costs of these actions are based primarily on historical experience and the cost of parts and services to be incurred in the specified activities, and are recognized at the time when they are probable and reasonably estimable. Estimates of the future costs of these actions are inevitably imprecise due to several uncertainties, including the number of cars affected by a service or recall action. It is reasonably possible that the ultimate cost of these service and recall actions may require the Group to make expenditures in excess of (or less than) established reserves over an extended period of time and the estimates are periodically reviewed during the year. Due to the uncertainty and potential volatility of these estimated factors, changes in the assumptions used could affect the results of operations.

Climate-related matters

Global climate change is resulting, and is expected to continue to result, in natural disasters and extreme weather occurring more frequently or with greater intensity, including droughts, wildfires, storms, rising sea-levels, flooding, heat waves and cold waves. Such extreme events are driving changes in market dynamics, stakeholder expectations, local, national and international climate change policies and regulations.

The global automotive industry in particular is currently experiencing significant developments due to an increased focus on climate change and evolving regulatory requirements and technological changes relating to fuel efficiency, electrification and greenhouse gas emissions, among others, which are also impacting the luxury performance sports car market in which the Group operates.

As these regulatory developments and technological changes continue to evolve, the Group's strategies, operations and business plans may change and the recoverability of the Group's assets could be impacted, including the recoverability of goodwill, capitalized development costs and property, plant and equipment.

Goodwill

The Group's goodwill amounted to €785,182 thousand at December 31, 2023 and December 31, 2022. As required by IFRS, an annual impairment test must be performed for goodwill, which may require management to exercise judgment in determining expected future cash flows. Based on the impairment test performed by management, the recoverable amount of goodwill was significantly higher than its carrying amount for the years ended December 31, 2022, 2021 and 2020. Furthermore, the exclusivity of the Group's business, its historical profitability and its future earnings prospects indicate that the carrying amount of the goodwill will continue to be recoverable even in the event of difficult economic and market conditions, including those that may be caused by regulatory developments or climate-related matters. For additional information relating to the goodwill test performed, see Note 13 "*Goodwill*".

Non-current assets with definite useful lives

The Group's non-current assets (excluding goodwill) primarily include intangible assets, which primarily relate to development costs, and property, plant and equipment. At December 31, 2023 and December 31, 2022, the Group's intangible assets amounted to €1,419,699 thousand and €1,307,388 thousand, respectively (of which €1,369,895 thousand and €1,264,467 thousand related to development costs), and the Group's property, plant and equipment amounted to €1,575,200 thousand and €1,457,825 thousand, respectively. The Group makes significant investments for the development of its existing and future product portfolio, and capitalized development costs of €448,380 thousand and €416,368 thousand for the years ended December 31, 2023 and 2022, respectively. These costs were capitalized in accordance with the criteria in *IAS 38 - Intangible Assets*, including, among others: (i) the costs can be measured reliably, (ii) the technical feasibility of the product, estimated volumes and expected pricing all support the view that the development expenditure will generate future economic benefits, based primarily on information specific to business initiatives underlying the Group's business plans, and (iii) the Company has the intention to complete the development and the ability to use the related intangible assets. Management may use judgment in distinguishing between research phases and development phases, including as a result of regulatory developments. For the years ended December 31, 2023, 2022 and 2021, no impairment indicators were identified and the Group did not recognize any impairment charges for non-current assets with definite useful lives.

Provisions

The Group sells its cars around the world and is subject to a variety of laws and regulations relating to the environment, and in particular, to the emissions of its cars. The group's cars, together with the engines that power them, must comply with extensive regional, national and local laws and regulations, and industry self-regulations (including those that regulate vehicle safety). The Group is currently benefiting from certain regulatory exemptions because it qualifies as a small vehicle manufacturer or similar designation in certain jurisdictions where it sells cars. These exemptions provide a range of benefits, from less stringent emissions caps and compliance date extensions, to exemptions from zero emission vehicle production requirements, which may require management to use judgment. The Group recognized provisions for environmental risks based on management's best estimates of the future cash outflows that will be required to settle the Group's related obligations. For additional information see Note 23 "*Provisions*".

Other areas requiring estimates in the preparation of the consolidated financial statements include the following: revenue recognition, product warranty liabilities, recoverability of goodwill, recoverability of non-current assets with definite useful lives, share-based compensation, litigation and contingent liabilities, and current and deferred taxes.

3. SCOPE OF CONSOLIDATION

Ferrari N.V. is the parent company of the Group and it holds, directly and indirectly, interests in the Group's main operating companies. The Group's scope of consolidation at December 31, 2023 and 2022 was as follows:

			At December 31, 2023		At December 31, 2022	
Name	**Country**	**Nature of business**	**Shares held by the Group**	**Shares held by NCI**	**Shares held by the Group**	**Shares held by NCI**
Directly held interests						
Ferrari S.p.A.	Italy	Engineering, manufacturing and sales	100%	—%	100%	—%
New Business 33 S.p.A. [1]	Italy	Engineering, manufacturing and sales	100%	—%	100%	—%
Indirectly held through Ferrari S.p.A.						
Ferrari North America Inc.	USA	Importer and distributor	100%	—%	100%	—%
Ferrari Japan KK	Japan	Importer and distributor	100%	—%	100%	—%
Ferrari Australasia Pty Limited	Australia	Importer and distributor	100%	—%	100%	—%
Ferrari International Cars Trading (Shanghai) Co. L.t.d.	China	Importer and distributor	80%	20%	80%	20%
Ferrari (HK) Limited	Hong Kong	Importer and distributor	100%	—%	100%	—%
Ferrari Far East Pte Limited	Singapore	Service company	100%	—%	100%	—%
Ferrari Management Consulting (Shanghai) Co. L.t.d.	China	Service company	100%	—%	100%	—%
Ferrari South West Europe S.a.r.l.	France	Service company	100%	—%	100%	—%
Ferrari Central Europe GmbH	Germany	Service company	100%	—%	100%	—%
G.S.A. S.A. in liquidation	Switzerland	Service company	100%	—%	100%	—%
Mugello Circuit S.p.A.	Italy	Racetrack management	100%	—%	100%	—%
Ferrari Financial Services, Inc.	USA	Financial services	100%	—%	100%	—%
Indirectly held through other Group entities						
Ferrari Auto Securitization Transaction LLC [2]	USA	Financial services	100%	—%	100%	—%
Ferrari Auto Securitization Transaction - Lease, LLC [2]	USA	Financial services	100%	—%	100%	—%
Ferrari Auto Securitization Transaction - Select, LLC [2]	USA	Financial services	100%	—%	100%	—%
Ferrari Financial Services Titling Trust [2]	USA	Financial services	100%	—%	100%	—%
Ferrari Lifestyle North America, Inc. [3][4]	USA	Retail	100%	—%	100%	—%

(1) New Business 33 S.p.A. was consolidated by the Group starting in 2022, which is when it started operational activities.
(2) Shareholding held by Ferrari Financial Services Inc.
(3) Shareholding held by Ferrari North America Inc.
(4) Effective as of January 12, 2024, the company changed its name from 410 Park Display, Inc to Ferrari Lifestyle North America, Inc.

Non-controlling interests

The non-controlling interests at December 31, 2023 and 2022 and the net profit attributable to non-controlling interests for the years ended December 31, 2023, 2022 and 2021 relate to Ferrari International Cars Trading (Shanghai) Co. L.t.d. ("FICTS"), in which the Group holds an 80 percent interest.

	At December 31,	
	2023	2022
	(€ thousand)	
Equity attributable to non-controlling interests	9,734	9,630

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Net profit attributable to non-controlling interests	5,409	6,680	2,369

The non-controlling interests in FICTS are not considered to be significant to the Group for the periods presented in these Consolidated Financial Statements.

4. NET REVENUES

Net revenues are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Revenues from:			
Cars and spare parts (1)	5,119,181	4,321,120	3,552,838
Sponsorship, commercial and brand (1)	571,759	498,861	450,860
Engines	126,748	155,342	189,432
Other	152,458	119,931	77,764
Total net revenues	**5,970,146**	**5,095,254**	**4,270,894**

(1) Starting in 2023, sponsorship revenues relating to the Group's WEC and other racing activities are presented within sponsorship, commercial and brand as a result of the increased relevance of those activities for the Ferrari brand in 2023, primarily in connection with the return of Ferrari to the top-tier "Hypercar" category of the FIA WEC after 50 years. As a result, sponsorship revenues from WEC and other racing activities of €20,362 thousand and €20,281 thousand for the years ended December 31, 2022 and 2021, respectively, which were previously presented within cars and spare parts as they were treated as incidental to the sale of our track cars, have been reclassified retrospectively to sponsorship, commercial and brand to conform to the current presentation.

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 in 2023, 2022 and 2021 amounted to €99,661 thousand, €69,389 thousand and €55,043 thousand, respectively.

5. COST OF SALES

Cost of sales in 2023, 2022 and 2021 amounted to €2,995,877 thousand, €2,648,953 thousand and €2,080,613 thousand, respectively, consisting mainly of the cost of materials, components and labor related to the manufacturing and distribution of cars and spare parts. Cost of sales also include depreciation and amortization, insurance, transportation costs, and warranty and product-liability related costs, as well as production costs for engines sold to Maserati and engines rented to other Formula 1 racing teams.

Interest and other financial expenses from financial services activities included within cost of sales in 2023, 2022 and 2021 amounted to €60,808 thousand, €27,145 thousand and €16,639 thousand, respectively.

6. SELLING, GENERAL AND ADMINISTRATIVE COSTS

Selling, general and administrative costs are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Selling costs	236,443	226,988	168,466
General and administrative costs	226,137	200,986	179,558
Total selling, general and administrative costs	**462,580**	**427,974**	**348,024**

Selling costs consist mainly of costs for sales personnel, marketing and events, and retail stores. Costs for marketing and events primarily relate to corporate events, trade shows and media and client events for the launch of new models, lifestyle events (including the use of digital solutions), as well as indirect marketing costs incurred mainly through the Formula 1 racing team, Scuderia Ferrari.

General and administrative costs consist mainly of administration and other general expenses that are not directly attributable to manufacturing, sales or research and development activities, including for personnel and the continuous development of the Group's digital infrastructure.

7. RESEARCH AND DEVELOPMENT COSTS

Research and development costs are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Research and development costs expensed during the year	538,903	517,842	573,632
Amortization of capitalized development costs	342,656	257,730	194,472
Total research and development costs	**881,559**	**775,572**	**768,104**

Research and development costs expensed during the period primarily relate to research and development activities for Formula 1 racing as well as development activities to support the innovation of our product portfolio and components, in particular, in relation to electric and other new technologies. Amortization of capitalized development costs have increased in recent years as a result of our strategy to update and broaden our product range and significantly increase our efforts relating to innovation and advanced technologies, including hybrid and electric.

Research and development costs for the year ended December 31, 2022 and, to a lesser extent, for the year December 31, 2023 are recognized net of technology-related government incentives.

8. OTHER EXPENSES, NET

Other expenses, net are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Other income	10,958	12,446	8,105
Other expenses	29,856	33,994	13,666
Total other expenses, net	**18,898**	**21,548**	**5,561**

Other expenses mainly related to indirect taxes, provisions, and other miscellaneous expenses and other income mainly related to rental income, gains on the disposal of property, plant and equipment and other miscellaneous income.

9. FINANCIAL EXPENSES AND FINANCIAL INCOME

Financial expenses and financial income are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Foreign exchange gains	91,019	78,674	37,860
Interest income	25,813	4,150	1,579
Other financial income	15,487	1,034	3,560
Financial income	**132,319**	**83,858**	**42,999**
Foreign exchange losses	111,216	104,597	49,267
Interest expenses	29,258	25,489	23,669
Other financial expenses	6,860	3,388	3,320
Financial expenses	**147,334**	**133,474**	**76,256**
Financial expenses, net	**15,015**	**49,616**	**33,257**

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

Financial income primarily relates to foreign exchange gains, interest income on cash and cash equivalents and for 2023, also to gains of €7,940 thousand realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025. For additional information see Note 24 "*Debt*".

Interest and other financial income, and interest expenses and other financial charges, from financial services activities are recognized within net revenues and cost of sales, respectively.

10. INCOME TAXES

Income tax expense is as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Current tax expense	347,162	269,924	218,540
Deferred tax benefit	(4,541)	(30,178)	(12,001)
Taxes relating to prior years	2,276	(1,274)	2,556
Total income tax expense	**344,897**	**238,472**	**209,095**

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

Income tax expense amounted to €344,897 thousand, €238,472 thousand and €209,095 thousand for the years ended December 31, 2023, 2022 and 2021, respectively.

Income taxes for the years ended December 31, 2023, 2022 and 2021 benefited from the application of the Patent Box tax regime by Article 1, par. 37-45 of Law No. 190 of December 23, 2014, as amended and supplemented from time to time, which provides tax benefits for companies that generate income through the use of intangible assets. Starting in 2020 the Group has implemented the Patent Box tax regime, covering the period from 2020 to the conclusion of this regime in 2024, with the recognition of the associated tax benefit distributed over three equal annual installments.

The Law Decree (Decree) n. 146 enacted by the Italian authorities, effective from October 22, 2021 and as amended by the 2022 Italian budget law, replaces the previous Patent Box tax regime with a new one that provides a 110% "super tax deduction" for certain costs related to eligible intangible assets. The Decree also outlines a transitional procedure for the coexistence of both regimes during their applicable periods.

The table below provides a reconciliation between actual income tax expense and the theoretical income tax expense, calculated on the basis of the applicable corporate tax rate in effect in Italy, which was 24.0 percent for each of the years ended December 31, 2023, 2022 and 2021.

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Profit before taxes	1,602,354	1,177,766	1,042,231
Theoretical income tax rate	24.0%	24.0%	24.0%
Theoretical income tax expense	384,565	282,664	250,136
Tax effect on:			
Permanent and other differences	(95,836)	(85,736)	(79,267)
Italian Regional Income Tax (IRAP)	48,912	39,446	32,422
Effect of changes in tax rates and tax regulations	961	553	633
Differences between foreign tax rates and the theoretical Italian tax rate and tax holidays	2,156	1,945	2,077
Taxes relating to prior years	2,276	(1,274)	2,556
Withholding tax on earnings	1,863	875	539
Income tax expense	**344,897**	**238,472**	**209,095**
Effective tax rate	**21.5%**	**20.2%**	**20.1%**

The effective tax rate was 21.5 percent, 20.2 percent and 20.1 percent for the years ended December 31, 2023, 2022 and 2021, respectively. The Patent Box benefit relating to 2023, 2022 and 2021 is included within “permanent and other differences” in the tax rate reconciliation above.

Imposta Regionale sulle Attività Produttive (“IRAP”) (current and deferred) in 2023 and 2022 amounted to €48,912 thousand and €39,446 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 the years ended December 31, 2023, 2022 and 2021.

The analysis of deferred tax assets and deferred tax liabilities at December 31, 2023 and 2022, is as follows:

	At December 31,	
	2023	2022
	(€ thousand)	
Deferred tax assets:		
To be recovered after 12 months	128,110	107,252
To be recovered within 12 months	89,443	96,130
	217,553	**203,382**
Deferred tax liabilities:		
To be realized after 12 months	(100,865)	(86,160)
To be realized within 12 months	(35,981)	(40,347)
	(136,846)	**(126,507)**
Net deferred tax assets	**80,707**	**76,875**

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	At December 31, 2022	Recognized in consolidated income statement	Charged to equity	Translation differences and other changes	At December 31, 2023
			(€ thousand)		
Deferred tax assets arising on:					
Provisions	120,279	11,121	—	—	131,400
Deferred income	51,635	—	—	—	51,635
Employee benefits	2,665	—	(52)	—	2,613
Foreign currency exchange rate differences	3,439	388	—	—	3,827
Inventory obsolescence	100,835	19,305	—	(220)	119,920
Allowances for doubtful accounts	5,223	(166)	—	3	5,060
Depreciation	17,533	264	—	(15)	17,782
Trademark step-up	85,374	(6,696)	—	—	78,678
Patent box	78,381	15,887	—	—	94,268
Other	14,844	2,149	—	(2,560)	14,433
Total deferred tax assets	**480,208**	**42,252**	**(52)**	**(2,792)**	**519,616**
Deferred tax liabilities arising on:					
Depreciation	(5,057)	1,507	—	92	(3,458)
Capitalization of development costs	(355,574)	(29,683)	—	—	(385,257)
Employee benefits	(1,510)	26	—	—	(1,484)
Foreign currency exchange rate differences	(1,160)	(1,520)	—	—	(2,680)
Cash flow hedge reserve	(16,171)	—	6,403	—	(9,768)
Tax on undistributed earnings	(10,578)	(8,281)	—	—	(18,859)
Other	(13,283)	240	—	(4,360)	(17,403)
Total deferred tax liabilities	**(403,333)**	**(37,711)**	**6,403**	**(4,268)**	**(438,909)**
Total net deferred tax assets/ (liabilities)	**76,875**	**4,541**	**6,351**	**(7,060)**	**80,707**

	At December 31, 2021	Recognized in consolidated income statement	Charged to equity	Translation differences and other changes	At December 31, 2022
			(€ thousand)		
Deferred tax assets arising on:					
Provisions	103,981	16,556	—	(258)	120,279
Deferred income	51,635	—	—	—	51,635
Employee benefits	3,041	—	(376)	—	2,665
Foreign currency exchange rate differences	610	2,830	—	(1)	3,439
Cash flow hedge reserve	8,455	—	(8,455)	—	—
Inventory obsolescence	69,107	31,648	—	80	100,835
Allowances for doubtful accounts	5,178	50	—	(5)	5,223
Depreciation	17,555	(15)	—	(7)	17,533
Trademark step-up	84,537	837	—	—	85,374
Patent box	65,693	12,688	—	—	78,381
Other	14,328	575	—	(59)	14,844
Total deferred tax assets	**424,120**	**65,169**	**(8,831)**	**(250)**	**480,208**
Deferred tax liabilities arising on:					
Depreciation	(6,781)	2,076	—	(352)	(5,057)
Capitalization of development costs	(311,438)	(44,134)	—	(2)	(355,574)
Employee benefits	(1,053)	(457)	—	—	(1,510)
Foreign currency exchange rate differences	(526)	(634)	—	—	(1,160)
Cash flow hedge reserve	—	—	(16,171)	—	(16,171)
Tax on undistributed earnings	(17,404)	6,826	—	—	(10,578)
Other	(14,134)	1,332	—	(481)	(13,283)
Total deferred tax liabilities	**(351,336)**	**(34,991)**	**(16,171)**	**(835)**	**(403,333)**
Total net deferred tax assets/ (liabilities)	**72,784**	**30,178**	**(25,002)**	**(1,085)**	**76,875**

The decision to recognize deferred tax assets is made for each company in the Group by assessing whether the conditions exist for the future recoverability of such assets by taking into account the basis of the most recent forecasts from budgets and business plans.

Deferred taxes on the undistributed earnings of subsidiaries have not been recognized, except in cases where it is probable the distribution will occur in the foreseeable future. At December 31, 2023, the aggregate amount of temporary differences related to remaining distributable earnings of the Group's subsidiaries where deferred tax liabilities have not been recognized amounted to €251,029 thousand (€268,923 thousand at December 31, 2022).

11. OTHER INFORMATION BY NATURE

Personnel costs in 2023, 2022 and 2021 amounted to €575,215 thousand, €527,316 thousand and €483,747 thousand, respectively. These amounts include costs that were capitalized in connection with product development activities. In 2023, 2022 and 2021 the Group had an average number of employees of is 4,960, 4,691 and 4,571, respectively.

Depreciation amounted to €290,204 thousand, €259,849 thousand and €230,097 thousand for the years ended December 31, 2023, 2022 and 2021, respectively, and amortization amounted to €372,101 thousand, €286,376 thousand and €225,892 thousand for the years ended December 31, 2023, 2022 and 2021, respectively.

12. 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 years ended December 31, 2023, 2022 and 2021:

		For the years ended December 31,		
		2023	**2022**	**2021**
Profit attributable to owners of the Company	€ thousand	1,252,048	932,614	830,767
Weighted average number of common shares for basic earnings per common share	thousand	181,220	182,836	184,446
Basic earnings per common share	**€**	**6.91**	**5.11**	**4.50**

Diluted earnings per share

For the years ended December 31, 2023, 2022 and 2021, 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 *"Share-Based Compensation"* for additional details related to the Group's equity incentive plans.

The following table provides the amounts used in the calculation of diluted earnings per share for the years ended December 31, 2023, 2022 and 2021:

		For the years ended December 31,		
		2023	**2022**	**2021**
Profit attributable to owners of the Company	€ thousand	1,252,048	932,614	830,767
Weighted average number of common shares for diluted earnings per common share	thousand	181,511	183,121	184,771
Diluted earnings per common share	**€**	**6.90**	**5.09**	**4.50**

The following table provides a reconciliation from the weighted average number of common shares for basic earnings per share to the weighted average number of common shares for diluted earnings per share.

	For the years ended December 31,		
Number of shares	**2023**	**2022**	**2021**
Weighted average number of common shares for basic earnings per share	181,220	182,836	184,446
Adjustments for calculation of diluted earnings per share:			
Share-based compensation	291	285	325
Weighted average number of common shares for diluted earnings per share	**181,511**	**183,121**	**184,771**

13. GOODWILL

At December 31, 2023 and 2022 goodwill amounted to €785,182 thousand.

In accordance with IAS 36, goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Impairment testing is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value less costs of disposal and its value in use.

The assumptions used in this process represent management's best estimate for the period under consideration. The estimate of the value in use of the CGU for purposes of performing the annual impairment test was based on the following assumptions:

- The expected future cash flows covering the period from 2024 through 2027 have been derived from the Ferrari business plan. In particular the estimate considers expected EBITDA adjusted to reflect the expected capital expenditure. These cash flows relate to the CGU in its condition when preparing the consolidated financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Expected volumes and sales mix used for estimating the future cash flows are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends for the CGU over the period considered.
- The expected future cash flows include a normalized terminal period used to estimate the future results beyond the time period explicitly considered, which were calculated by using the specific medium/long-term growth rate for the sector equal to 2.0 percent in 2023 (2.0 percent in 2022 and 2021).
- The expected future cash flows have been estimated in Euro, and discounted using a post-tax discount rate appropriate for that currency, determined by using a base WACC of 9.21 percent in 2023 (8.10 percent in 2022 and 6.84 percent in 2021). The WACC used reflects the current market assessment of the time value of money for the period being considered and the risks specific to the CGU under consideration. The increase in the WACC between 2021 and 2023 is primarily the result of a higher risk free rate driven by central banks raising interest rates in several regions where the Group operates, as well as a higher equity risk premium driven by market factors and conditions.

The recoverable amount of the CGU was significantly higher than its carrying amount. Furthermore, the exclusivity of the business, its historical profitability and its future earnings prospects indicate that the carrying amount of the goodwill will continue to be recoverable, even in the event of difficult economic and market conditions.

14. INTANGIBLE ASSETS

Intangible assets are as follows:

	Externally acquired development costs	Development costs internally generated	Patents, concessions and licenses	Other intangible assets	Total
			(€ thousand)		
Gross carrying amount at December 31, 2021	**2,065,450**	**862,015**	**257,889**	**51,620**	**3,236,974**
Additions	270,329	146,039	30,566	9,960	456,894
Divestitures	(962)	(350)	—	—	(1,312)
Reclassifications	—	—	2,924	(2,924)	—
Translation differences and other movements	—	—	—	9	9
Balance at December 31, 2022	**2,334,817**	**1,007,704**	**291,379**	**58,665**	**3,692,565**
Additions	272,975	175,405	23,849	14,919	487,148
Divestitures	—	—	—	(2,564)	(2,564)
Reclassifications	—	5,558	3,399	(3,399)	5,558
Translation differences and other movements	—	(296)	(42)	167	(171)
Balance at December 31, 2023	**2,607,792**	**1,188,371**	**318,585**	**67,788**	**4,182,536**
Accumulated amortization at December 31, 2021	**1,320,578**	**499,746**	**231,842**	**46,635**	**2,098,801**
Amortization	189,546	68,184	27,153	1,493	286,376
Balance at December 31, 2022	**1,510,124**	**567,930**	**258,995**	**48,128**	**2,385,177**
Amortization	250,033	92,623	27,923	1,522	372,101
Reclassification	—	5,558	(4,283)	4,283	5,558
Translation differences and other movements	—	—	(7)	8	1
Balance at December 31, 2023	**1,760,157**	**666,111**	**282,628**	**53,941**	**2,762,837**
Carrying amount at:					
December 31, 2021	**744,872**	**362,269**	**26,047**	**4,985**	**1,138,173**
December 31, 2022	**824,693**	**439,774**	**32,384**	**10,537**	**1,307,388**
December 31, 2023	**847,635**	**522,260**	**35,957**	**13,847**	**1,419,699**

Additions were primarily attributable to externally acquired and internally generated development costs relating to existing and new models.

15. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are as follows:

	Land	Industrial buildings	Plant, machinery and equipment	Other assets	Advances and assets under construction	Total
			(€ thousand)			
Gross carrying amount at December 31, 2021	**50,056**	**486,677**	**2,766,723**	**233,094**	**318,900**	**3,855,450**
Additions	8,287	10,155	154,008	26,479	167,645	366,574
Divestitures	—	(3,805)	(15,388)	(6,018)	(154)	(25,365)
Reclassifications	73,631	4,691	165,210	4,322	(247,854)	—
Translation differences and other movements	16	334	(19)	796	77	1,204
Balance at December 31, 2022	**131,990**	**498,052**	**3,070,534**	**258,673**	**238,614**	**4,197,863**
Additions	2,014	29,948	113,282	36,416	242,155	423,815
Divestitures	—	(12,935)	(40,270)	(25,030)	(369)	(78,604)
Reclassifications	17,235	9,132	62,236	(2,303)	(88,603)	(2,303)
Translation differences and other movements	(10)	(1,050)	(49)	(2,511)	(5)	(3,625)
Balance at December 31, 2023	**151,229**	**523,147**	**3,205,733**	**265,245**	**391,792**	**4,537,146**
Accumulated amortization at December 31, 2021	**—**	**201,845**	**2,141,624**	**158,816**	**—**	**2,502,285**
Depreciation	—	19,405	216,661	23,783	—	259,849
Divestitures	—	(1,983)	(14,921)	(5,921)	—	(22,825)
Translation differences	—	109	(39)	659	—	729
Balance at December 31, 2022	**—**	**219,376**	**2,343,325**	**177,337**	**—**	**2,740,038**
Depreciation	—	21,654	243,633	24,917	—	290,204
Divestitures	—	(8,338)	(39,322)	(18,401)	—	(66,061)
Translation differences and other movements	—	(624)	(15)	(1,596)	—	(2,235)
Balance at December 31, 2023	**—**	**232,068**	**2,547,621**	**182,257**	**—**	**2,961,946**
Carrying amount at:						
December 31, 2021	**50,056**	**284,832**	**625,099**	**74,278**	**318,900**	**1,353,165**
of which right-of use assets under IFRS 16	*—*	*21,613*	*3,484*	*28,661*	*—*	*53,758*
December 31, 2022	**131,990**	**278,676**	**727,209**	**81,336**	**238,614**	**1,457,825**
of which right-of use assets under IFRS 16	*—*	*18,972*	*2,756*	*32,420*	*—*	*54,148*
December 31, 2023	**151,229**	**291,079**	**658,112**	**82,988**	**391,792**	**1,575,200**
of which right-of use assets under IFRS 16	*—*	*22,971*	*3,396*	*41,888*	*—*	*68,255*

Additions primarily relate to investments for car production and engine assembly lines (including those for models to be launched in future years), industrial tools needed for the production of cars and personalization programs, as well as investments for the ongoing construction of the new e-building (which will be used primarily for the production of battery electric vehicles (BEVs) and related components) and the new paint shop.

The following table summarizes the changes in the carrying amount of right-of-use assets for the year ended December 31, 2023 and 2022:

	Industrial buildings	Plant, machinery and equipment	Other assets	Total
	(€ thousand)			
Balance at December 31, 2021	**21,613**	**3,484**	**28,661**	**53,758**
Additions	4,854	510	13,485	18,849
Disposals	(1,495)	(6)	(93)	(1,594)
Depreciation	(5,933)	(1,223)	(9,677)	(16,833)
Translation differences and other movements	(67)	(9)	44	(32)
Balance at December 31, 2022	**18,972**	**2,756**	**32,420**	**54,148**
Additions	16,746	2,069	23,238	42,053
Disposals	(4,597)	—	(3,008)	(7,605)
Depreciation	(7,933)	(1,402)	(10,254)	(19,589)
Translation differences and other movements	(217)	(27)	(508)	(752)
Balance at December 31, 2023	**22,971**	**3,396**	**41,888**	**68,255**

Amounts recognized in the consolidated income statement in relation to leases for the year ended December 31, 2023 and 2022 were as follows:

	For the year ended December 31,		
	2023	2022	2021
	(€ thousand)		
Depreciation of right-of-use assets	19,589	16,833	15,348
Interest expense on lease liabilities	1,450	1,219	868
Variable lease payments not included in the measurement of lease liabilities	1,213	822	1,622
Expenses relating to short-term leases and leases of low-value assets	2,842	3,227	3,671
Total expenses recognized	**25,094**	**22,101**	**21,509**

For the year ended December 31, 2023 depreciation of right-of-use assets amounted to €19,589 thousand and interest expense on lease liabilities amounted to €1,450 thousand (€16,833 thousand and €1,219 thousand, respectively, for the year ended December 31, 2022 and €15,348 thousand and €868 thousand respectively, for the year ended December 31, 2021).

At December 31, 2023, the Group had contractual commitments for the purchase of property, plant and equipment amounting to €115,330 thousand (€200,949 thousand at December 31, 2022).

16. INVESTMENTS AND OTHER FINANCIAL ASSETS

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

	At December 31,	
	2023	2022
	(€ thousand)	
Investments accounted for using the equity method	55,200	49,087
Other securities and financial assets	12,471	10,447
Total investments and other financial assets	**67,671**	**59,534**

Investments accounted for using the equity method

Changes in the carrying amount of investments accounted for using the equity method during the period were as follows:

	(€ thousand)
Balance at December 31, 2021	**42,927**
Proportionate share of net profit for the year ended December 31, 2022	6,175
Proportionate share of remeasurement of defined benefit plans	(15)
Balance at December 31, 2022	**49,087**
Proportionate share of net profit for the year ended December 31, 2023	6,137
Proportionate share of remeasurement of defined benefit plans and other movements	(24)
Balance at December 31, 2023	**55,200**

Investments accounted for using the equity method mainly relate to the Group's investment in Ferrari Financial Services GmbH ("FFS GmbH"), a German entity that offers retail client financing in certain markets in EMEA (primarily the UK, Germany and Switzerland). FFS GmbH is the Group's partnership with CA Auto Bank S.p.A. ("CA Auto Bank", formerly FCA Bank S.p.A., "FCA Bank"), which, following the sale by the Stellantis Group of its 50 percent ownership interest in FCA Bank to Crédit Agricole Consumer Finance S.A. ("CACF") in April 2023, is now fully owned by CACF. Investments accounted for using the equity method also relate to the Group's investment in FS China Limited, a joint venture formed in China in 2021 to manage certain lifestyle activities in the local market, which is at the early stage of its activities.

Summarized financial information relating to FFS GmbH at and for the years ended December 31, 2023 and 2022 is presented below:

	At December 31,	
	2023	2022
	(€ thousand)	
Assets		
Non-current assets	3,566	3,685
Receivables from financing activities	1,187,535	1,037,350
Other current assets	29,590	2,637
Cash and cash equivalents	21,275	19,123
Total assets	**1,241,966**	**1,062,795**
Equity and liabilities		
Equity	108,134	94,914
Debt	999,206	868,652
Other liabilities	134,626	99,229
Total equity and liabilities	**1,241,966**	**1,062,795**

	For the year ended December 31,		
	2023	2022	2021
	(€ thousand)		
Net revenues	66,446	52,100	46,103
Cost of sales	37,198	22,943	16,971
Selling, general and administrative costs	9,314	8,923	8,565
Other expenses/(income), net	1,574	1,116	2,730
Profit before taxes	**18,360**	**19,118**	**17,837**
Income tax expense	5,147	5,336	4,045
Net profit	**13,213**	**13,782**	**13,792**

Other securities and financial assets

Other securities and financial assets primarily include Liberty Media Corporation (Series C Formula One Group Common Stock) 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 €10,519 thousand at December 31, 2023 (€9,954 thousand at December 31, 2022).

17. INVENTORIES

Inventories are as follows:

	At December 31,	
	2023	2022
	(€ thousand)	
Raw materials	203,247	142,430
Semi-finished goods	229,791	145,459
Finished goods	515,476	386,773
Total inventories	**948,514**	**674,662**

The increase in inventories is mainly due to higher car volumes, the start of production of new models and enriched product mix, as well as higher raw materials to protect the Group's delivery plans.

The amount of inventory write-downs recognized as an expense within cost of sales during 2023 was €20,822 thousand (€18,021 thousand in 2022 and €9,392 thousand in 2021).

Changes in the provision for slow moving and obsolete inventories were as follows:

	2023	2022
	(€ thousand)	
At January 1,	**110,963**	**102,098**
Provision	20,822	18,021
Utilizations and other changes	(8,357)	(9,156)
At December 31,	**123,428**	**110,963**

18. CURRENT RECEIVABLES AND OTHER CURRENT ASSETS

Current receivables and other current assets are as follows:

	At December 31, 2023	At December 31, 2022
	(€ thousand)	
Trade receivables	261,380	232,414
Receivables from financing activities	1,451,158	1,399,997
Current tax receivables	11,616	16,054
Other current assets	130,228	153,183
Total	**1,854,382**	**1,801,648**

Trade receivables

The following table sets forth a breakdown of trade receivables by nature:

	At December 31, 2023	At December 31, 2022
	(€ thousand)	
Trade receivables due from:		
Dealers	122,177	85,696
Sponsorship and commercial activities	32,357	42,981
Brand activities	30,587	24,213
Stellantis Group companies	20,398	19,184
Other	55,861	60,340
Total	**261,380**	**232,414**

Trade receivables due from dealers relate to receivables for the sale of cars across the dealer network and are generally settled within 30 to 40 days from the date of invoice.

Trade receivables due from sponsorship and commercial activities mainly relate to the Group's participation in the Formula 1 World Championship and the World Endurance Championship. Trade receivables due from brand activities relate to amounts receivable for licensing and merchandising activities. Trade receivables due from Stellantis Group companies mainly relate to the sale of engines and car bodies to Maserati S.p.A., which is controlled by the Stellantis Group. The contract with Maserati ended in December 2023. For additional information, see Note 28 "*Related Party Transactions*".

The Group is not exposed to significant concentration of third party credit risk.

The following table sets forth a breakdown of trade receivables by currency:

	At December 31, 2023	At December 31, 2022
	(€ thousand)	
Trade receivables denominated in:		
Euro	118,104	95,894
U.S. Dollar	118,233	108,369
Pound Sterling	6,096	8,178
Chinese Yuan	5,099	3,203
Japanese Yen	7,230	6,832
Other currencies	6,618	9,938
Total	**261,380**	**232,414**

Trade receivables are shown net of an allowance for doubtful accounts determined on the basis of insolvency risk and historical experience, adjusted for forward-looking factors specific to the receivables and the economic environment. Additional provisions to the allowance for doubtful accounts are recorded within selling, general and administrative costs in the consolidated income statement.

Changes in the allowance for doubtful accounts of trade receivables during the year were as follows:

	2023	2022
	(€ thousand)	
At January 1	**25,800**	**25,984**
Additional provisions	2,767	3,844
Utilizations	(1,845)	(1,579)
Releases	(1,280)	(2,522)
Other changes	(24)	73
At December 31	**25,418**	**25,800**

Receivables from financing activities

Receivables from financing activities are as follows:

	At December 31,	
	2023	2022
	(€ thousand)	
Client financing	1,451,158	1,390,956
Dealer financing	—	9,041
Total receivables from financing activities	**1,451,158**	**1,399,997**

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.

Receivables from financing activities are shown net of an allowance for doubtful accounts and additional provisions are recorded within cost of sales in the consolidated income statement.

Changes in the allowance for doubtful accounts of receivables from financing activities during the year are as follows:

	2023	2022
	(€ thousand)	
At January 1	**9,950**	**11,204**
Additional provisions	6,423	3,064
Utilizations	(3,509)	(2,587)
Releases	(1,327)	(2,470)
Other changes	(372)	739
At December 31	**11,165**	**9,950**

Client financing

Client financing relates to financing provided by the Group to Ferrari clients to finance their car acquisitions. During 2023 the average contractual duration at inception of such contracts was approximately 67 months (67 months in 2022) and the weighted average interest rate was approximately 7.8 percent (approximately 6.3 percent in 2022). Receivables for client financing are generally secured on the titles of the related cars or other personal guarantees.

Client financing relates entirely to financial services activities in the United States and is denominated in U.S. Dollars.

Dealer financing

In 2022, the Group discontinued dealer financing with the exception of one existing long-term loan bearing a rate of interest based on LIBOR plus a variable spread based on dealer's performance, which was fully collected in 2023.

Other current assets

Other current assets are detailed as follows:

	At December 31,	
	2023	**2022**
	(€ thousand)	
Italian and foreign VAT credits	65,529	79,858
Prepayments	53,846	42,908
Other	10,853	30,417
Total other current assets	**130,228**	**153,183**

Other includes security deposits, amounts due from personnel and other receivables.

At December 31, 2023, the Group had provided guarantees through third parties amounting to €236,910 thousand (€224,630 thousand at December 31, 2022), principally to (i) banks for a U.S. Dollar denominated credit facility of FFS Inc., (ii) tax authorities for VAT reimbursements according to Italian legislation and (iii) customs authorities for duties on import and export activities.

The analysis of receivables and other current assets (excluding prepayments) by due date is as follows:

	At December 31, 2023				
	Due within one year	Due between one and five years	Due beyond five years	Overdue	Total
			(€ thousand)		
Trade receivables	225,445	—	—	35,935	261,380
Receivables from financing activities (1)	223,841	1,076,552	68,736	82,029	1,451,158
Current tax receivables	11,616	—	—	—	11,616
Other current assets (excluding prepayments)	76,382	—	—	—	76,382
Total	**537,284**	**1,076,552**	**68,736**	**117,964**	**1,800,536**

	At December 31, 2022				
	Due within one year	Due between one and five years	Due beyond five years	Overdue	Total
			(€ thousand)		
Trade receivables	186,757	—	—	45,657	232,414
Receivables from financing activities (1)	208,407	1,060,819	67,992	62,779	1,399,997
Client financing	*207,186*	*1,052,999*	*67,992*	*62,779*	*1,390,956*
Dealer financing	*1,221*	*7,821*	—	—	*9,041*
Current tax receivables	16,054	—	—	—	16,054
Other current assets (excluding prepayments)	110,276	—	—	—	110,276
Total	**521,494**	**1,060,819**	**67,992**	**108,436**	**1,758,741**

(1) Excluding interest generated on these receivables.

Overdue amounts represent receivables and other current assets where payments are past their due date.

19. CURRENT FINANCIAL ASSETS AND OTHER FINANCIAL LIABILITIES

Current financial assets are as follows:

	At December 31, 2023	At December 31, 2022
	(€ thousand)	
Financial derivatives	55,562	80,233
Other financial assets	5,568	7,068
Current financial assets	**61,130**	**87,301**

Current financial assets and other financial liabilities mainly relate to foreign exchange derivatives and interest rate caps.

The following table sets forth a breakdown of derivative assets and liabilities at December 31, 2023 and 2022.

	At December 31, 2023		At December 31, 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
	(€ thousand)			
Cash flow hedge:				
Currency swaps	34,542	(10,170)	41,270	(16,976)
Interest rate caps	17,407	—	36,771	—
Commodities	—	(174)	5	(772)
Total Cash flow hedges	**51,949**	**(10,344)**	**78,046**	**(17,748)**
Other foreign exchange derivatives	3,613	(3,195)	2,187	(2,245)
Current financial assets/(liabilities)	**55,562**	**(13,539)**	**80,233**	**(19,993)**

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.

The following tables provide an analysis of outstanding derivative financial instruments by foreign currency based on their fair value and notional amounts:

	At December 31, 2023		At December 31, 2022	
	Fair Value	Notional Amount	Fair Value	Notional Amount
	(€ thousand)			
Currencies:				
U.S. Dollar	32,069	2,515,057	49,466	2,385,494
Pound Sterling	(678)	145,216	2,811	121,881
Japanese Yen	14,086	392,343	2,711	275,700
Swiss Franc	(3,660)	106,911	(991)	108,459
Chinese Yuan	915	141,493	2,702	176,062
Other(1)	(709)	153,207	3,541	131,319
Total amount	**42,023**	**3,454,227**	**60,240**	**3,198,915**

(1) Other mainly includes the Australian Dollar, the Canadian Dollar and the Hong Kong Dollar.

At December 31, 2023 and 2022, substantially all derivative financial instruments had a maturity of twelve months or less.

Cash flow hedges

The effects recognized in the consolidated income statement mainly relate to currency risk management and in particular the exposure to fluctuations in the Euro/U.S. Dollar exchange rate for sales in U.S. Dollars.

The policy of the Group for managing foreign currency risk normally requires hedging of a portion of projected future cash flows from trading activities and orders acquired (or contracts in progress) in foreign currencies that will occur within the following 12 months. Derivatives relating to foreign currency risk management are treated as cash flow hedges where the derivative qualifies for hedge accounting. The amounts recorded in the cash flow hedge reserve within other comprehensive income will be recognized in the consolidated income statement according to the timing of the flows of the underlying transactions. Management believes that substantially all of the hedging effects arising from these derivative contracts and recorded in the cash flow hedge reserve will be recognized in the consolidated income statement within the following 12 months from the reporting date.

The Group reclassified gains and losses, net of the related tax effects, from other comprehensive income/(loss) to the consolidated income statement as follows:

	For the years ended December 31,		
	2023	**2022**	**2021**
		(€ thousand)	
Net revenues/(costs)	48,393	(75,749)	7,275
Income tax (expense)/benefit	(13,502)	21,134	(2,030)
Total recognized in the consolidated income statement	**34,891**	**(54,615)**	**5,245**

The ineffectiveness of cash flow hedges was not material for the years 2023, 2022 and 2021.

20. EQUITY

Share capital

At December 31, 2023 and 2022 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 December 31, 2023, the Company had 13,505,409 common shares and 16,240 special voting shares held in treasury, while at December 31, 2022, the Company had 11,970,001 common shares and 5,199 special voting shares. Shares in treasury include shares repurchased under the Group's share repurchase program, which are recorded 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 programs, partially offset by shares assigned under the Group's equity incentive plans. At December 31, 2023 and 2022 the Company held in treasury 5.26 percent and 4.65 percent of the total issued share capital of the Company, respectively.(1)

(1) The percentage of shares held in treasury compared to total issued share capital remains substantially 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 years ended December 31, 2023 and 2022:

	Common Shares	Special Voting Shares	Total
Outstanding shares at December 31, 2021	**183,843,396**	**63,344,922**	**247,188,318**
Common shares repurchased under share repurchase program (1)	(1,966,816)	—	(1,966,816)
Common shares assigned under equity incentive plans (2)	76,918	—	76,918
Other changes (3)	—	(1,009)	(1,009)
Outstanding shares at December 31, 2022	**181,953,498**	**63,343,913**	**245,297,411**
Common shares repurchased under share repurchase program(4)	(1,630,171)	—	(1,630,171)
Common shares assigned under equity incentive plans (5)	94,763	—	94,763
Other changes (3)	—	(11,041)	(11,041)
Outstanding shares at December 31, 2023	**180,418,090**	**63,332,872**	**243,750,962**

(1) Includes shares repurchased under the share repurchase program between January 1, 2022 and December 31, 2022 based on the transaction trade date, for a total consideration of €384,869 thousand, including transaction costs.

(2) On March 16, 2022, 122,125 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 the same day, the Company purchased 56,517 common shares, for a total consideration of €10,365 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 a cross transaction. On May 25, 2022, 6,643 common shares, which were previously held in treasury, were assigned to certain employees. On the same day, the Company purchased 3,185 common shares, for a total consideration of €562 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 a cross transaction. On December 2, 2022, 11,218 common shares, which were previously held in treasury, were assigned to participants of the equity incentive plans. On the same day, the Company purchased, 3,366 common shares, for a total consideration of €726 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 a cross transaction. See Note 21 "Share-Based Compensation" for additional details relating to the Group's equity incentive plans.

(3) Relates to the deregistration of certain special voting shares under the Company's special voting shares term and conditions.

(4) Includes shares repurchased under the share repurchase program between January 1, 2023 and December 31, 2023 based on the transaction trade date, for a total consideration of €460,629 thousand (including Sell to Cover as described below), including transaction costs.

(5) On March 15, 2023, 80,305 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 15, 2023, the Company purchased 34,671 common shares, for a total consideration of €8,448 thousand, from a group of employees who were assigned shares in order to cover the individual's taxable income as is standard practice ("Sell to Cover") in a cross transaction. On July 17, 2023 the Company assigned 49,129 shares related to commercial agreements with certain suppliers and other shares awards. See Note 21 "Share-Based Compensation" for additional details relating to the Group's equity incentive plans.

The loyalty voting structure

The purpose of the loyalty voting structure is to reward ownership of the Company's common shares and to promote stability of the Company's shareholder base by granting long-term shareholders of the Company with special voting shares. Following the separation of Ferrari from the Stellantis Group (previously referred to as Fiat Chrysler Automobiles N.V. or FCA prior to the merger between FCA and Peugeot S.A. completed on January 16, 2021, which resulted in the creation of Stellantis N.V.) in 2016, Exor N.V. ("Exor") and Piero Ferrari participate in the Company's loyalty voting program and, therefore, effectively hold two votes for each of the common shares they hold. Investors who purchase common shares may elect to participate in the loyalty voting program by registering their common shares in the loyalty share register and holding them for three years. The loyalty voting program will be affected by means of the issue of special voting shares to eligible holders of common shares. Each special voting share entitles the holder to exercise one vote at the Company's shareholder meetings. Only a minimal dividend accrues to the special voting shares allocated to a separate special dividend reserve, and the special voting shares do not carry any entitlement to any other reserve of the Group. The special voting shares have only immaterial economic entitlements and, as a result, do not impact the Company's earnings per share calculation.

Retained earnings and other reserves

Retained earnings and other reserves includes:

- a share premium reserve of €5,768,544 thousand at December 31, 2023 (€5,768,544 thousand at December 31, 2022).
- a legal reserve of €46 thousand at December 31, 2023 and €19 thousand at December 31, 2022, determined in accordance with Dutch law.
- a treasury reserve of €1,704,673 thousand at December 31, 2023 and €1,244,045 thousand at December 31, 2022.
- a share-based compensation reserve of €38,106 thousand at December 31, 2023 and €28,574 thousand at December 31, 2022.

Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 14, 2023, a dividend distribution of €1.810 per outstanding common share was approved, corresponding to a total distribution of €328,631 thousand, which was fully paid in 2023). The distribution was made from the retained earnings reserve.

Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 13, 2022, a dividend distribution of €1.362 per outstanding common share was approved, corresponding to a total distribution of €249,522 thousand, which was fully paid in 2022). The distribution was made from the retained earnings reserve.

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 common share was approved, corresponding to a total distribution of €160,272 thousand (of which €160,101 thousand was paid in 2021). The distribution was made from the retained earnings reserve.

Other comprehensive income/(loss)

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

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Items that will not be reclassified to the consolidated income statement in subsequent periods:			
Gains/(Losses) on remeasurement of defined benefit plans [(1)]	221	1,605	(463)
Total items that will not be reclassified to the consolidated income statement in subsequent periods	**221**	**1,605**	**(463)**
Items that may be reclassified to the consolidated income statement in subsequent periods:			
Gains/(Losses) on cash flow hedging instruments arising during the period	22,109	17,149	(56,855)
(Gains)/Losses on cash flow hedging instruments reclassified to the consolidated income statement	(48,393)	75,749	(7,275)
(Losses)/Gains on cash flow hedging instruments	**(26,284)**	**92,898**	**(64,130)**
Exchange differences on translating foreign operations	(6,323)	9,798	14,229
Total items that may be reclassified to the consolidated income statement in subsequent periods	**(32,607)**	**102,696**	**(49,901)**
Total other comprehensive (loss)/income	**(32,386)**	**104,301**	**(50,364)**
Related tax impact	6,351	(25,002)	18,070
Total other comprehensive (loss)/income, net of tax	**(26,035)**	**79,299**	**(32,294)**

(1) Includes a loss of €30 thousand, a loss of €15 thousand and a gain of €83 thousand for the years ended December 31, 2023, 2022 and 2021, respectively, related to the Group's proportionate share of the remeasurement of defined benefit plans of FFS GmbH, for which the Group holds a 49.9 percent interest.

Gains and losses on the remeasurement of defined benefit plans include actuarial gains and losses arising during the period and are offset against the related net defined benefit liabilities.

The tax effects relating to other comprehensive income/(loss) are summarized in the following table:

	For the years ended December 31,								
	2023			2022			2021		
	Pre-tax balance	Related tax impact	Net balance	Pre-tax balance	Related tax impact	Net balance	Pre-tax balance	Related tax impact	Net balance
					(€ thousand)				
Gains/(Losses) on remeasurement of defined benefit plans	221	(52)	169	1,605	(376)	1,229	(463)	110	(353)
(Losses)/Gains on cash flow hedging instruments	(26,284)	6,403	(19,881)	92,898	(24,626)	68,272	(64,130)	17,960	(46,170)
Exchange (losses)/gains on translating foreign operations	(6,323)	—	(6,323)	9,798	—	9,798	14,229	—	14,229
Total other comprehensive (loss)/income	**(32,386)**	**6,351**	**(26,035)**	**104,301**	**(25,002)**	**79,299**	**(50,364)**	**18,070**	**(32,294)**

Transactions with non-controlling interests

With the exception of dividends paid to non-controlling interests, there were no transactions with non-controlling interests for the years ended December 31, 2023, 2022 or 2021.

Policies and processes for managing capital

The Group's objectives when managing capital are to create value for shareholders as a whole, safeguard business continuity and support the sustainable growth of the Group. As a result, the Group endeavors to maintain a satisfactory economic return for its shareholders and guarantee economic access to external sources of funds.

21. SHARE-BASED COMPENSATION

Equity incentive plans

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 Ferrari Leadership Team (hereinafter also the "FLT") and other key employees of the Group.

Equity Incentive Plan 2020-2022

In the first quarter of 2023, 36,090 2020-2022 PSU awards vested (representing 95 percent of the target PSU awards) as a result of the achievement of the related performance conditions and 32,339 2020-2022 RSU awards vested upon achievement of the related service conditions. As a result, 68,429 common shares, which were previously held in treasury, were assigned to participants of the plan in the first quarter of 2023. There are no further awards outstanding for the Equity Incentive Plan 2020-2022.

Equity Incentive Plan 2021-2023

Under the Equity Incentive Plan 2021-2023 approved in 2021, the Company awarded approximately 50 thousand 2021-2023 PSUs and approximately 41 thousand 2021-2023 RSUs to the Executive Chairman, members of the FLT and other key employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2021 to 2023.

2021-2023 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 50 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eight;
(ii) EBITDA Target - 30 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;
(iii) Innovation Target - 20 percent of the awards vest based on the achievement of defined objectives for technological innovation and the development of the new model pipeline over the performance period.

Each target is settled independently of the other targets. The awards vest in 2024 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

In March 2024, 41,338 2021-2023 PSU awards are expected to vest (representing approximately 122 percent of the target PSU awards) as a result of the achievement of the related performance conditions (described above) and an equal number of common shares held in treasury will be assigned to participants of the plan, following which there will be no further 2021-2023 PSU awards outstanding.

2021-2023 RSU awards

In March 2024, 29,550 2021-2023 RSU awards are expected to vest as a result of the achievement of the related service condition, which is the recipient's continued employment with the Company at the time of vesting, and an equal number of common shares held in treasury will be assigned to participants of the plan, following which there will be no further 2021-2023 RSU awards outstanding.

Equity Incentive Plan 2022-2024

Under the Equity Incentive Plan 2022-2024 approved in 2022, the Company awarded approximately 72 thousand 2022-2024 PSUs to the Executive Chairman, the CEO, the remaining members of the FLT and other employees of the Group, and approximately 26 thousand 2022-2024 RSUs to members of the FLT and other employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2022 to 2024.

2022-2024 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 40 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eleven;

(ii) EBITDA Target - 40 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;

(iii) ESG Target - 20 percent of the awards vest based on the achievement of defined objectives relating to environmental and social factors. In particular, 50 percent of the ESG Target is based on the reduction of CO_2 carbon emissions and 50 percent is based on the maintenance of the equal salary certification.

Each target is settled independently of the other targets. The awards vest in 2025 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

2022-2024 RSU awards

The awards vest in 2025, subject to the recipient's continued employment with the Company at the time of vesting.

<u>*Equity Incentive Plan 2023-2025*</u>

Under the Equity Incentive Plan 2023-2025 approved in 2023, the Company awarded approximately 58 thousand 2023-2025 PSUs to the Executive Chairman, the CEO, the remaining members of the FLT and other employees of the Group, and approximately 22 thousand 2023-2025 RSUs to members of the FLT and other employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2023 to 2025.

2023-2025 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 40 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eleven;

(ii) EBITDA Target - 40 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;

(iii) ESG Target - 20 percent of the awards vest based on the achievement of defined objectives relating to environmental and social factors. In particular, 50 percent of the ESG Target is based on the reduction of CO_2 carbon emissions and 50 percent is based on the maintenance of the equal salary certification.

Each target is settled independently of the other targets. The awards vest in 2026 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

2023-2025 RSU awards

The awards vest in 2026, subject to the recipient's continued employment with the Company at the time of vesting.

Supplemental information relating to the Equity Incentive Plan 2023-2025 is summarized below.

<u>*TSR Target*</u>

The number of 2023-2025 PSUs with a TSR Target that vest under the Equity Incentive Plan 2023-2025 is based on the Company's TSR performance over the relevant performance period compared to an industry-specific peer group as summarized below.

Ferrari TSR Ranking	% of Target Awards that Vest
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
>6	0%

The defined peer group (including the Company) for the TSR Target is presented below.

Ferrari	Aston Martin	Burberry	Estee Lauder
Hermes	Kering	LVMH	Mercedes Benz Group AG
Moncler	Prada	Richemont	

EBITDA Target

The number of 2023-2025 PSUs with an EBITDA Target that vest under the Equity Incentive Plan 2023-2025 is determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan, as summarized below.

Actual Adjusted EBITDA Compared to Business Plan	% of Awards that Vest
+15%	175%
+10%	150%
+5%	125%
Business Plan Target	100%
-5%	75%
<-5%	0%

Fair values and key assumptions

The fair value of the PSUs and RSUs that were awarded under the Equity Incentive Plan 2023-2025, which is determined based on actuarial calculations that apply certain assumptions and take into consideration the specific characteristics of the awards granted, is summarized in the following table.

	Equity Incentive Plan 2023-2025
PSUs	€236.30
RSUs	€253.76

The fair value of the 2023-2025 PSU awards was measured at the grant date using a Monte Carlo Simulation model. The fair value of the 2023-2025 RSU awards was measured using the share price at the grant date adjusted for the present value of future distributions which the recipients will not receive during the vesting period.

The key assumptions utilized to calculate the grant-date fair values of the PSUs that were awarded under the Equity Incentive Plan 2023-2025 are summarized below:

Equity Incentive Plan 2023-2025

Grant date share price	€259.60
Expected volatility	27.9%
Dividend yield	0.75%
Risk-free rate	2.90%

The expected volatility was based on the observed volatility of the defined peer group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

Broad-based employee share ownership plan

In November 2023 the Company announced that it would launch a broad-based employee share ownership plan in the early months of 2024 under which each employee will be given the option to become a shareholder of the Company, receiving a one-off grant of shares worth up to a maximum of approximately €2 thousand. If the employee holds the shares for at least 36 months, the Company will grant them an additional tranche of shares worth up to 15 percent of the value of the first allocation.

Other share-based compensation

During 2022, the Company awarded 15,271 share awards, which each represent the right to receive one Ferrari common share, to certain employees, of which 6,643 share awards vested immediately at the grant date. In 2023 6,838 share awards vested and 1,309 share awards were forfeited. At December 31, 2023, 481 share awards remained outstanding and will vest in 2024, subject to the recipient's continued employment with the Company at the time of vesting. The fair value of the awards was equal to €203 per award, measured using the share price at the grant date adjusted for the present value of future distributions which the recipients will not receive during the vesting period.

The Company also provides share-based payments for services received as part of commercial agreements with certain suppliers.

Outstanding share awards

The following table presents the changes to the outstanding share awards under the Group's share-based payment arrangements:

	PSU Awards	RSU Awards	Other Awards	Total Outstanding Awards
Balance at December 31, 2021	**152,172**	**123,661**	**—**	**275,833**
Granted	72,373	26,574	64,048	162,995
Forfeited	(16,327)	(8,934)	—	(25,261)
Vested	(68,013)	(54,112)	(6,643)	(128,768)
Balance at December 31, 2022	**140,205**	**87,189**	**57,405**	**284,799**
Granted	58,381	21,939	63,217	143,537
Forfeited	(8,117)	(3,544)	(1,309)	(12,970)
Vested	(36,090)	(32,339)	(55,614)	(124,043)
Balance at December 31, 2023	**154,379**	**73,245**	**63,699**	**291,323**

Share-based compensation expense

The following table presents the share based compensation expense recognized for the years ended December 31, 2023, 2022 and 2021, as well as the unrecognized share-based compensation at December 31, 2023, 2022 and 2021.

	For the years ended December 31,		
	2023	**2022**	**2021**
	(€ thousand)		
Equity incentive plans and other share-based awards	15,154	16,172	11,689
Broad-based employee share ownership plan	10,222	—	—
Commercial agreements with suppliers	4,563	4,688	2,206
Total share-based compensation expense	**29,939**	**20,860**	**13,895**

	At December 31,		
	2023	**2022**	**2021**
	(€ thousand)		
Unrecognized share-based compensation expense	**12,954**	**16,069**	**11,082**

22. EMPLOYEE BENEFITS

The Group's provisions for employee benefits are as follows:

	At December 31,	
	2023	2022
	(€ thousand)	
Present value of defined benefit obligations:		
Italian employee severance indemnity (TFR)	13,903	15,142
Total present value of defined benefit obligations	**13,903**	**15,142**
Other provisions for employees	109,142	95,665
Total provisions for employee benefits	**123,045**	**110,807**

Defined contribution plans

The Group recognizes the cost for defined contribution plans over the period in which the employee renders service and classifies this by function in cost of sales, selling, general and administrative costs and research and development costs. The total income statement expense for defined contributions plans in the years ended December 31, 2023, 2022 and 2021 was €18,832 thousand, €16,944 thousand and €15,729 thousand, respectively.

Defined benefit obligations

Italian employee severance indemnity (TFR)

Trattamento di fine rapporto or "TFR" relates to the amounts that employees in Italy are entitled to receive when they leave the company and is calculated based on the period of employment and the taxable earnings of each employee. Under certain conditions the entitlement may be partially advanced to an employee during the employee's working life.

The Italian legislation regarding this scheme was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first part of 2007. Under these amendments, companies with at least 50 employees are obliged to transfer the TFR to the "Treasury fund" managed by the Italian state-owned social security body ("INPS") or to supplementary pension funds. Prior to the amendments, accruing TFR for employees of all Italian companies could be managed by the company itself. Consequently, the Italian companies' obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19 revised, of "Defined contribution plans" whereas the amounts recorded in the provision for employee severance pay retain the nature of "Defined benefit plans". Accordingly, the provision for employee severance indemnity in Italy consists of the residual obligation for TFR until December 31, 2006. This is an unfunded defined benefit plan as the benefits have already been almost entirely earned, with the sole exception of future revaluations. Since 2007 the scheme has been classified as a defined contribution plan, and the Group recognizes the associated cost, being the required contributions to the pension funds, over the period in which the employee renders service.

The following table summarizes the changes in the defined benefit obligations relating to the TFR liability:

	Total
Amounts at December 31, 2021	**18,430**
Included in the consolidated income statement	22
Included in other comprehensive income/loss (*)	(1,605)
Other	(1,705)
Benefits paid	*(1,731)*
Other changes	*26*
Amounts at December 31, 2022	**15,142**
Included in the consolidated income statement	518
Included in other comprehensive income/loss (*)	(221)
Other	(1,536)
Benefits paid	*(1,536)*
Other changes	—
Amounts at December 31, 2023	**13,903**

(*) Relates to actuarial losses/(gains) from financial assumptions.

Amounts recognized in the consolidated income statement relating to the TFR liability are as follows:

	For the years ended December 31,		
	2023	**2022**	**2021**
	(€ thousand)		
Current service cost	—	—	6
Interest expense	518	22	—
Total recognized in the consolidated income statement	**518**	**22**	**6**

The discount rates used for the measurement of the Italian TFR obligation are based on yields of high-quality (AA-rated) fixed income securities for which the timing and amounts of payments match the timing and amounts of the projected benefit payments. For this plan, the single weighted average discount rate that reflects the estimated timing and amount of the scheme future benefit payments for 2023 is equal to 4.1 percent (3.8 percent in 2022 and 0.9 percent in 2021). The average duration of the Italian TFR was approximately 6 years at December 31, 2023 (7 years and 8 years at December 31, 2022 and 2021, respectively). Retirement or employee leaving rates are developed to reflect actual and projected Group experience and legal requirements for retirement in Italy.

Current service cost is recognized by function in cost of sales, selling, general and administrative costs or research and development costs.

The expected future benefit payments for the defined benefit obligations as of December 31, 2023 are as follows:

	TFR
	(€ thousand)
2024	1,464
2025	1,507
2026	1,451
2027	1,647
2028	1,214
2029 - 2033	5,826
Total	**13,109**

The sensitivity of the defined benefit obligations to changes in the weighted principal assumptions is:

	At December 31,			
	2023		2022	
	Changes in assumption of +1% discount rate	Changes in assumption of -1% discount rate	Changes in assumption of +1% discount rate	Changes in assumption of -1% discount rate
	(€ thousand)			
Impact on defined benefit obligation	(778)	868	(904)	1,013

The above sensitivity analysis is based on an assumed change in the discount rate while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit liability recognized in the statement of the financial position.

Other provisions for employees

Other provisions for employees consist of the expected future amounts payable to employees in connection with other remuneration schemes, which are not subject to actuarial valuation, including long-term bonus plans.

At December 31, 2023, other provisions for employees comprised short-term bonus benefits amounting to €105,043 thousand (€92,463 thousand at December 31, 2022) and other benefits amounting to €4,099 thousand (€3,202 thousand at December 31, 2022), primarily relating to jubilee benefits granted to certain employees by the Group in the event of achieving 30 years of service.

23. PROVISIONS

Movements in provisions are as follows:

	At December 31, 2022	Additional provisions	Utilization	Releases	Translation differences	Reclassification and other movements	At December 31, 2023
				(€ thousand)			
Warranty and recall campaigns provision	126,069	63,325	(50,573)	(7,751)	(572)	—	130,498
Legal proceedings and disputes	12,062	239	(2,833)	(1,879)	(74)	(35)	7,480
Environmental and other risks	42,563	26,526	(4,627)	(15,626)	(730)	1,192	49,298
Total provisions	**180,694**	**90,090**	**(58,033)**	**(25,256)**	**(1,376)**	**1,157**	**187,276**

Warranty and recall campaigns

The provision for warranty and recall campaigns represents the best estimate of commitments given by the Group for contractual, legal, or constructive obligations arising from product warranties given for a specified period of time. Warranty and recall campaigns provisions are recognized upon shipment and estimated on the basis of the Group's past experience and contractual terms. Related costs are recognized within cost of sales.

Legal proceedings and disputes

The provision for legal proceedings and disputes represents management's best estimate of the expenditures expected to be required to settle or otherwise resolve legal proceedings and disputes. This class of claims relates to allegations by contractual counterparties that the Group has violated the terms of the arrangements, including by terminating the applicable relationships. Judgments in these proceedings may be issued in 2023 or beyond, although any such judgments may remain subject to ongoing judicial review. While the outcome of these proceedings is uncertain, any losses in excess of the provisions recorded are not expected to be material to the Group's financial condition or results of operations. Additions to the provision for legal proceedings and disputes are recognized within other expenses, net.

Environmental and other risks

The provision for environmental and other risks primarily relates to environmental risks, including those relating to emissions regulations, as well as to disputes and matters which are not subject to legal proceedings, including disputes with suppliers, distributors, employees and other parties.

The following table presents where the additional provisions to environmental and other risks recognized for the years ended December 31, 2023, 2022 and 2021 were recorded within the consolidated income statement.

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Recorded in the consolidated income statement within:			
Cost of sales	25,128	15,616	10,562
Selling, general and administrative costs	1,398	1,562	1,744
Total	**26,526**	**17,178**	**12,306**

24. DEBT

The following table provides a breakdown of debt by nature and split between current and non-current.

	At December 31,					
	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
	(€ thousand)					
Asset-backed financing (Securitizations)	514,597	651,876	1,166,473	422,736	682,689	1,105,425
Bonds and notes	—	903,673	903,673	394,628	1,095,691	1,490,319
Borrowings from banks and other financial institutions	166,763	124,167	290,930	100,665	12,500	113,165
Lease liabilities	16,450	56,597	73,047	15,917	41,506	57,423
Other debt	43,063	—	43,063	45,447	—	45,447
Total debt	**740,873**	**1,736,313**	**2,477,186**	**979,393**	**1,832,386**	**2,811,779**

The following tables present the change in debt, indicating separately financing cash flows and other movements.

		Financing cash flows		Other movements		
	Balance at December 31, 2022	Proceeds from borrowings	Repayments of borrowings	Interest accrued/ (paid) and other (1)(2)	Translation differences	Balance at December 31, 2023
	(€ thousand)					
Asset-backed financing (Securitizations)	1,105,425	151,217	(49,611)	445	(41,003)	1,166,473
Bonds and notes	1,490,319	—	(575,702)	(10,944)	—	903,673
Borrowings from banks and other financial institutions	113,165	250,000	(72,500)	2,891	(2,626)	290,930
Lease liabilities	57,423	—	(17,691)	34,448	(1,133)	73,047
Other debt	45,447	34,596	(35,566)	—	(1,414)	43,063
Total debt	**2,811,779**	**435,813**	**(751,070)**	**26,840**	**(46,176)**	**2,477,186**

		Financing cash flows		Other movements		
	Balance at December 31, 2021	Proceeds from borrowings	Repayments of borrowings	Interest accrued/ (paid) and other (1)	Translation differences	Balance at December 31, 2022
	(€ thousand)					
Bonds and notes	1,487,110	—	—	3,209	—	1,490,319
Asset-backed financing (Securitizations)	900,213	218,924	(72,824)	1,733	57,379	1,105,425
Borrowings from banks and other financial institutions	154,419	8,909	(55,000)	560	4,277	113,165
Lease liabilities	56,210	—	(16,500)	17,409	304	57,423
Other debt	32,059	34,456	(23,215)	—	2,147	45,447
Total debt	**2,630,011**	**262,289**	**(167,539)**	**22,911**	**64,107**	**2,811,779**

(1) Other changes in lease liabilities relates entirely to non-cash movements for the recognition of additional lease liabilities in accordance with IFRS 16.
(2) Includes gains of €7,940 thousand realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025.

Contractual undiscounted cash flows

The following tables present the contractual maturities (contractual undiscounted cash flows, including interest) of the Group's debt based on relevant maturity groupings.

	Contractual cash flows at December 31, 2023					
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**As reported at December 31, 2023 (*)**
	(€ thousand)					
Asset-backed financing (Securitizations)	542,960	390,256	277,783	—	1,210,999	1,166,473
Bonds and notes	11,714	458,619	14,850	460,106	945,289	903,673
Borrowings from banks and other financial institutions	172,441	83,047	46,813	—	302,301	290,930
Lease liabilities	17,934	12,571	28,131	22,316	80,952	73,047
Other debt	43,063	—	—	—	43,063	43,063
Total debt	**788,112**	**944,493**	**367,577**	**482,422**	**2,582,604**	**2,477,186**

	Contractual cash flows at December 31, 2022					
	Less than 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total contractual cash flows**	**As reported at December 31, 2022 (*)**
	(€ thousand)					
Bonds and notes	400,475	14,700	668,777	464,648	1,548,600	1,490,319
Asset-backed financing (Securitizations)	439,919	408,462	283,786	—	1,132,167	1,105,425
Borrowings from banks and other financial institutions	117,349	—	—	—	117,349	113,165
Lease liabilities	16,178	11,373	20,289	12,785	60,625	57,423
Other debt	45,447	—	—	—	45,447	45,447
Total debt	**1,019,368**	**434,535**	**972,852**	**477,433**	**2,904,188**	**2,811,779**

(*) As reported in the consolidated statement of financial position

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. The securitization agreements for both programs require the maintenance of an interest rate cap.

The following table presents information relating to the revolving securitization programs.

Program	**Funding Limit (2)**	**Amount Outstanding at December 31, 2023**	**Amount Outstanding at December 31, 2022**	**Maturity Date**
	($ million)	($ million)	($ million)	
Retail (1)	975	977	896	December 2024
Leasing (1)	400	312	283	November 2025
Total asset-backed financing (Securitizations)	**1,375**	**1,289**	**1,179**	

(1) At December 31, 2023 the notes relating to the retail securitization program bore interest at a rate per annum equal to the aggregate of a synthetic base rate substantially replicating the LIBOR plus a margin of 70 basis points and the notes relating to the leasing securitization program bore interest at a rate per annum equal to the aggregate of SOFR plus a margin of 70 basis points.

(2) Excluding accrued interest.

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 €31,820 thousand at December 31, 2023 (€44,085 thousand at December 31, 2022).

Bonds and notes

2023 Bond

On March 16, 2023 the Company fully repaid the 2023 Bond for a total consideration of €390,374 thousand (including accrued interest). The bond was previously issued on March 16, 2016, for a principal amount of €500 million at a coupon of 1.5 percent and due on March 2023. Following a cash tender offer, in July 2019 the Company executed the partial repurchase of these notes for an aggregate nominal amount of €115,395 thousand. The amount outstanding at December 31, 2022 was €388,947 thousand including accrued interest of €4,567 thousand.

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. Following a cash tender offer, in July 2023, the Group accepted for purchase valid tenders of the 2025 Bond for an aggregate nominal amount of €199,037 thousand and at a purchase price of €191,097 thousand, resulting in gains of €7,940 thousand, which were recognized within financial income. The repurchases were settled in July 2023. The amount outstanding of the 2025 Bond at December 31, 2023 was €453,027 thousand, including accrued interest of €4,097 thousand (€650,923 thousand, including accrued interest of €5,818 thousand at December 31, 2022).

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 2029 Notes and the 2031 Notes are primarily used for general corporate purposes, including the funding of capital expenditures.

The amount outstanding of the 2029 Notes at December 31, 2023 was €150,218 thousand, including accrued interest of €700 thousand (€150,135 thousand, including accrued interest of €700 thousand at December 31, 2022). The amount outstanding of the 2031 Notes at December 31, 2023 was €150,246 thousand, including accrued interest of €794 thousand (€150,178 thousand including accrued interest of €794 thousand at December 31, 2022).

2032 Notes

On July 29, 2021, the Company issued 0.91 percent senior notes due January 2032 ("2032 Notes") through a private placement to certain US institutional investors having a principal of €150 million. The net proceeds from the issuance amounted to €149,495 thousand and the yield to maturity on an annual basis equals the nominal coupon rates of the notes. The 2023 Notes are used for general corporate purposes. The amount outstanding of the 2032 Notes at December 31, 2023 was €150,182 thousand, including accrued interest of €587 thousand (€150,136 thousand, including accrued interest of €577 thousand at December 31, 2022).

The aforementioned 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. At December 31, 2023 and 2022, Ferrari was in compliance with the covenants of the notes.

Borrowings from banks and other financial institutions

The following table presents information relating to borrowings from banks and other financial institutions.

Borrowing Entity	Currency	Amount Outstanding at December 31, 2023	Amount Outstanding at December 31, 2022	Maturity Date
		(€ thousand)		
Ferrari N.V. (1)	EUR	130,224	—	January 2026
Ferrari N.V. (1)	EUR	75,040	—	March 2026
Ferrari Financial Services, Inc. (2)	USD	73,153	75,665	April 2024
Ferrari S.p.A. (3)	EUR	12,513	37,500	June 2024
Total borrowings from banks and other financial institutions		**290,930**	**113,165**	

(1) Amortized term loans bearing an average interest of 4.663 percent as of December, 31 2023.
(2) Financial liabilities of FFS Inc to support financial services activities bearing interest at SOFR plus 75 basis points.
(3) An amortized term loan bearing fixed interest at 0.118 percent.

Lease liabilities

The Group recognizes lease liabilities in relation to right-of-use assets in accordance with IFRS 16 - *Leases*. At December 31, 2023 lease liabilities amounted to €73,047 thousand (€57,423 thousand at December 31, 2022).

Other debt

Other debt mainly relates to US based financial service activities with specific reference to expected cash out for new funding request as per contractual commitment.

Committed credit lines

At December 31, 2023, the Group had total committed credit lines available and undrawn amounting to €600 million and with maturities ranging from 2024 to 2026 (€669 million at December 31, 2022).

25. OTHER LIABILITIES

An analysis of other liabilities is as follows:

	At December 31, 2023	At December 31, 2022
	(€ thousand)	
Advances for supplies and services	516,096	451,166
Deferred income	295,683	270,353
Accrued expenses	100,305	98,535
Payables to personnel	44,880	55,789
Social security payables	25,857	26,498
Other	40,146	49,684
Total other liabilities	**1,022,967**	**952,025**

Deferred income primarily includes amounts received under maintenance and power warranty programs of €262,644 thousand at December 31, 2023 and €239,879 thousand at December 31, 2022, which are deferred and recognized as net revenues over the length of the maintenance program. Of the total liability related to maintenance and power warranty programs at December 31, 2023, the Group expects to recognize in net revenues approximately €62 million in 2024, €57 million in 2025, €48 million in 2026 and €95 million in periods subsequent to 2026. 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.

Advances and security deposits include advances received from customers for the purchase of Ferrari cars, mainly for our Icona, limited edition and Special Series models, as well as certain Range models in selected markets. The advances are recognized in net revenues when the cars are shipped. The increase during 2023 primarily relates to advances received during the year for the Purosangue and the Roma Spider.

Changes in the Group's contract liabilities for maintenance and power warranties, and advances from customers, were as follows:

	At December 31, 2022	Additional amounts arising during the period	Amounts recognized within revenue	Other changes	At December 31, 2023
			(€ thousand)		
Maintenance and power warranty programs	239,879	112,362	(89,617)	20	262,644
Advances from customers	446,394	990,468	(925,406)	(831)	510,625

	At December 31, 2021	Additional amounts arising during the period	Amounts recognized within revenue	Other changes	At December 31, 2022
			(€ thousand)		
Maintenance and power warranty programs	218,982	100,710	(79,593)	(220)	239,879
Advances from customers	236,516	761,714	(551,885)	49	446,394

26. TRADE PAYABLES

Trade payables of €930,560 thousand at December 31, 2023 (€902,968 thousands at December 31, 2022) are entirely due within one year. The carrying amount of trade payables is considered to be equivalent to their fair value.

27. 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 December 31, 2023 and 2022:

	Note	At December 31, 2023			
		Level 1	Level 2	Level 3	Total
		(€ thousand)			
Investments and other financial assets	16	11,982	—	—	11,982
Current financial assets	19	—	55,562	—	55,562
Total assets		**11,982**	**55,562**	**—**	**67,544**
Other financial liabilities	19	—	13,539	—	13,539
Total liabilities		**—**	**13,539**	**—**	**13,539**

	Note	At December 31, 2022			
		Level 1	Level 2	Level 3	Total
		(€ thousand)			
Investments and other financial assets	16	9,954	—	—	9,954
Current financial assets	19	—	80,233	—	80,233
Total assets		**9,954**	**80,233**	**—**	**90,187**
Other financial liabilities	19	—	19,993	—	19,993
Total liabilities		**—**	**19,993**	**—**	**19,993**

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 based on a standard accepted valuation model. The fair value of foreign currency forward, currency options and commodity swap is measured by taking into consideration primarily the appropriate corroborated market-based currency forward rate, commodity price and currency implied volatility at the balance sheet date. The fair value of interest rate derivative is measured by taking into consideration primarily the appropriate corroborated market-based interest rates curve 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:

		At December 31,			
		2023		2022	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
		(€ thousand)			
Receivables from financing activities	18	1,451,158	1,451,158	1,399,997	1,399,997
Client financing		*1,451,158*	*1,451,158*	*1,390,956*	*1,390,956*
Dealer financing		—	—	*9,041*	*9,041*
Total		**1,451,158**	**1,451,158**	**1,399,997**	**1,399,997**
Debt	24	**2,477,186**	**2,462,716**	**2,811,779**	**2,770,633**

The Group has determined that the carrying amount of the majority of its debt approximates its fair value since either (i) the interest payable on the debt is close to current market rates, and/or (ii) the debt is of a short-term nature. The only exception is the Group's debt that is publicly listed for which the fair value is based on quoted market prices.

28. 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, 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 to Maserati S.p.A. ("Maserati");
- the purchase of engine components for the use in the production of Maserati engines from FCA US LLC;
- transactions with Stellantis Group companies, mainly relating to a technical cooperations agreement with the aim to enhance the quality and competitiveness of their respective products while reducing costs and investments, to services provided by Stellantis Group companies, including human resources, payroll, tax and the procurement of insurance coverage, as well as to sponsorship revenues received.

Transactions with Stellantis Group companies for the periods presented include transactions with FCA Bank until April 1, 2023. Following the sale by the Stellantis Group of its 50 percent ownership interest in FCA Bank to Crédit Agricole Consumer Finance S.A., FCA Bank (which was renamed CA Auto Bank) is now fully owned by Crédit Agricole Consumer Finance S.A. and is no longer a related party of Ferrari.

Transactions with Exor Group companies (excluding Stellantis Group companies)

- the Group incurs rental costs from Iveco S.p.A., a company belonging to Iveco 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 years ended December 31,								
	2023			2022			2021		
	Net revenues	Costs[(1)]	Financial expenses, net	Net revenues	Costs[(1)]	Financial expenses, net	Net revenues	Costs[(1)]	Financial expenses, net
	(€ thousand)								
Stellantis Group companies									
Maserati	50,391	2,091	—	78,946	2,989	—	119,083	2,428	—
FCA US LLC	—	6,803	—	14	14,861	—	—	18,465	—
Other Stellantis Group companies	11,489	6,280	1,032	10,953	5,950	2,696	11,799	6,238	2,103
Total Stellantis Group companies	**61,880**	**15,174**	**1,032**	**89,913**	**23,800**	**2,696**	**130,882**	**27,131**	**2,103**
Exor Group companies (excluding the Stellantis Group)	281	1,615	3	282	1,611	—	281	1,014	1
Other related parties	2,237	15,000	—	3,088	14,121	1	795	15,143	2
Total transactions with related parties	**64,398**	**31,789**	**1,035**	**93,283**	**39,532**	**2,697**	**131,958**	**43,288**	**2,106**
Total for the Group	**5,970,146**	**3,477,355**	**15,015**	**5,095,254**	**3,098,475**	**49,616**	**4,270,894**	**2,434,198**	**33,257**

(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 December 31,							
	2023				2022			
	Trade receivables	Trade payables	Other current assets	Other liabilities	Trade receivables	Trade payables	Other current assets	Other liabilities
	(€ thousand)							
Stellantis Group companies								
Maserati	19,681	3,696	—	—	17,458	4,806	—	2,246
FCA US LLC	11	771	—	—	10	4,637	—	—
Other Stellantis Group companies	588	1,858	6	704	700	1,978	111	1,063
Total Stellantis Group companies	**20,280**	**6,325**	**6**	**704**	**18,168**	**11,421**	**111**	**3,309**
Exor Group companies (excluding the Stellantis Group)	—	392	214	218	343	418	68	73
Other related parties	118	2,726	—	51	673	3,341	499	504
Total transactions with related parties	**20,398**	**9,443**	**220**	**973**	**19,184**	**15,180**	**678**	**3,886**
Total for the Group	**261,380**	**930,560**	**130,228**	**1,022,967**	**232,414**	**902,968**	**153,183**	**952,025**

At December 31, 2023 there were no financial assets or financial liabilities with related parties (current financial receivables of €4,364 thousand and other financial payables of €429 thousand at December 31, 2022).

Emoluments to Directors and Key Management

The fees of the Directors of Ferrari N.V. are as follows:

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Directors of Ferrari N.V.	9,791	7,660	6,668

The aggregate compensation to Directors of Ferrari N.V. for year ended December 31, 2023 was €9,791 thousand (€7,660 thousand in 2022 and €6,668 thousand in 2021), inclusive of the following:

- €6,688 thousand for salary and other short-term benefits, including short-term incentives (€5,650 thousand in 2022 and €5,445 thousand in 2021);
- €230 thousand for pension benefits (€230 thousand in 2022 and there were no pension benefits in 2021), and
- €2,873 thousand for share-based compensation awarded under the Company's equity incentive plans and other share-based payments, (€1,780 thousand in 2022 and €1,223 thousand in 2021). See Note 21 *"Share-based compensation"* for additional information related to the Company's equity incentive plans. There was no equity-settled compensation for Non-Executive Directors for the years ended December 31, 2023, 2022 and 2021.

The aggregate compensation for members of the FLT (excluding the CEO) in 2023 was €39,131 thousand (€33,935 thousand in 2022 and €18,728 thousand in 2021), inclusive of the following:

- €34,107 thousand for salary and other short-term benefits, including short-term incentives (€28,084 thousand in 2022 and €14,088 thousand in 2021);
- €4,479 thousand for share-based compensation awarded under the Company's equity incentive plans (€5,176 thousand in 2022 and €4,241 thousand in 2021); and
- €545 thousand for pension contributions (€675 thousand in 2022 and €399 thousand in 2021).

29. COMMITMENTS

Arrangements with key suppliers

From time to time, in the ordinary course of business, the Group enters into various arrangements with key third party suppliers in order to establish strategic and technological advantages. A limited number of these arrangements contain unconditional purchase obligations to purchase a fixed or minimum quantity of goods and/or services with fixed and determinable price provisions.

Arrangements with sponsors

Certain of the Group's sponsorship contracts include terms whereby the Group is obligated to purchase a minimum quantity of goods and/or services from its sponsors.

Future minimum purchase obligations under these supplier and sponsorship arrangements at December 31, 2023 were as follows:

	At December 31, 2023				
	Due within one year	Due between one and three years	Due between three and five years	Due beyond five years	Total
			(€ thousand)		
Minimum purchase obligations	24,071	9,031	3,000	—	36,102

Lease agreements

For information relating to future aggregate minimum lease payments under lease contracts, which primarily relate to the lease of stores and industrial buildings, see Note 24 *"Debt—Contractual undiscounted cash flows"*.

30. QUALITATIVE AND QUANTITATIVE INFORMATION ON FINANCIAL RISKS

The Group is exposed to the following financial risks connected with its operations:

- financial market risk (principally relating to foreign currency exchange rates and to a lesser extent, interest rates and commodity prices), as the Group operates internationally in different currencies;
- liquidity risk, with particular reference to the availability of funds and access to the credit markets, should the Group require them, and to financial instruments in general;
- credit risk, arising from normal commercial relations with dealers, sponsors, licensees and final clients, as well as the Group's financing activities.

These risks could significantly affect the Group's financial position, results of operations and cash flows, and for this reason the Group identifies and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through the Group's operating and financing activities and if required, through the use of derivative financial instruments.

The following section provides qualitative and quantitative disclosures on the effect that these risks may have upon the Group. The quantitative data reported in the following section does not have any predictive value. In particular, the sensitivity analysis on financial market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

Financial market risks

Due to the nature of the Group's business, the Group is exposed to a variety of market risks, including foreign currency exchange rate risk and to a lesser extent, interest rate risk and commodity price risk.

The Group's exposure to foreign currency exchange rate risk arises from the geographic distribution of the Group's shipments, as the Group generally sells its models in the currencies of the various markets in which the Group operates, while the Group's industrial activities are all based in Italy, and primarily denominated in Euro.

The Group's exposure to interest rate risk arises from the need to fund certain activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group has in place various risk management policies, which primarily relate to foreign exchange and commodity price, interest rate and liquidity risks. The Group's risk management policies permit derivatives to be used for managing such risk exposures at risk. Counterparties to these agreements are major financial institutions. Derivative financial instruments can only be executed for hedging purposes.

In particular, the Group used derivative financial instruments as cash flow hedges primarily for the purpose of limiting the negative impact of foreign currency exchange rate fluctuations on forecasted transactions denominated in foreign currencies. Accordingly, as a result of applying risk management policies with respect to foreign currency exchange exposure, the Group's results of operations have not been fully exposed to fluctuations in foreign currency exchange rates.

However, despite these risk management policies and hedging transactions, sudden adverse movements in foreign currency exchange rates could have a significant effect on the Group's earnings and cash flows.

The Group also enters into interest rate caps as required by certain of its securitization agreements.

Information on the fair value of derivative financial instruments held is provided in Note 19.

Information on foreign currency exchange rate risk

The Group is exposed to risks resulting from changes in foreign currency exchange rates, which can affect its earnings and equity. In particular:

- Where a Group company incurs costs in a currency different from that of its revenues, any change in foreign currency exchange rates can affect the operating results of that company. In 2023, the total trade flows exposed to foreign currency exchange rate risk amounted to the equivalent of 60 percent of the Group's net revenues (65 percent in 2022 and 58 percent in 2021).
- The main foreign currency exchange rate to which the Group is exposed is the Euro/U.S. Dollar for sales in U.S. Dollar in the United States and other markets where the U.S. Dollar is the reference currency. In 2023, the value of commercial activities exposed to fluctuations in the Euro/U.S. Dollar exchange rate accounted for approximately 57 percent (52 percent in 2022 and 51 percent in 2021) of the total currency risk from commercial activities. In 2023 the commercial activities exposed to the Euro/Chinese Renminbi exchange rate and the Euro/Japanese Yen exchange rate exceeded 10 percent (in 2022 and 2021 the Euro/Japanese Yen exchange rate and the Euro/Pound Sterling exchange rate exceeded 10 percent) of the total currency risk from commercial activities. Other significant exposures included the exchange rate between the Euro and the following currencies: Pound Sterling, Swiss Franc, Australian Dollar and Canadian Dollar. None of these exposures, taken individually, exceeded 10 percent of the Group's total foreign currency exchange rate exposure for commercial activities in 2023, 2022 and 2021 (apart from Pound Sterling in 2022 and 2021).
- Several subsidiaries are located in countries that are outside the Eurozone, in particular the United States, Japan, China, and Australia. As the Group's reporting currency is the Euro, the income statements of those companies are translated into Euro using the average exchange rate for the period and, even if revenues and margins are unchanged in local currency, changes in exchange rates can impact the amount of revenues, costs and profit as translated into Euro.
- The amount of assets and liabilities of consolidated companies that report in a currency other than the Euro may vary from period to period as a result of changes in exchange rates. The effects of these changes are recognized directly in equity as a component of other comprehensive income/(loss) under gains/(losses) from currency translation differences.

Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements, are recognized in the consolidated income statement within financial income or financial expenses or as cost of sales for charges arising from financial services companies.

It is the Group's policy to use derivative financial instruments (primarily forward currency contracts and currency options) to hedge up to 90 percent of the principal exposures to foreign currency transaction exchange risk, typically for a period of up to twelve months.

The Group monitors its principal exposure to foreign currency translation exchange risk, although the Group did not engage in any specific hedging activities in relation to translation exchange risk for the periods presented.

The impact of foreign currency exchange rate differences recorded within financial income or financial expenses for the year ended December 31, 2023, including the costs of hedging foreign currency exchange rate risk, amounted to net losses of €20,197 thousand (net losses of €25,923 thousand and €11,407 thousand for the years ended December 31, 2022 and 2021, respectively).

All of the Group's financial services activities are conducted in the functional currencies of the related financial services companies, therefore the impact of foreign currency exchange rate differences arising from financial services activities was zero in all periods presented.

Except as noted above, there have been no substantial changes in 2023 in the nature or structure of exposure to foreign currency exchange rate risks or in the Group's hedging policies.

The potential decrease in fair value of derivative financial instruments held by the Group at December 31, 2023 to hedge against foreign currency exchange rate risks, which would arise in the case of a hypothetical, immediate and adverse change of 10 percent in the exchange rates of the major foreign currencies with the Euro, would be approximately €191,355 thousand (€174,550 thousand at December 31, 2022). Receivables, payables and future trade flows for which hedges have been put in place were not included in the analysis. It is reasonable to assume that changes in foreign currency exchange rates will produce the opposite effect, of an equal or greater amount, on the underlying transactions that have been hedged. The sensitivity analysis is based on currency hedging in place at the end of the period, which can vary during the period and assumes unchanged market conditions other than exchange rates, such as volatility and interest rates. For this reason, it is purely indicative.

Information on interest rate risk

The Group's exposure to interest rate risk, though less significant, arises from the need to fund financial services activities and the necessity to deploy surplus funds. Changes in market interest rates may have the effect of either increasing or decreasing the Group's net profit/(loss), thereby indirectly affecting the costs and returns of financing and investing transactions.

The Group's most significant floating rate financial assets at December 31, 2023 were cash and cash equivalents and certain receivables from client financing activities, while 58 percent of the Group's gross debt bears floating rates of interest (42 percent at December 31, 2022). At December 31, 2023, an increase of 25 basis points in interest rates on floating rate financial assets and debt, with all other variables held constant, would have resulted in a decrease in profit before taxes of €565 thousand on an annual basis (a decrease of €303 thousand at December 31, 2022 for a decrease of 10 basis points in interest rates). The analysis is based on the assumption that floating rate financial assets and debt which expire during the projected 12-month period will be renewed or reinvested in similar instruments, bearing the hypothetical short-term interest rates.

Information on commodity price risk

The Group's exposure to commodity price risk, though much less significant than foreign exchange rate risk and interest rate risk, arises from the need to use a variety of raw materials in the Group's operations, including aluminum and precious metals such as palladium and rhodium. The Group monitors its exposure to commodity price risk and may hedge a portion of such exposure through derivative financial instruments (primarily commodity swaps).

Liquidity risk

Liquidity risk arises if the Group is unable to obtain the funds needed to carry out its operations and meet its obligations. The main determinant of the Group's liquidity position is the cash generated by or used in operating and investing activities.

From an operating point of view, the Group manages liquidity risk by monitoring cash flows and keeping an adequate level of funds readily available. The main funding operations and investments in cash and marketable securities of the Group are centrally managed or supervised by the treasury department with the aim of ensuring effective and efficient management of the Group's liquidity. The Group has established various policies which are managed or supervised centrally by the treasury department with the purpose of optimizing the management of funds and reducing liquidity risk which include:

- centralizing liquidity management through the use of cash pooling arrangements
- maintaining a conservative level of available liquidity
- obtaining adequate credit lines and diversifying sources of funding

- maintaining a portfolio of high-quality liquid assets
- monitoring future liquidity requirements on the basis of business planning

Intercompany financing between Group entities is not restricted other than through the application of covenants requiring that transactions with related parties be conducted at arm's length terms.

Details on the maturity profile of the Group's financial assets and liabilities and on the structure of derivative financial instruments are provided in Notes 19 and 24. Details of the repayment of derivative financial instruments are provided in Note 19.

To preventively and prudently manage potential liquidity or refinancing risks in the foreseeable future, the Group has secured available undrawn committed credit lines, which amounted to €600 million and €669 million at December 31, 2023 and 2022 respectively.

The Group believes that its total available liquidity (defined as cash and cash equivalents plus undrawn committed credit lines), in addition to funds that will be generated from operating activities, will enable Ferrari to satisfy the requirements of its investing activities and working capital needs fulfill its obligations to repay its debt and ensure an appropriate level of operating and strategic flexibility. The Group therefore believes there is no significant risk of a lack of liquidity.

Credit risk

Credit risk is the risk of economic loss arising from the failure to fully collect receivables. Credit risk encompasses the direct risk of default and the risk of a deterioration of the creditworthiness of the counterparty.

The maximum credit risk to which the Group is theoretically exposed at December 31, 2023 is represented by the carrying amounts of the financial assets presented in the consolidated statement of financial position sheet and the nominal value of the guarantees provided.

Dealers, clients and, in general, Ferrari's business partners are subject to a specific evaluation of their creditworthiness. Additionally, it is Group practice to obtain financial guarantees against risks associated with credit granted for the purchase of cars and parts, as well as certain sponsorships and licensees. These guarantees are further strengthened, where possible, by retaining title on cars subject to financing agreements.

Credit positions of material significance are evaluated on an individual basis. Where objective evidence exists that they are uncollectible, in whole or in part, specific write-downs are recognized. The amount of the write-down is based on an estimate of the recoverable cash flows, the timing of those cash flows, the cost of recovery and the fair value of any guarantees received.

Receivables from financing activities relate entirely to the financial services portfolio in the United States and such receivables are generally secured on the titles of cars or other guarantees. Receivables from financing activities amounting to €1,451,158 thousand at December 31, 2023 (€1,399,997 thousand at December 31, 2022) are shown net of the allowance for doubtful accounts amounting to €11,165 thousand (€9,950 thousand at December 31, 2022). After considering the allowance for doubtful accounts, €82,029 thousand of receivables were overdue (€62,779 thousand at December 31, 2022). Therefore, overdue receivables represent a minor portion of receivables from financing activities.

Trade receivables amounting to €261,380 thousand at December 31, 2023 (€232,414 thousand at December 31, 2022) are shown net of the allowance for doubtful accounts amounting to €25,418 thousand (€25,800 thousand at December 31, 2022). After considering the allowance for doubtful accounts, €35,935 thousand of receivables were overdue (€45,657 thousand at December 31, 2022).

The Group's cash and cash equivalents are held on bank and deposit accounts with primary financial institutions and highly rated money market funds. It is the Ferrari Group's policy to continuously monitor counterparty risk and limit concentration of bank and deposit accounts to a maximum of 25% of the total with a single financial counterpart. With specific reference to Money Market Funds, instead, the invested amounts in any specific fund must not exceed 10% of the par value of such. The Group considers its credit risk with respect to its cash and cash equivalents to be low considering that they are held with primary financial institutions and the maximum exposure with any one counterparty is limited.

Cash flow forecasting is performed by the Group on a recurring basis. The Group monitors a rolling forecast of its liquidity requirements to ensure that there is sufficient cash to meet operational needs and maintain adequate headroom. Cash held by the businesses over and above balances required for working capital management is loaned to the Group'centralized treasury department. Cash is invested in instant-access current accounts, short-term deposits and money market funds, choosing instruments with appropriate maturities to provide adequate headroom as determined by cash forecasts. In accordance to Group liquidity risk management policy, the Group controls counterparties' credit risk and credit limit utilization. It adopts a conservative approach to the investment of its cash which is deposited with financial institutions with high credit standing.

The following table presents information relating to the short term credit rating of the Group's cash and cash equivalents:

	At December 31,	
	2023	**2022**
P-1 / A-1 / Aaa-mf / AAAm (1)	6%	1%
P-2 / A-2	92%	98%
P-3 / A-3 / Not rated	2%	1%

(1) *Aaa-mf (Moody's) /AAAm (S&P Global Ratings) refer to money market funds. P-ratings (Moody's) and A-ratings (S&P Global Ratings) refer to the short-term rating of the financial institutions with whom the Group deposits cash in current accounts or other short-term instruments.*

31. ENTITY-WIDE DISCLOSURES

The following table presents an analysis of net revenues by geographic location of the Group's customers for the years ended December 31, 2023 and 2021, including the effects of foreign currency hedge transactions. Revenues by geography presented for material individual countries are not necessarily correlated to shipments of cars as certain countries include revenues from sponsorship and commercial activities relating to Ferrari's participation in the Formula 1 World Championship.

	For the years ended December 31,		
	2023	**2022**	**2021**
		(€ thousand)	
Italy	442,760	379,898	409,992
Rest of EMEA	2,428,783	2,045,888	1,869,864
of which UK	*625,930*	*536,280*	*457,060*
of which Germany	*493,930*	*430,380*	*367,087*
Americas (1)	1,762,530	1,407,790	1,097,904
of which United States of America	*1,535,772*	*1,198,834*	*930,316*
Mainland China, Hong Kong and Taiwan	583,760	621,407	332,971
of which Mainland China	*479,882*	*533,724*	*249,275*
Rest of APAC (2)	752,313	640,271	560,163
Total net revenues	**5,970,146**	**5,095,254**	**4,270,894**

(1) *Americas includes the United States of America, Canada, Mexico, the Caribbean and of Central and South America.*
(2) *Rest of APAC mainly includes Japan, Australia, Singapore, Indonesia, South Korea, Thailand, India and Malaysia.*

Revenues in the Netherlands, the Company's country of domicile, for the years ended December 31, 2023, 2022 and 2021 amounted to €68,605 thousand, €56,748 thousand and €41,892 thousand, respectively.

The following table presents an analysis of non-current assets other than financial instruments and deferred tax assets by geographic location:

	At December 31,					
	2023			2022		
	Property, plant and equipment	Goodwill	Intangible assets	Property, plant and equipment	Goodwill	Intangible assets
	(€ thousand)					
Italy	1,532,516	785,182	1,419,447	1,418,846	785,182	1,307,127
Rest of EMEA	5,388	—	—	4,830	—	—
Americas (1)	29,701	—	—	27,233	—	—
Mainland China, Hong Kong and Taiwan	3,100	—	—	4,598	—	—
Rest of APAC (2)	4,495	—	252	2,318	—	261
Total	**1,575,200**	**785,182**	**1,419,699**	**1,457,825**	**785,182**	**1,307,388**

(1) Americas includes the United States of America, Canada, Mexico, the Caribbean and of Central and South America.
(2) Rest of APAC mainly includes Japan, Australia, Singapore, Indonesia, South Korea, Thailand, India and Malaysia.

32. CASH AND CASH EQUIVALENTS AND NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents

The following table presents cash and cash equivalents:

	At December 31,	
	2023	2022
	(€ thousand)	
Cash and bank balances	1,121,981	1,388,901
Cash and cash equivalents	**1,121,981**	**1,388,901**

At December 31, 2023, cash and cash equivalents included €50,000 thousand relating to a time deposit held with a recognized international financial institution, which originated in November 2023 and matures in February 2024 and an investment in money market funds of €50,069 thousand with an AAAm rating. At December 31, 2022, cash and cash equivalents included €100,000 thousand relating to a time deposit held with a recognized international financial institution, which originated in December 2022 and matured in March 2023. At both December 31, 2023 and 2022, the remaining cash and bank balances were held in bank current accounts.

At December 31, 2023, 80 percent of our cash and cash equivalents were denominated in Euro (at December 31, 2022, 85 percent). The Group’s 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 the Eurozone.

The following table sets forth an analysis of the currencies in which the Group’s cash and cash equivalents were denominated at December 31, 2023 and 2022.

	At December 31,	
	2023	2022
	(€ thousand)	
Euro	894,509	1,181,354
U.S. Dollar	96,663	70,261
Chinese Yuan	80,716	95,835
Pound Sterling	19,706	9,453
Other currencies	30,387	31,998
Total	**1,121,981**	**1,388,901**

Cash held in some countries may be subject to transfer restrictions. In particular, cash held in China (including in currencies other than the Chinese Yuan), which amounted to €81,337 thousand at December 31, 2023 (€96,726 thousand at December 31, 2022), is subject to certain repatriation restrictions and may only be repatriated as a repayment of payables or debt, or as dividends or capital distributions. The Group does not believe that such transfer restrictions have any adverse impacts on its ability to meet its liquidity requirements.

Cash collected from the settlement of receivables under securitization programs is subject to certain restrictions regarding its use and is principally applied to repay principal and interest of the related funding. Such cash amounted to €31,820 thousand at December 31, 2023 (€44,085 thousand at December 31, 2022).

For information relating to the credit risk with respect to cash and cash equivalents, see note 30 *“Qualitative and Quantitative Information on Financial Risks”*.

Notes to the consolidated statement of cash flows

Other non-cash expenses, net primarily includes equity-settled share-based compensation, allowances for doubtful accounts of trade receivables and provisions for slow moving and obsolete inventories.

For information relating to the financing cash flows relating to debt, see Note 24 *"Debt"*.

33. SUBSEQUENT EVENTS

The Group has evaluated subsequent events through February 22, 2024, which is the date the Consolidated Financial Statements were authorized for issuance, and identified the following matters:

Under the common share repurchase program, from January 1, 2024 to February 16, 2024 the Company purchased an additional 187,642 common shares for total consideration of €60.9 million. At February 16, 2024, the Company held in treasury an aggregate of 13,693,051 common shares.

On February 22, 2024, the Board of Directors of Ferrari N.V. recommended to the Company’s shareholders that the Company declare a dividend of €2.443 per common share, totaling approximately €440 million. The proposal is subject to the approval of the Company’s shareholders at the Annual General Meeting to be held on April 17, 2024.

Ferrari N.V.

Index to Company Financial Statements

Ferrari N.V.
INCOME STATEMENT/ STATEMENT OF COMPREHENSIVE INCOME
for the years ended December 31, 2023 and 2022

		For the years ended December 31,	
	Note	**2023**	**2022**
		(€ thousand)	
Net revenues	3	2,144	474
Other income	3	18,747	15,830
Dividend income	4	500,000	700,000
Cost of sales		1,781	1,550
Selling, general and administrative costs	5	45,214	35,391
Financial income	6	11,092	594
Financial expenses	6	131,040	36,311
Financial expenses, net	6	119,948	35,717
Profit before taxes		**353,948**	**643,646**
Income tax benefit	7	28,811	4,786
Net profit		**382,759**	**648,432**
Other comprehensive income		27	—
Total comprehensive income		**382,786**	**648,432**

The accompanying notes are an integral part of the Company Financial Statements.

Ferrari N.V.
STATEMENT OF FINANCIAL POSITION
at December 31, 2023 and 2022

		At December 31,	
	Note	**2023**	**2022**
		(€ thousand)	
Assets			
Property, plant and equipment	8	2,734	1,814
Investments in subsidiaries	9	8,783,663	8,778,173
Financial receivables	10	34,762	26,704
Deferred tax assets	7	3,836	1,974
Total non-current assets		**8,824,995**	**8,808,665**
Trade receivables	10	23,040	23,871
Tax receivables	7	90,463	33,400
Other current assets	10	61,298	74,529
Cash and cash equivalents	12	97,432	110,702
Total current assets		**272,233**	**242,502**
Total assets		**9,097,228**	**9,051,167**
Equity and liabilities			
Share capital		2,573	2,573
Share premium		5,768,544	5,768,544
Other reserves		(1,573,121)	(1,143,382)
Retained earnings		737,962	683,834
Total equity	13	**4,935,958**	**5,311,569**
Debt (Non-Current)	15	1,029,572	1,097,142
Employee benefits		5,797	2,639
Total non-current liabilities		**1,035,369**	**1,099,781**
Debt (Current)	15	3,016,746	2,553,992
Trade payables	16	1,743	7,533
Tax payables	7	69,597	36,661
Other current liabilities	17	35,051	36,233
Ferrari Group cash management pools	11	2,764	5,398
Total current liabilities		**3,125,901**	**2,639,817**
Total liabilities		**4,161,270**	**3,739,598**
Total equity and liabilities		**9,097,228**	**9,051,167**

The accompanying notes are an integral part of the Company Financial Statements.

Ferrari N.V.
STATEMENT OF CASH FLOWS
for the years ended December 31, 2023 and 2022

	Note	For the years ended December 31, 2023	2022
		(€ thousand)	
Cash and cash equivalents at the beginning of the year		**110,702**	**94,530**
Cash flows from operating activities:			
Net profit		382,759	648,432
Income tax benefit	7	(28,811)	(4,786)
Amortization and depreciation	8	703	477
Financial income	6	(11,092)	(594)
Financial expenses	6	131,040	36,311
Other non-cash expenses, net	19	(6,721)	4,790
Change in trade receivables	10	1,025	(9,564)
Change in trade payables	16	(5,782)	(3,954)
Change in other operating assets and liabilities		37,053	(6,276)
Finance costs paid		(77,797)	(23,103)
Total cash flows from operating activities		**422,377**	**641,733**
Cash flows used in investing activities:			
Investments in property, plant and equipment	8	(1,585)	(55)
Investments in subsidiaries	9	(9,000)	(30)
Total cash flows used in investing activities		**(10,585)**	**(85)**
Cash flows used in financing activities:			
Proceeds from financial liabilities with related parties	15	2,900,000	2,150,000
Repayments of financial liabilities with related parties	15	(2,159,120)	(2,140,000)
Proceeds from borrowings from banks and other financial institutions	15	250,000	—
Repayments of borrowings from banks and other financial institutions	15	(47,500)	—
Repayments of bonds and notes	15	(575,702)	—
Repayments of lease liabilities	15	(672)	(348)
Change in Ferrari Group cash management pools	11	(2,808)	10,916
Dividends paid to owners	13	(328,631)	(249,522)
Share repurchases	13	(460,629)	(396,522)
Total cash flows used in financing activities		**(425,062)**	**(625,476)**
Total change in cash and cash equivalents		**(13,270)**	**16,172**
Cash and cash equivalents at the end of the year	19	**97,432**	**110,702**

The accompanying notes are an integral part of the Company Financial Statements.

Ferrari N.V.
STATEMENT OF CHANGES IN EQUITY
for the years ended December 31, 2023 and 2022

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
			(€ thousand)		
At December 31, 2021	**2,573**	**5,768,544**	**(767,646)**	**284,924**	**5,288,395**
Net profit and total comprehensive income	—	—	—	648,432	**648,432**
Dividends to owners	—	—	—	(249,522)	**(249,522)**
Share repurchases	—	—	(396,522)	—	**(396,522)**
Share-based compensation	—	—	20,860	—	**20,860**
Other changes	—	—	(74)	—	**(74)**
At December 31, 2022	**2,573**	**5,768,544**	**(1,143,382)**	**683,834**	**5,311,569**
Net profit	—	—	—	382,759	**382,759**
Other comprehensive income	—	—	27	—	**27**
Total comprehensive income	—	—	27	382,759	**382,786**
Dividends to owners	—	—	—	(328,631)	**(328,631)**
Share repurchases	—	—	(460,629)	—	**(460,629)**
Share-based compensation	—	—	30,863	—	**30,863**
At December 31, 2023	**2,573**	**5,768,544**	**(1,573,121)**	**737,962**	**4,935,958**

The accompanying notes are an integral part of the Company Financial Statements.

1. CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES

Ferrari N.V. (the "Company" or "Ferrari" and together with its subsidiaries the "Ferrari Group" or the "Group") was incorporated as a public limited company (*naamloze vennootschap*) under the laws of the Netherlands on September 4, 2015. The Company was formed to ultimately act as a holding company for Ferrari S.p.A., which, together with its subsidiaries, is focused on the design, engineering, production and sale of luxury performance sports cars.

The Company is listed under the ticker symbol RACE on the New York Stock Exchange and on the Euronext Milan.

The Company's official seat (*statutaire zetel*) is in Amsterdam, the Netherlands and the Company's corporate address is in Maranello, Italy at Via Abetone Inferiore 4. The Company is registered with the Dutch trade register under number 64060977.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

Date of authorization for issuance

The separate financial statements of the Company (the "Company Financial Statements") as of and for the years ended December 31, 2023 and 2022 were authorized for issuance on February 22, 2024.

Basis of preparation

The Company Financial Statements are prepared on a going concern basis using the historical cost method, modified as required for the measurement of certain financial instruments, which are generally measured at fair value.

Statement of compliance

The Company Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU IFRS") and with Part 9 of Book 2 of the Dutch Civil Code.

Measurement basis

The Company Financial Statements were prepared using the same accounting policies as set out in the notes to the consolidated financial statements at December 31, 2023 (the "Consolidated Financial Statements"), except for the measurement of the investments as presented under *"Investments in subsidiaries"* in the Company Financial Statements, which are measured at cost, less impairment (if any).

Management considers the primary focus of these Company Financial Statements to be the legal entity perspective and considers that these Company Financial Statements should reflect the cost of the subsidiaries as well as the amounts that are eligible for distribution to the Company's shareholders. Management believes that the measurement of its subsidiaries at cost in the Company Financial Statements, as permitted under EU IFRS, provides the best insight into the Company's financial position and results, in addition to the information provided in the Consolidated Financial Statements.

The accounting policies were consistently applied to all periods presented herein with the exception of the new standards and amendments effective from January 1, 2023 as noted below.

The amounts in the Company Financial Statements are presented in thousands of Euro (€), except where otherwise indicated.

Format of the Company Financial Statements

The Company presents the income statement by function and uses a current/non-current classification for assets and liabilities in the statement of financial position.

Statement of cash flows

The statement of cash flows is prepared using the indirect method with a breakdown into cash flows from or used in operating, investing and financing activities. Cash inflows or outflows related to taxes are reported as changes in other operating assets and liabilities as they are primarily settled through transactions with related parties as a result of the Ferrari Group Italian tax consolidation. Dividends received are included as part of operating activities.

New standards, amendments and interpretations effective from January 1, 2023

The following new amendments were effective on or subsequent to January 1, 2023 and were adopted by the Company for the purpose of the preparation of the Company Financial Statements:

- IFRS 17 — *Insurance Contracts*, Amendments to IFRS 17 — *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information* and amendments to IFRS 4 — *Insurance Contracts;*

- Amendments to IAS 1 — *Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies*;

- Amendments to IAS 8 — A*ccounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*;

- Amendments to IAS 12 — *Income Taxes: Deferred Tax related to Assets and Liabilities Arising From a Single Transaction*;

- Amendments to IAS 12 — *Income Taxes: International Tax Reform – Pillar Two Model Rules.*

There was no effect from the adoption of these amendments. Further information relating to these amendments is provided in Note 2 of the Consolidated Financial Statements.

New standards, amendments and interpretations issued but not yet effective

Information relating to new standards, amendments and interpretations issued but not yet effective is provided in Note 2 of the Consolidated Financial Statements.

Material Accounting Standards

Investments in subsidiaries

Investments in subsidiaries, which primarily relate to the Company's investment in Ferrari S.p.A., are measured at cost, less impairment (if any). Dividend income from the Company's subsidiaries is recognized in the income statement when the right to receive payment is established.

Impairment of investments in subsidiaries

At each reporting date, the Company assesses whether there is an indication that investments in subsidiaries may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. The recoverable amount is defined as the higher of (i) the fair value of the investment less costs of disposal and (ii) its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Any resulting impairment is recognized in the income statement. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Company makes an estimate of the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, up to a maximum of the carrying amount that would have been determined if no impairment loss had been recognized for the asset in prior periods. Such a reversal is recognized in the income statement. There was no impairment of investments in subsidiaries or reversals of impairment of investments for the periods presented in these Company Financial Statements.

Foreign currency transactions

The financial statements are prepared in Euro, which is the Company's functional and presentation currency. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the income statement.

Foreign currency translation

The Company has a branch in the United Kingdom (UK) that operates primarily in Pound Sterling. At each reporting period, the assets and liabilities within the UK branch are translated to Euro using the exchange rate at the balance sheet date and the income statement is translated using the average exchange rate for the period. Translation differences resulting from the application of this method are classified as translation differences within other comprehensive income/ (loss) and will only be reclassified to the income statement if the branch is disposed of. The principal foreign currency exchange rates used to translate other currencies into Euro were as follows:

	2023		**2022**	
	Average	**At December 31**	**Average**	**At December 31**
U.S. Dollar	1.0814	1.1050	1.0530	1.0666
Pound Sterling	0.8699	0.8691	0.8528	0.8869

Property, plant and equipment

Property, plant and equipment is recognized at cost net of accumulated depreciation and, if applicable, impairment. Depreciation is calculated on a straight line basis over the useful lives of the assets as follows:

Asset Category	**Depreciation Rates**
Buildings	10%
Office equipment	20% - 22%
Other assets	20% - 25%

Leases

The Company recognizes a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the principal liability and finance costs. Finance costs are charged to the income statement over the lease period using the effective interest rate method. The right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Right-of-use assets are measured at cost comprising the following: (i) the amount of the initial measurement of related lease liability, (ii) any lease payments made at or before the commencement date less any lease incentives received, (iii) any initial direct costs and, if applicable, (iv) restoration costs. Payments associated with short-term leases and leases of low-value assets are recognized as an expense in the income statement on a straight-line basis.

Lease liabilities are measured at the net present value of the following: (i) fixed lease payments, (ii) variable lease payments that are based on an index or a rate (if applicable), (iii) amounts expected to be payable by the lessee under residual value guarantees, and (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Lease liabilities do not include any non-lease components that may be included in the related contracts.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Trade receivables

Trade receivables are amounts due for goods sold or services provided in the ordinary course of business. Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less any provision for allowances.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. There are no liens, pledges, collateral or restrictions on cash and cash equivalents. Cash and cash equivalents do not include amounts in Ferrari Group cash management pools.

Debt

Debt is measured at amortized cost using the effective interest rate method.

Trade payables

Trade payables primarily include amounts payable for services, legal and professional fees and other expenses incurred. Trade payables are all due within one year.

Deferred income

Deferred income relates to amounts received in advance under certain agreements, primarily relating to marketing-related events hosted for third party dealers, which are reliant on the future performance of a service or other act of the Company. Deferred income is recognized as net revenues or other income when the Company has fulfilled its obligations under the terms of the various agreements. Deferred income is recorded on the statement of financial position within "other liabilities".

Net revenues

Net revenues are primarily generated from marketing-related events, such as new car launches and other promotional events. Revenue is recognized when control over a product or service is transferred to the customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods or services to the customer and excludes any sales incentives as well as taxes collected from customers that are remitted to government authorities. The transaction price includes estimates of variable consideration to the extent it is probable that a significant reversal of revenue recognized will not occur. The Company enters into contracts that may include both products and services, which are generally capable of being distinct and accounted for as separate performance obligations where appropriate. The Company accounts for a contract with a customer when there is a legally enforceable contract between the Company and the customer, the rights of the parties are identified, the contract has commercial substance, and collectability of the contract consideration is probable.

Other income

Other income primarily relates to services performed by the Company on behalf of its subsidiaries for certain corporate services rendered and other recharge fees.

Income taxes

Current and deferred taxes are recognized as income tax benefit or income tax expense and are included in the income statement for the period, except tax arising from a transaction or event which is recognized, in the same or a different period, either in other comprehensive income/(loss) or directly in equity. Tax uncertainties are accounted for in accordance with IFRIC 23.

Dividends

Dividends payable by the Company are reported as a change in equity in the period in which they are approved by the shareholders as applicable under local rules and regulations. Dividend income is recognized in the income statement when the right to receive payment is established.

Share-based compensation

The Company has implemented equity incentive plans that provide for the granting of share-based compensation to the Chairman, the Chief Executive Officer, all other members of the Ferrari Leadership Team and other key employees of the Group. The Company also provides share-based compensation as part of commercial agreements with certain suppliers. The share-based compensation arrangements are accounted for in accordance with *IFRS 2 — Share-based Payments*, which requires the Company to recognize share-based compensation expense based on fair value of awards granted. Compensation expense for the equity-settled awards containing market performance conditions is measured at the grant date fair value of the award using a Monte Carlo simulation model, which requires the input of subjective assumptions, including the expected volatility of the Company's common stock, the dividend yield, interest rates and a correlation coefficient between the common stock and the relevant market index. The fair value of the awards which are conditional only on a recipient's continued service to the Company is measured using the share price at the grant date adjusted for the present value of future distributions which employees will not receive during the vesting period.

Pursuant to an agreement between the Company and various subsidiaries of the Group, the Company recharges subsidiaries for share-based compensation relating to equity instruments awarded to employees of the subsidiaries under the equity incentive plans. The Company's portion of the share-based compensation expense relating to the equity incentive plans is recognized over the service period within selling, general and administrative costs or cost of sales in the income statement depending on the function of the employee with an offsetting increase to equity, whilst share-based compensation recharged to the subsidiaries of the Group is recognized as a financial receivable (until payment is received) with an offsetting amount recorded as an increase to equity.

Share-based compensation expense relating to commercial agreements with certain suppliers is recognized over the period in which the supplier's services are received and classified within the consolidated income statement depending on the function of the supplier's services, with an offsetting increase to equity.

Segment reporting

As disclosed in the Consolidated Financial Statements, the Group has determined that it has one operating and one reportable segment based on the information reviewed by its Chief Operating Decision Maker in making decisions regarding the allocation of resources and to assess performance.

Use of estimates

The Company Financial Statements are prepared in accordance with EU IFRS, which requires the use of estimates, judgments, and assumptions that affect the carrying amount of assets and liabilities, the disclosure of contingent assets and liabilities and the amounts of income and expenses recognized. The estimates and associated assumptions are based on elements that are known when the financial statements are prepared, on historical experience and on any other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed periodically and continuously by the Company. If the items subject to estimates do not perform as assumed, then the actual results could differ from the estimates, which would require adjustment accordingly. The effects of any changes in estimate are recognized in the income statement in the period in which the adjustment is made, or prospectively in future periods. The estimates and assumptions that management considers most critical for the Company Financial Statements relate to investments in subsidiaries and in particular, relating to impairment indicators. See Note 9 "*Investments in subsidiaries*" for further details.

For disclosures relating to climate-related matters, see Note 2 "*Material Accounting Policies–Use of estimates–Climate-related matters*" to the Consolidated Financial Statements.

3. NET REVENUES AND OTHER INCOME

Net revenues for the year ended December 31, 2023 amounted to €2,144 thousand and primarily related to marketing-related and other promotional events (€474 thousand for the year ended December 31, 2022).

Other income for the year ended December 31, 2023 amounted to €18,747 thousand (€15,830 thousand for the year ended December 31, 2022) and primarily related to costs recharged to Ferrari S.p.A. for corporate services rendered and fees charged.

4. DIVIDEND INCOME

Dividend income for the year ended December 31, 2023 amounted to €500,000 thousand and related entirely to a dividend from Ferrari S.p.A., approved in April 2023 and received in May 2023.

Dividend income for the year ended December 31, 2022 amounted to €700,000 thousand and related entirely to a dividend from Ferrari S.p.A, approved in two tranches as follow: (i) €300,000 thousand approved in April 2022, of which €70,000 thousand was received in April 2022 and €230,000 thousand was received in May 2022; and (ii) €400,000 thousand approved in September 2022, of which €100,000 thousand was received in October 2022 and €300,000 thousand was received in November 2022.

5. SELLING, GENERAL AND ADMINISTRATIVE COSTS

Selling, general and administrative costs consisted of the following:

	For the years ended December 31,	
	2023	**2022**
	(€ thousand)	
Personnel expenses	17,278	12,188
Insurance	14,662	10,235
Shared services provided by Ferrari S.p.A.	5,561	5,455
Legal and professional services	5,487	4,654
Other expenses	2,226	2,859
Total selling, general and administrative costs	**45,214**	**35,391**

Personnel expenses include costs related to the Group's equity incentive plans (see Note 14 "*Share-Based Compensation*") and other compensation for Directors and employees. Detailed information relating to the compensation of the Board of Directors and senior management is included in the *"Corporate Governance"* and *"Remuneration of Directors"* sections to the Annual Report.

At December 31, 2023 the Company had 25 full time equivalent employees, 16 of which related to the UK Branch and 9 of which related to the Italian Branch (at December 31, 2022 the Company had 28 full time equivalent employees, 19 of which related to the UK Branch and 9 of which related to the Italian Branch). All employees work outside of the Netherlands.

Shared services provided by Ferrari S.p.A. mainly relate to costs for human resources, payroll, tax, legal, accounting and treasury services.

Legal and professional services mainly relate to expenses for legal, financial and other consulting services, as well as public company listing fees.

6. FINANCIAL EXPENSES AND FINANCIAL INCOME

Financial expenses and financial income consisted of the following:

	For the years ended December 31,	
	2023	2022
	(€ thousand)	
Financial income	**(11,092)**	**(594)**
Interest expenses	125,088	34,809
of which interest on:		
Intercompany borrowings	*98,143*	*10,594*
Bonds and notes	*17,889*	*23,679*
Borrowings from banks	*8,949*	*457*
Leases	*107*	*79*
Other financial expenses	5,952	1,502
Financial expenses	**131,040**	**36,311**
Financial expenses, net	**119,948**	**35,717**

The increase in interest on intercompany borrowings in 2023 was driven by an increase in the benchmark interest rates in 2023.

Financial income for 2023 primarily relates to gains of €7,940 thousand realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025 as well as interest income on cash and cash equivalents.

7. INCOME TAXES

Income taxes for the years ended December 31, 2023 and 2022 are summarized below:

	For the years ended December 31,	
	2023	2022
	(€ thousand)	
Current income tax benefit	26,951	5,335
Deferred income tax (expense)/income	1,860	(549)
Total income tax benefit	**28,811**	**4,786**

The table below provides a reconciliation between the theoretical income tax expense and the actual income tax benefit, calculated on the basis of the applicable corporate tax rate in effect in Italy, which was 24.0 percent for each of the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
	(€ thousand)	
Profit before tax	353,948	643,646
Theoretical income tax rate	24.0%	24.0%
Theoretical income tax expense	(84,948)	(154,475)
Tax effect on:		
Non-taxable dividends	114,000	159,600
Non-deductible costs	(117)	(240)
Other permanent differences	(124)	(99)
Total income tax benefit	**28,811**	**4,786**

The following table provides a summary of tax receivables and tax payables for the years ended December 31, 2023 and 2022:

	At December 31,	
	2023	2022
	(€ thousand)	
Tax receivables	90,463	33,400
Tax payables	69,597	36,661
Net tax payables	**20,866**	**(3,261)**

Tax receivables of €90,463 thousand at December 31, 2023 (€33,400 thousand at December 31, 2022) primarily relate to amounts due from related parties for the Group tax consolidation in Italy.

Tax payables of €69,597 thousand at December 31, 2023 (€36,661 thousand at December 31, 2022) primarily relate to amounts due to the tax authorities for the Group tax consolidation in Italy.

The following table summarizes deferred tax assets at December 31, 2023 and 2022:

	At December 31,	
	2023	2022
Deferred tax assets	(€ thousand)	
To be recovered after 12 months	767	995
To be recovered within 12 months	3,069	979
Total deferred tax assets	**3,836**	**1,974**

8. PROPERTY, PLANT AND EQUIPMENT

	At December 31,	
	2023	2022
	(€ thousand)	
Cost	6,100	4,422
Accumulated depreciation	(3,366)	(2,608)
Total property, plant and equipment	**2,734**	**1,814**

Property, plant and equipment primarily includes office furniture and equipment of the UK Branch, as well as buildings recognized as right-of-use assets in 2023 of €2,469 thousand (€1,528 thousand at December 31, 2022).

	For year ended December 31,	
	2023	2022
	(€ thousand)	
Depreciation	703	477
of which		
Cost of sales	74	—
Selling, general and administrative costs	629	477
of which right-of-use assets	*562*	*323*

See Note 15 "*Debt*" for information related to the related lease liabilities.

There are no liens, pledges, collateral or restrictions on use over property, plant and equipment.

9. INVESTMENTS IN SUBSIDIARIES

Investment in subsidiaries amounted to €8,783,663 thousand at December 31, 2023 (€8,778,173 thousand at December 31, 2022), and included investments in Ferrari S.p.A. amounting to €8,778,000 thousand (€8,778,000 thousand at December 31, 2022) and New Business 33 S.p.A. amounting to €5,663 thousand (€173 thousand at December 31, 2022). The increase in New Business 33 S.p.A. primarily related to a capital increase by the Company.

Impairment testing

At December 31, 2023, the market capitalization of Ferrari N.V. amounted to approximately €55.1 billion (€36.4 billion at December 31, 2022). Considering the share price of the Company at December 31, 2023 and at the date of authorization of the Company Financial Statements, no impairment indicators were identified.

10. TRADE RECEIVABLES, FINANCIAL RECEIVABLES AND OTHER CURRENT ASSETS

	At December 31	
	2023	2022
	(€ thousand)	
Trade receivables	23,040	23,871
Financial receivables	34,762	26,704
Other current assets	61,298	74,529
Total	**119,100**	**125,104**

Trade receivables

The following table presents the split of trade receivables due from related parties and due from third parties:

	At December 31	
	2023	2022
	(€ thousand)	
Related parties	19,896	21,899
Third parties	3,144	1,972
Total	**23,040**	**23,871**

Trade receivables due from related parties primarily relate to corporate services rendered and fees recharged to subsidiaries of the Ferrari Group (mainly Ferrari S.p.A.) and trade receivables due from third parties primarily relate to marketing-related events and other services provided.

The carrying amount of trade receivables is deemed to approximate their fair value. There are no significant overdue balances and no allowance for expected credit losses has been recorded for trade receivables.

The following table sets forth a breakdown of trade receivables by currency:

	At December 31	
	2023	2022
	(€ thousand)	
Trade receivables denominated in:		
Euro	18,474	14,182
Pound Sterling	4,566	9,689
Total	**23,040**	**23,871**

Financial receivables

At December 31, 2023, non-current financial receivables of €34,762 thousand (€26,704 thousand at December 31, 2022) related to receivables from subsidiaries, mainly Ferrari S.p.A., and primarily for recharges of share-based compensation relating to equity instruments awarded to employees of the subsidiaries of the Group under the Group's equity incentive plans and under the broad-based employee share ownership plan, pursuant to an intercompany agreement. The carrying amount of financial receivables is considered to approximate their fair value.

Other current assets

Other current assets of €61,298 thousand at December 31, 2023 (€74,529 thousand at December 31, 2022) primarily include VAT credits and to a lesser extent prepaid expenses.

11. FERRARI GROUP CASH MANAGEMENT POOLS

Ferrari Group cash management pools relate to the Company's participation in a group-wide cash management system that is managed centrally by Ferrari S.p.A. and amounted to a net liability of €2,764 thousand at December 31, 2023 (a net liability of €5,398 thousand at December 31, 2022). Amounts in cash management pools at December 31, 2023 and 2022 were entirely denominated in Pound Sterling.

	At December 31, 2022	Proceeds	Repayments	Translation differences	At December 31, 2023
			(€ thousand)		
Ferrari Group cash management pools - Liability	**5,398**	18,740	(21,548)	174	**2,764**

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to €97,432 thousand at December 31, 2023 (€110,702 thousand at December 31, 2022) and were primarily denominated in Euro.

The carrying amount of cash and cash equivalents is deemed to be in line with their fair value. There was no restricted cash at December 31, 2023 and 2022.

The Company's cash and cash equivalents are held on bank and deposit accounts with primary financial institutions and highly rated money market funds. It is the Ferrari Group's policy to continuously monitor counterparty risk and limit concentration of bank and deposit accounts to a maximum of 25% of the total with a single financial counterpart. With specific reference to Money Market Funds, instead, the invested amounts in any specific fund must not exceed 10% of the par value of such. The Company considers its credit risk with respect to its cash and cash equivalents to be low considering that they are held with primary financial institutions and the maximum exposure with any one counterparty is limited. See Note 30 "*Qualitative and quantitative information on financial risks*" to the Consolidated Financial Statements for additional details.

13. EQUITY

Share capital

At December 31, 2023 and 2022 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 December 31, 2023, the Company had 13,505,409 common shares and 16,240 special voting shares held in treasury, while at December 31, 2022, the Company had 11,970,001 common shares and 5,199 special voting shares. Shares in treasury include shares repurchased under the Group's share repurchase program, which are recorded 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. At December 31, 2023 and 2022 the Company held in treasury 5.26 percent and 4.65 percent of the total issued share capital of the Company, respectively.(1)

(1) The percentage of shares held in treasury compared to total issued share capital remains substantially 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 year ended December 31, 2023 and 2022:

	Common shares	Special voting shares	Total
Outstanding shares at December 31, 2021	**183,843,396**	**63,344,922**	**247,188,318**
Common shares repurchased under share repurchase program(1)	(1,966,816)	—	(1,966,816)
Common shares assigned under equity incentive plans(2)	76,918	—	76,918
Other changes(3)	—	(1,009)	(1,009)
Outstanding shares at December 31, 2022	**181,953,498**	**63,343,913**	**245,297,411**
Common shares repurchased under share repurchase program(4)	(1,630,171)	—	(1,630,171)
Common shares assigned under equity incentive plans(5)	94,763	—	94,763
Other changes(3)	—	(11,041)	(11,041)
Outstanding shares at December 31, 2023	**180,418,090**	**63,332,872**	**243,750,962**

(1) *Includes shares repurchased under the share repurchase program between January 1, 2022 and December 31, 2022 based on the transaction trade date, for a total consideration of €384,869 thousand, including transaction costs.*

(2) *On March 16, 2022, 122,125 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 the same day, the Company purchased 56,517 common shares, for a total consideration of €10,365 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 a cross transaction. On May 25, 2022, 6,643 common shares, which were previously held in treasury, were assigned to certain employees. On the same day, the Company purchased 3,185 common shares, for a total consideration of €562 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 a cross transaction. On December 2, 2022, 11,218 common shares, which were previously held in treasury, were assigned to participants of the equity incentive plans. On the same day, the Company purchased, 3,366 common shares, for a total consideration of €726 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 a cross transaction. See Note 21 "Share-Based Compensation" for additional details relating to the Group's equity incentive plans.*

(3) *Relates to the deregistration of certain special voting shares under the Company's special voting shares term and conditions.*

(4) *Includes shares repurchased under the share repurchase program between January 1, 2023 and December 31, 2023 based on the transaction trade date, for a total consideration of €460,629 thousand (including Sell to Cover, described below), including transaction costs.*

(5) *On March 15, 2023, 80,305 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 15, 2023, the Company purchased 34,671 common shares, for a total consideration of €8,448 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 a cross transaction. On July 17, 2023 the Company assigned 49,129 shares related to commercial agreements with certain suppliers and other shares awards. See Note 21 "Share-Based Compensation" for additional details elating to the Group's equity incentive plans.*

The loyalty voting structure

The purpose of the loyalty voting structure is to reward ownership of the Company's common shares and to promote stability of the Company's shareholder base by granting long-term shareholders of the Company with special voting shares. Following the separation of Ferrari from the Stellantis Group (previously referred to as Fiat Chrysler Automobiles N.V. or FCA prior to the merger between FCA and Peugeot S.A. completed on January 16, 2021, which resulted in the creation of Stellantis N.V.) in 2016, Exor N.V. ("Exor") and Piero Ferrari participate in the Company's loyalty voting program and, therefore, effectively hold two votes for each of the common shares they hold. Investors who purchase common shares may elect to participate in the loyalty voting program by registering their common shares in the loyalty share register and holding them for three years. The loyalty voting program will be affected by means of the issue of special voting shares to eligible holders of common shares. Each special voting share entitles the holder to exercise one vote at the Company's shareholder meetings. Only a minimal dividend accrues to the special voting shares allocated to a separate special dividend reserve, and the special voting shares do not carry any entitlement to any other reserve of the Group. The special voting shares have only immaterial economic entitlements and, as a result, do not impact the Company's earnings per share calculation.

Share premium

The share premium reserve amounted to €5,768,544 thousand at both December 31, 2023 and December 31, 2022.

Retained earnings

Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 14, 2023, a dividend distribution of €1.810 per common share was approved, corresponding to a total distribution of €328,631 thousand. The distribution was made from the retained earnings reserve.

Following approval of the annual accounts by the shareholders at the Annual General Meeting of the Shareholders on April 13, 2022, a dividend distribution of €1.362 per common share was approved, corresponding to a total distribution of €249,522 thousand. The distribution was made from the retained earnings reserve.

Other reserves

Other reserves includes, among others:

- a treasury reserve of €1,704,673 thousand at December 31, 2023 and €1,244,045 thousand at December 31, 2022.
- a share-based compensation reserve of €38,106 thousand at December 31, 2023 and €28,574 thousand at December 31, 2022.
- a legal reserve of €46 thousand at December 31, 2023 and €19 thousand at December 31, 2022, determined in accordance with Dutch law.

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity up to at least the total amount of the legal reserve, as well as other reserves mandated per the Company Articles of Association. At December 31, 2023, the legal and non-distributable reserves of the Company amounted to €46 thousand (€19 thousand at December 31, 2022) and included the following:

- The UK Branch operates in the Pound Sterling. At each reporting period end, the assets and liabilities within the UK branch are translated to Euro and the respective foreign currency translation gain or loss is recorded in other comprehensive income. At December 31, 2023, the cumulative translation reserve amounted to €40 thousand (€13 thousand at December 31, 2022).
- The Company records a statutory non-distributable reserve equal to 1 percent of the nominal value of the special voting shares. At December 31, 2023 and 2022, this reserve amounted to €6 thousand.

Reconciliation of Equity and Net Profit

The reconciliation of equity as per the Consolidated Financial Statements to equity as per the Company Financial Statements is provided below:

	At December 31	
	2023	**2022**
	(€ thousand)	
Equity attributable to owners of the parent in the Consolidated Financial Statements of Ferrari N.V.	**3,060,888**	**2,592,857**
Intra-group restructuring	5,969,427	5,969,427
Difference in OCI reserves	(64,868)	(90,515)
Cumulative results of prior years of subsidiaries in the Consolidated Financial Statements	(5,074,191)	(4,090,009)
Results of subsidiaries in the Consolidated Financial Statements	(1,369,289)	(984,182)
Cumulative dividends in prior years	1,916,700	1,216,700
Other changes	(2,709)	(2,709)
Dividends	500,000	700,000
Equity in the Company Financial Statements of Ferrari N.V	**4,935,958**	**5,311,569**

The reconciliation of net profit as per the Consolidated Financial Statements to net profit as per the Company Financial Statements is provided below:

	At December 31	
	2023	2022
	(€ thousand)	
Net profit attributable to owners of the parent in the Consolidated Financial Statements of Ferrari N.V.	**1,252,048**	**932,614**
Results of subsidiaries in the Consolidated Financial Statements	(1,369,289)	(984,182)
Dividends	500,000	700,000
Net profit in the Company Financial Statements of Ferrari N.V.	**382,759**	**648,432**

14. SHARE-BASED COMPENSATION

Equity incentive plans

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 Ferrari Leadership Team (hereinafter also the "FLT") and other key employees of the Group.

Equity Incentive Plan 2020-2022

In the first quarter of 2023, 36,090 2020-2022 PSU awards vested (representing 95 percent of the target PSU awards) as a result of the achievement of the related performance conditions and 32,339 2020-2022 RSU awards vested upon achievement of the related service conditions. As a result, 68,429 common shares, which were previously held in treasury, were assigned to participants of the plan in the first quarter of 2023. There are no further awards outstanding for the Equity Incentive Plan 2020-2022.

Equity Incentive Plan 2021-2023

Under the Equity Incentive Plan 2021-2023 approved in 2021, the Company awarded approximately 50 thousand 2021-2023 PSUs and approximately 41 thousand 2021-2023 RSUs to the Executive Chairman, members of the FLT and other key employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2021 to 2023.

2021-2023 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 50 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eight;
(ii) EBITDA Target - 30 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;
(iii) Innovation Target - 20 percent of the awards vest based on the achievement of defined objectives for technological innovation and the development of the new model pipeline over the performance period.

Each target is settled independently of the other targets. The awards vest in 2024 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

In March 2024, 41,338 2021-2023 PSU awards are expected to vest (representing approximately 122 percent of the target PSU awards) as a result of the achievement of the related performance conditions (described above) and an equal number of common shares held in treasury will be assigned to participants of the plan, following which there will be no further 2021-2023 PSU awards outstanding.

2021-2023 RSU awards

In March 2024, 29,550 2021-2023 RSU awards are expected to vest as a result of the achievement of the related service condition, which is the recipient's continued employment with the Company at the time of vesting, and an equal number of common shares held in treasury will be assigned to participants of the plan, following which there will be no further 2021-2023 RSU awards outstanding.

<u>Equity Incentive Plan 2022-2024</u>

Under the Equity Incentive Plan 2022-2024 approved in 2022, the Company awarded approximately 72 thousand 2022-2024 PSUs to the Executive Chairman, the CEO, the remaining members of the FLT and other employees of the Group, and approximately 26 thousand 2022-2024 RSUs to members of the FLT and other employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2022 to 2024.

2022-2024 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 40 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eleven;

(ii) EBITDA Target - 40 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;

(iii) ESG Target - 20 percent of the awards vest based on the achievement of defined objectives relating to environmental and social factors. In particular, 50 percent of the ESG Target is based on the reduction of CO_2 carbon emissions and 50 percent is based on the maintenance of the equal salary certification.

Each target is settled independently of the other targets. The awards vest in 2025 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

2022-2024 RSU awards

The awards vest in 2025, subject to the recipient's continued employment with the Company at the time of vesting.

<u>Equity Incentive Plan 2023-2025</u>

Under the Equity Incentive Plan 2023-2025 approved in 2023, the Company awarded approximately 58 thousand 2023-2025 PSUs to the Executive Chairman, the CEO, the remaining members of the FLT and other employees of the Group, and approximately 22 thousand 2023-2025 RSUs to members of the FLT and other employees of the Group. These PSUs and RSUs cover the three-year performance and service periods from 2023 to 2025.

2023-2025 PSU awards

The vesting of the awards is based on the achievement of defined key performance indicators as follows:

(i) TSR Target - 40 percent of the awards vest based on the achievement of the TSR ranking of Ferrari compared to an industry specific Peer Group of eleven;

(ii) EBITDA Target - 40 percent of the awards vest based on the achievement of an EBITDA target determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan;

(iii) ESG Target - 20 percent of the awards vest based on the achievement of defined objectives relating to environmental and social factors. In particular, 50 percent of the ESG Target is based on the reduction of CO_2 carbon emissions and 50 percent is based on the maintenance of the equal salary certification.

Each target is settled independently of the other targets. The awards vest in 2026 and the total number of shares assigned upon vesting depends on the level of achievement of the targets.

2023-2025 RSU awards

The awards vest in 2026, subject to the recipient's continued employment with the Company at the time of vesting.

Supplemental information relating to the Equity Incentive Plan 2023-2025 is summarized below.

TSR Target

The number of 2023-2025 PSUs with a TSR Target that vest under the Equity Incentive Plan 2023-2025 is based on the Company's TSR performance over the relevant performance period compared to an industry-specific peer group as summarized below.

Ferrari TSR Ranking	% of Target Awards that Vest
1	175%
2	150%
3	125%
4	100%
5	75%
6	50%
>6	0%

The defined peer group (including the Company) for the TSR Target is presented below.

Ferrari	Aston Martin	Burberry	Estee Lauder
Hermes	Kering	LVMH	Mercedes Benz Group AG
Moncler	Prada	Richemont	

EBITDA Target

The number of 2023-2025 PSUs with an EBITDA Target that vest under the Equity Incentive Plan 2023-2025 is determined by comparing Adjusted EBITDA to the Adjusted EBITDA targets derived from the Group's business plan, as summarized below.

Actual Adjusted EBITDA Compared to Business Plan	% of Awards that Vest
+15%	175%
+10%	150%
+5%	125%
Business Plan Target	100%
-5%	75%
<-5%	0%

Fair values and key assumptions

The fair value of the 2023-2025 PSU awards used for accounting purposes was measured at the grant date using a Monte Carlo Simulation model. The fair value of the 2023-2025 RSU awards was measured using the share price at the grant date adjusted for the present value of future distributions which the recipients will not receive during the vesting period.

The fair value of the PSUs and RSUs that were awarded under the Equity Incentive Plan 2023-2025, which is determined based on actuarial calculations that apply certain assumptions and take into consideration the specific characteristics of the awards granted, is summarized in the following table.

Equity Incentive Plan 2023-2025

PSUs	€236.30
RSUs	€253.76

The key assumptions utilized to calculate the grant-date fair values of the PSUs that were awarded under the Equity Incentive Plan 2023-2025 are summarized below:

Equity Incentive Plan 2023-2025

Grant date share price	€259.60
Expected volatility	27.9%
Dividend yield	0.75%
Risk-free rate	2.90%

The expected volatility was based on the observed volatility of the defined peer group. The risk-free rate was based on the iBoxx sovereign Eurozone yield.

Broad-based employee share ownership plan

In November 2023 the Company announced that it would launch a broad-based employee share ownership plan in the early months of 2024 under which each employee will be given the option to become a shareholder of the Company, receiving a one-off grant of shares worth up to a maximum of approximately €2 thousand. If the employee holds the shares for at least 36 months, the Company will grant them an additional tranche of shares worth up to 15 percent of the value of the first allocation.

Other share-based compensation

During 2022, the Company awarded 15,271 share awards, which each represent the right to receive one Ferrari common share, to certain employees, of which 6,643 share awards vested immediately at the grant date. In 2023 6,838 share awards vested and 1,309 share awards were forfeited. At December 31, 2023, 481 share awards remained outstanding and will vest in 2024, subject to the recipient’s continued employment with the Company at the time of vesting. The fair value of the awards was equal to €203, measured using the share price at the grant date adjusted for the present value of future distributions which the recipients will not receive during the vesting period.

The Company also provides share-based payments for services received as part of commercial agreements with certain suppliers.

Outstanding share awards

The following table presents the changes to the outstanding share awards under the Group's share-based payment arrangements:

	PSU Awards	RSU Awards	Other Awards	Total Outstanding Awards
Balance at December 31, 2021	**152,172**	**123,661**	**—**	**275,833**
Granted	72,373	26,574	64,048	162,995
Forfeited	(16,327)	(8,934)	—	(25,261)
Vested	(68,013)	(54,112)	(6,643)	(128,768)
Balance at December 31, 2022	**140,205**	**87,189**	**57,405**	**284,799**
Granted	58,381	21,939	63,217	143,537
Forfeited	(8,117)	(3,544)	(1,309)	(12,970)
Vested	(36,090)	(32,339)	(55,614)	(124,043)
Balance at December 31, 2023	**154,379**	**73,245**	**63,699**	**291,323**

Share-based compensation expense

The following table presents the share based compensation expense recognized for the years ended December 31, 2023, 2022 and 2021, as well as the unrecognized share-based compensation at December 31, 2023, 2022 and 2021.

	For the years ended December 31,		
	2023	2022	2021
		(€ thousand)	
Equity incentive plans and other share-based awards	15,154	16,172	11,689
Broad-based employee share ownership plan	10,222	—	—
Commercial agreements with suppliers	4,563	4,688	2,206
Total share-based compensation expense	**29,939**	**20,860**	**13,895**

	At December 31,		
	2023	2022	2021
		(€ thousand)	
Unrecognized share-based compensation expense	**12,954**	**16,069**	**11,082**

For the years ended December 31, 2023, 2022 and 2021, the Group recognized €15,154 thousand, €16,172 thousand and €11,689 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 and other share-based awards to the Group's employees. For the year ended December 31, 2023 the Group recognized €10,222 thousand as share-based compensation expense in relation to the broad-based share ownership plan announced in November 2023. In 2023 and 2022 the Group also recognized share-based compensation expense of €4,563 thousand and €4,688 thousand, respectively, as part of commercial agreements with certain suppliers.

Pursuant to an agreement between the Company and various subsidiaries of the Group, the Company recharges subsidiaries for share-based compensation relating to equity instruments awarded to employees or suppliers of the subsidiaries under the equity incentive plans or other share-based payments. Of the share-based compensation recognized in 2023, €3,862 thousand was recognized as an expense in cost of sales and selling, general and administrative costs, and €26,077 thousand was recorded as financial receivables in relation to share-based compensation recharged to subsidiaries (€4,943 thousand and €15,917 thousand respectively for the year ended December 31, 2022).

15. DEBT

The following table provides a breakdown of debt by nature and split between current and non-current.

	At December 31,					
	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
	(€ thousand)					
Financial liabilities with related parties	2,934,848	—	2,934,848	2,159,120	—	2,159,120
Bonds and notes	—	903,673	903,673	394,628	1,095,691	1,490,319
Borrowings from banks and other financial institutions	81,097	124,167	205,264	—	—	—
Lease liabilities	801	1,732	2,533	244	1,451	1,695
Total debt	**3,016,746**	**1,029,572**	**4,046,318**	**2,553,992**	**1,097,142**	**3,651,134**

The following tables present the change in debt, indicating separately financing cash flows and other movements.

		Financing cash flows			
	At December 31, 2022	Proceeds from borrowings	Repayments of borrowings	Interest accrued/ (paid) and other [(1)(2)]	At December 31, 2023
		(€ thousand)			
Financial liabilities with related parties	**2,159,120**	2,900,000	(2,159,120)	34,848	**2,934,848**
Bonds and notes	**1,490,319**	—	(575,702)	(10,944)	**903,673**
Borrowings from banks and other financial institutions	—	250,000	(47,500)	2,764	**205,264**
Lease liabilities	**1,695**	—	(672)	1,510	**2,533**
Total	**3,651,134**	**3,150,000**	**(2,782,994)**	**28,178**	**4,046,318**

		Financing cash flows			
	At December 31, 2021	Proceeds from borrowings	Repayments of borrowings	Interest accrued/ (paid) and other [(1)]	At December 31, 2022
Financial liabilities with related parties	**2,140,341**	2,150,000	(2,140,000)	8,779	**2,159,120**
Bonds and notes	**1,487,110**	—	—	3,209	**1,490,319**
Lease liabilities	**2,141**	—	(348)	(98)	**1,695**
Total	**3,629,592**	**2,150,000**	**(2,140,348)**	**11,890**	**3,651,134**

(1) Other changes in lease liabilities relates entirely to non-cash movements for the recognition of additional lease liabilities in accordance with IFRS 16.
(2) Includes gains of €7,940 thousand realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025.

Contractual undiscounted cash flows

The following tables present the contractual maturities (contractual undiscounted cash flows, including interest) of the Company's debt based on relevant maturity groupings.

	Contractual cash flows at December 31, 2023					
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	As reported at December 31, 2023 (*)
	(€ thousand)					
Financial liabilities with related parties	3,006,742	—	—	—	3,006,742	2,934,848
Bonds and notes	11,714	458,619	14,850	460,106	945,289	903,673
Borrowings from banks and other financial institutions	86,780	83,047	46,813	—	216,640	205,264
Lease liabilities	886	804	587	425	2,702	2,533
Total debt	**3,106,122**	**542,470**	**62,250**	**460,531**	**4,171,373**	**4,046,318**

	Contractual cash flows at December 31, 2022					
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	As reported at December 31, 2022 (*)
	(€ thousand)					
Financial liabilities with related parties	2,188,623	—	—	—	2,188,623	2,159,120
Bonds and notes	400,475	14,700	668,777	464,648	1,548,600	1,490,319
Lease liabilities	391	358	980	—	1,729	1,695
Total debt	**2,589,489**	**15,058**	**669,757**	**464,648**	**3,738,952**	**3,651,134**

(*) As reported in the consolidated statement of financial position

Financial liabilities with related parties

Financial liabilities with related parties at December 31, 2023 are broken down as follows:

Counterparty	Currency	Total amount outstanding at December 31, 2023	Due date	Interest Rate
		(€ thousand)		
Ferrari S.p.A.	Euro	510,596	January 2024(*)	EURIBOR + 60bps
Ferrari S.p.A.	Euro	506,915	March 2024	EURIBOR + 60bps
Ferrari S.p.A.	Euro	357,689	July 2024	EURIBOR + 60bps
Ferrari S.p.A.	Euro	70,988	July 2024	EURIBOR + 60bps
Ferrari S.p.A.	Euro	806,079	October 2024	EURIBOR + 31bps
Ferrari S.p.A.	Euro	80,489	July 2024	EURIBOR + 60bps
Ferrari S.p.A.	Euro	501,927	November 2024	EURIBOR + 31bps
Ferrari S.p.A.	Euro	100,165	December 2024	EURIBOR + 31bps
Total		**2,934,848**		

(*) The financial liabilities due in January 2024 were refinanced with Ferrari S.p.A. for €500 million due in January 2025 at the EURIBOR plus spread of 31 basis point.

Financial liabilities with related parties at December 31, 2022 are broken down as follows:

Counterparty	Currency	Total amount outstanding at December 31, 2022	Due date	Interest Rate
		(€ thousand)		
Ferrari S.p.A.	Euro	400,122	January 2023 (*)	EURIBOR + 60bps
Ferrari S.p.A.	Euro	50,256	January 2023 (*)	EURIBOR + 60bps
Ferrari S.p.A.	Euro	50,325	January 2023 (*)	EURIBOR + 60bps
Ferrari S.p.A.	Euro	503,542	March 2023	EURIBOR + 60bps
Ferrari S.p.A.	Euro	100,455	July 2023	EURIBOR + 60bps
Ferrari S.p.A.	Euro	803,745	October 2023	EURIBOR + 60bps
Ferrari S.p.A.	Euro	250,675	November 2023	EURIBOR + 60bps
Total		**2,159,120**		

(*) *The financial liabilities due in January 2023 were refinanced with Ferrari S.p.A. for €500 million due in January 2024 at the same spread and base interest rate of the original liabilities.*

During 2023, certain debt agreements with Ferrari S.p.A. were renewed. Proceeds from financial liabilities with related parties amounted to €2,900,000 thousand in 2023 (€2,150,000 thousand in 2022). Repayments of financial liabilities with related parties amounted to €2,159,120 thousand in 2023 (€2,140,000 thousand in 2022).

At December 31, 2023 a 25 basis point increase in interest rates on the floating rate financial liabilities, with all other variables held constant, would have resulted in a decrease in profit before tax of €7,843 thousand on an annualized basis (a decrease in profit before tax of €2,159 thousand at December 31, 2022 for an increase of 10 basis points).

The carrying amount of the financial liabilities with related parties approximates fair value. Information on covenants of the notes, fair value measurement and qualitative and quantitative information on financial risks are provided in Note 24, Note 27 and Note 30, respectively, to the Consolidated Financial Statements. Further information on the Group's liquidity is provided in the "*Liquidity and Capital Resources*" section of this Annual Report. Based on this information the Company deems the going concern assumption adequate.

Bonds and notes

2023 Bond

On March 16, 2023 the Company fully repaid the 2023 Bond for a total consideration of €390,374 thousand (including accrued interest). The bond was previously issued on March 16, 2016, for a principal amount of €500 million at a coupon of 1.5 percent and due on March 2023. Following a cash tender offer, in July 2019 the Company executed the partial repurchase of these notes for an aggregate nominal amount of €115,395 thousand. The amount outstanding at December 31, 2022 was €388,947 thousand including accrued interest of €4,567 thousand.

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. Following a cash tender offer, in July 2023, the Group accepted for purchase valid tenders of the 2025 Bond for an aggregate nominal amount of €199,037 thousand and at a purchase price of €191,097 thousand, resulting in gains of €7,940 thousand, which were recognized within financial income. The repurchases were settled in July 2023. The amount outstanding of the 2025 Bond at December 31, 2023 was €453,027 thousand, including accrued interest of €4,097 thousand (€650,923 thousand, including accrued interest of €5,818 thousand at December 31, 2022).

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 December 31, 2023 was €150,218 thousand, including accrued interest of €700 thousand (€150,135 thousand, including accrued interest of €700 thousand at December 31, 2021). The amount outstanding of the 2031 Notes at December 31, 2023 was €150,246 thousand, including accrued interest of €794 thousand (€150,178 thousand including accrued interest of €794 thousand at December 31, 2021).

2032 Notes

On July 29, 2021, the Company issued 0.91 percent senior notes due January 2032 ("2032 Notes") through a private placement to certain US institutional investors having a principal of €150 million. The net proceeds from the issuance amounted to €149,495 thousand and the yield to maturity on an annual basis equals the nominal coupon rates of the Notes. The Notes are used for general corporate purposes. The amount outstanding of the 2032 Notes at December 31, 2023 was €150,182 thousand, including accrued interest of €587 thousand (€150,136 thousand, including accrued interest of €577 thousand at December 31, 2022).

The aforementioned 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. At December 31, 2023 and 2022, Ferrari was in compliance with the covenants of the notes.

Borrowing from bank and other financial institution

		Amount Outstanding at December 31,		
Borrowing Entity	**Currency**	**2023**	**2022**	**Maturity Date**
		(€ thousand)		
Ferrari N.V. [(1)]	EUR	130,224	—	January 2026
Ferrari N.V. [(1)]	EUR	75,040	—	March 2026
Total borrowings from banks and other financial institutions		**205,264**	**—**	

(1) Amortized term loans bearing an average interest rate of 4.663 percent as of December 31, 2023.

Lease liabilities

At December 31, 2023 lease liabilities amounted to €2,533 thousand (€1,695 thousand at December 31, 2022).

Committed credit lines

At December 31, 2023, the Group had total committed credit lines available and undrawn amounting to €600 million and with maturities ranging from 2024 to 2026 (€669 million at December 31, 2022).

16. TRADE PAYABLES

	At December 31	
	2023	2022
	(€ thousand)	
Payables due to related parties	475	6,171
Payables due to third parties	1,268	1,362
Total trade payables	**1,743**	**7,533**

Payables due to related parties primarily relate to amounts payable to Ferrari S.p.A. for corporate services rendered and costs recharged. Payables due to third parties primarily relate to costs for marketing-related events and legal and professional services.

The following sets for a breakdown of trade payables by currency:

	At December 31	
	2023	2022
	(€ thousand)	
Euro	982	7,140
Pound Sterling	761	393
Total trade payables	**1,743**	**7,533**

Trade payables are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

17. OTHER CURRENT LIABILITIES

Other current liabilities amounted to €35,051 thousand at December 31, 2023 (€36,233 thousand at December 31, 2022) and primarily relate to indirect tax payables, payables to personnel and dividends.

18. EARNINGS PER SHARE

Earnings per share information is provided in Note 12 to the Consolidated Financial Statements.

19. NOTE TO THE STATEMENT OF CASH FLOWS

Operating activities

Other non-cash income and expenses for 2023 and 2022 primarily relate to share-based compensation expense and for 2023 also include gains of €7,940 thousand realized on the partial cash tender executed during the third quarter of 2023 on a bond due in 2025 as well as interest income on cash and cash equivalents.(€4,790 thousand in 2022).

20. AUDIT FEES

Ernst & Young Accountants LLP ceased to be the independent auditor of the Company upon the completion of their 2022 financial year audits due to mandatory audit firm rotation rules. At the April 13, 2022 Annual General Meeting of the Shareholders, Deloitte Accountants B.V., was appointed the Company's independent auditor for the nine-year period from 2023 to 2031.

The fees for services provided by the Company's independent registered public accounting firm, and its member firms and/or affiliates, to the Company and its subsidiaries that in 2023 and 2022 referred to Deloitte Accountants B.V. and Ernst & Young Accountants LLP, respectively, are broken down as follows:

	At December 31	
	2023	2022
	(€ thousand)	
Audit fees	1,254	1,280
Tax fees	9	—
Audit-related fees	265	278
All other fees	60	375
Total	**1,588**	**1,933**

In 2023, audit fees and audit-related fees of Deloitte Accountants B.V. amounted to €88 thousand and €50 thousand, respectively, and are included in the table above.

In 2022, audit fees and audit-related fees of Ernst & Young Accountants LLP amounted to €80 thousand and €63 thousand, respectively, and are included in the table above.

21. REMUNERATION

Detailed information on the remuneration of the Board of Directors and senior management is included in the "*Corporate Governance*" and "*Remuneration of Directors*" sections to the Annual Report.

22. COMMITMENTS AND CONTINGENCIES

At December 31, 2023 and 2022, the Company provided guarantees over certain debt of its subsidiary Ferrari Financial Services Inc. The book value of the related debt at December 31, 2023 and 2022 was €73,153 thousand and €75,665 thousand, respectively.

For intercompany financial guarantees issued by the Company there is no significant expected default and therefore the financial guarantees are not recognized.

23. RELATED PARTY TRANSACTIONS

Pursuant to IAS 24, the related parties with which the Company has transactions are Ferrari S.p.A. and other companies within the Ferrari Group. The Group carries out transactions with related parties on commercial terms that are normal in their respective markets, considering the characteristics of the goods or services involved.

Related party transactions include:

- Dividends received from Ferrari S.p.A. (Note 4);
- Corporate services and recharge of expenses to Ferrari S.p.A. (Note 5);
- Share services received from Ferrari S.p.A. mainly related to human resources, payroll, tax, legal, accounting and treasury. (Note 5);
- Participation in a Ferrari Group-wide cash management system where the operating cash management, main funding operations and liquidity investment of the Ferrari Group are centrally coordinated by Ferrari S.p.A. Amounts recorded as Ferrari Group cash management pools represented the Company's participation in such pools. (Note 11);
- Financial liabilities and receivables with Ferrari S.p.A. or other subsidiaries of the Group. (Note 15 and Note 16);

- Key management compensation. (Note 21).

The impact of transactions with related parties on the Company Financial Statements is disclosed separately in the relevant notes.

24. ORGANIZATIONAL STRUCTURE

The following table sets forth the Company's subsidiaries and associates at December 31, 2023.

Name	Country	Nature of business	Shares held by the Group
Subsidiaries directly held			
Ferrari S.p.A.	Italy	Engineering, manufacturing and sales	100%
New Business 33 S.p.A.	Italy	Engineering, manufacturing and sales	100%
Subsidiaries indirectly held through Ferrari S.p.A.			
Ferrari North America, Inc.	USA	Importer and distributor	100%
Ferrari Japan KK	Japan	Importer and distributor	100%
Ferrari Australasia Pty Limited	Australia	Importer and distributor	100%
Ferrari International Cars Trading (Shanghai) Co. L.t.d.	China	Importer and distributor	80%
Ferrari (HK) Limited	Hong Kong	Importer and distributor	100%
Ferrari Far East Pte Limited	Singapore	Service company	100%
Ferrari Management Consulting (Shanghai) Co. L.t.d.	China	Service company	100%
Ferrari South West Europe S.a.r.l.	France	Service company	100%
Ferrari Central Europe GmbH	Germany	Service company	100%
G.S.A. S.A. in liquidation	Switzerland	Service company	100%
Mugello Circuit S.p.A.	Italy	Racetrack management	100%
Ferrari Financial Services, Inc.	USA	Financial services	100%
Subsidiaries indirectly held through other Group entities			
Ferrari Auto Securitization Transaction, LLC(1)	USA	Financial services	100%
Ferrari Auto Securitization Transaction - Lease, LLC(1)	USA	Financial services	100%
Ferrari Auto Securitization Transaction - Select, LLC(1)	USA	Financial services	100%
Ferrari Financial Services Titling Trust(1)	USA	Financial services	100%
Ferrari Lifestyle North America, Inc.(2)(3)	USA	Retail	100%
Associates directly held			
Fondazione Casa di Enzo Ferrari	Italy	Service company	25%
Branches			
UK Branch	UK	Sales and after sales support	

(1) Shareholding held by Ferrari Financial Services, Inc.
(2) Shareholding held by Ferrari North America, Inc.
(3) Effective as of January 12, 2024, the company changed its name from 410 Park Display, Inc to Ferrari Lifestyle North America, Inc.

25. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 22, 2024, which is the date the Company Financial Statements were authorized for issuance, and identified the following matters:

Under the common share repurchase program, from January 1, 2024 to February 16, 2024 the Company purchased an additional 187,642 common shares for total consideration of €60.9 million. At February 16, 2024, the Company held in treasury an aggregate of 13,693,051 common shares.

On February 22, 2024, the Board of Directors of Ferrari N.V. recommended to the Company's shareholders that the Company declare a dividend of €2.443 per common share, totaling approximately €440 million. The proposal is subject to the approval of the Company's shareholders at the Annual General Meeting to be held on April 17, 2024.

February 22, 2024

Board of Directors

John Elkann
Piero Ferrari
Benedetto Vigna
Delphine Arnault
Francesca Bellettini
Eddy Cue
Sergio Duca
John Galantic
Maria Patrizia Grieco
Adam Keswick
Mike Volpi

OTHER INFORMATION

Additional Information for Netherlands Corporate Governance

Independent Auditor's Report

The report of the Company's independent auditor, Deloitte Accountants B.V., the Netherlands, is set forth at the end of this Annual Report.

Dividends

Dividends will be determined in accordance with article 23 of the Articles of Association of Ferrari N.V. The relevant provisions of the Articles of Association read as follows:

1. The Company shall maintain a special capital reserve to be credited against the share premium exclusively for the purpose of facilitating any issuance or cancellation of special voting shares. The special voting shares shall not carry any entitlement to the balance of the special capital reserve. The Board of Directors shall be authorized to resolve upon (i) any distribution out of the special capital reserve to pay up special voting shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserve.

2. The Company shall maintain a separate dividend reserve for the special voting shares. The special voting shares shall not carry any entitlement to any other reserve of the Company. Any distribution out of the special voting rights dividend reserve or the partial or full release of such reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares.

3. From the profits, shown in the annual accounts, as adopted, such amounts shall be reserved as the Board of Directors may determine.

4. The profits remaining thereafter shall first be applied to allocate and add to the special voting shares dividend reserve an amount equal to one percent (1%) of the aggregate nominal value of all outstanding special voting shares. The calculation of the amount to be allocated and added to the special voting shares dividend reserve shall occur on a time-proportionate basis. If special voting shares are issued during the financial year to which the allocation and addition pertains, then the amount to be allocated and added to the special voting shares dividend reserve in respect of these newly issued special voting shares shall be calculated as from the date on which such special voting shares were issued until the last day of the financial year concerned. The special voting shares shall not carry any other entitlement to the profits.

5. Any profits remaining thereafter shall be at the disposal of the general meeting of Shareholders for distribution of profits on the common shares only, subject to the provision of paragraph 8 of this article.

6. Subject to a prior proposal of the Board of Directors, the general meeting of Shareholders may declare and pay distribution of profits and other distributions in United States Dollars. Furthermore, subject to the approval of the general meeting of Shareholders and the Board of Directors having been designated as the body competent to pass a resolution for the issuance of shares in accordance with Article 6, the Board of Directors may decide that a distribution shall be made in the form of shares or that Shareholders shall be given the option to receive a distribution either in cash or in the form of shares.

7. The Company shall only have power to make distributions to Shareholders and other persons entitled to distributable profits to the extent the Company's equity exceeds the sum of the paid in and called up part of the share capital and the reserves that must be maintained pursuant to Dutch law and the Company's Articles of Association. No distribution of profits or other distributions may be made to the Company itself for shares that the Company holds in its own share capital.

8. The distribution of profits shall be made after the adoption of the annual accounts, from which it appears that the same is permitted.

9. The Board of Directors shall have power to declare one or more interim distributions of profits, provided that the requirements of paragraph 7 hereof are duly observed as evidenced by an interim statement of assets and liabilities as referred to in Section 2:105 paragraph 4 of the Dutch Civil Code and provided further that the policy of the Company on additions to reserves and distributions of profits is duly observed. The provisions of paragraphs 2 and 3 hereof shall apply mutatis mutandis.

10. The Board of Directors may determine that distributions are made from the Company's share premium reserve or from any other reserve, provided that payments from reserves may only be made to the Shareholders that are entitled to the relevant reserve upon the dissolution of the Company.

11. Distributions of profits and other distributions shall be made payable in the manner and at such date(s) - within four (4) weeks after declaration thereof - and notice thereof shall be given, as the general meeting of Shareholders, or in the case of interim distributions of profits, the Board of Directors shall determine.

12. Distributions of profits and other distributions, which have not been collected within five (5) years and one (1) day after the same have become payable, shall become the property of the Company.

Branch offices

Please refer to Note 24 to the Company Financial Statements included in this Annual Report.

Additional Information

Offer and Listing Details

In the United States, our common shares are listed and traded on the NYSE (trading symbol "RACE"). Our common shares are also listed and traded on the Euronext Milan (trading symbol "RACE").

Dividend Policy

Subject to the approval by the Shareholders at the 2024 Annual General Meeting, the Company intends to make a dividend distribution to the holders of common shares of Euro 2.433 per common share, corresponding to a total dividend distribution to shareholders of approximately Euro 440 million.

We intend to return capital to holders of common shares over time through a sustainable dividend policy designed to provide adequate returns to shareholders, while supporting growth and protecting our creditworthiness in order to facilitate access to external funding. We intend to pay 35 percent of our annual net profit by way of dividend in the coming years; however, the actual level of dividends will be subject to our earnings, cash balances, commitments, strategic plans and other factors that our Board of Directors may deem relevant at the time of the dividend, including adjustments for income or costs that are significant in nature but expected to occur infrequently. For additional information on distribution of profits, refer to "*Corporate Governance—Memorandum and Articles of Association*". Our dividend policy is subject to change in the future based on changes in statutory requirements, market trends, strategic developments, capital requirements and a number of other factors.

All issued and outstanding common shares will rank equally and will be eligible for any profit or other payment that may be declared on the common shares. Pursuant to our Articles of Association, holders of special voting shares are entitled to a minimum dividend, which is allocated to the special dividend reserve. A distribution from the special dividend reserve or the (partial) release of the special dividend reserve will require a prior proposal from the Board of Directors and a subsequent resolution of the meeting of holders of special voting shares. Ferrari does not intend to propose any distribution from the special dividend reserve.

For additional information on distribution of profits, refer to "*Corporate Governance—Memorandum and Articles of Association*". In addition, we are carrying out a share repurchase program. For additional information please refer to "*Other Information—Additional Information—Purchases of Equity Securities by the Issuer and Affiliated Purchasers*".

Principal Accountant Fees and Services

Deloitte & Touche S.p.A., the member firms of Deloitte and their respective affiliates (collectively, the "Deloitte Entities") served as our independent registered public accounting firm for the year ended December 31, 2023. EY S.p.A., the member firms of Ernst & Young and their respective affiliates (collectively, the "Ernst & Young Entities") served as our independent registered public accounting firm for the years ended December 31, 2022. We incurred the following fees for professional services that for the years ended December 31, 2023 and 2022 referred to the Deloitte Entities and the Ernst & Young Entities, respectively:

	For the years ended December 31,	
	2023	2022
	(€ thousands)	
Audit fees	1,254	1,280
Tax fees	9	—
Audit-related fees	265	278
All other fees	60	375
Total	**1,588**	**1,933**

"Audit fees" are the aggregate fees earned by the Principal Accountant Entities for the audit of our consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. "Tax fees" are the aggregate fees charged by the Principal Accountant for professional services rendered for tax compliance activities. "Audit-related fees" are fees charged by the Ernst & Young Entities for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit fees". This category comprises fees for agreed-upon procedures engagements and other attestation services subject to regulatory requirements. "All other fees" are fees earned by the Principal Accountant for non-audit services rendered in connection with market research and benchmarking analyses.

Audit Committee's pre-approval policies and procedures

Our Audit Committee nominates and engages our independent registered public accounting firm to audit our consolidated financial statements. Our Audit Committee has a policy requiring management to obtain the Audit Committee's approval before engaging our independent registered public accounting firm to provide any other audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of our independent registered public accounting firm, the Audit Committee reviews and pre-approves (if appropriate) specific audit and non- audit services in the categories Audit Services, Audit-Related Services, Tax Services, and any other services that may be performed by our independent registered public accounting firm.

Change in Registrant's Certifying Accountant

The disclosure called for by this section was previously reported in our annual report for the year ended on December 31, 2022.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

A multi-year share repurchase program of up to Euro 1.5 billion executed between 2019 and 2022 was announced by the Company at the 2018 Capital Markets Day. Completing in May 2022, this program consisted of six tranches of common shares repurchases, in addition to purchases in relation to the Sell-to-Cover program, and reached a total amount of Euro 960 million.

A new multi-year share repurchase program of approximately Euro 2 billion expected to be executed by 2026 was announced by the Company at the Capital Markets Day held on June 16, 2022 and replaced the previous share repurchase program.

On June 30, 2022, Ferrari announced the launch of a first tranche of up to Euro 150 million in common share repurchases (the "First Tranche of Second Program") under the abovementioned new multi-year share repurchase program. The First Tranche of Second Program started on July 1, 2022 and was completed on November 30, 2022.

On December 1, 2022, Ferrari announced the launch of a second tranche of up to Euro 200 million in common share repurchases (the "Second Tranche of Second Program") under the abovementioned new multi-year repurchase program. The Second Tranche of Second Program started on December 2, 2022 and was completed on June 26, 2023.

On June 30, 2023 Ferrari announced the launch of a third tranche of up to Euro 200 million in common share repurchases (the "Third Tranche of Second Program") under the abovementioned new multi-year repurchase program. The Third Tranche of Second Program started on July 3, 2023 and was completed on October 20, 2023.

On November 7, 2023, Ferrari announced the launch of a fourth tranche of up to Euro 350 million in common share repurchases (the "Fourth Tranche of Second Program"). The Fourth Tranche of Second Program started on November 8, 2023 and is expected to end no later than June 26, 2024.

The First Tranche of Second Program and the Second Tranche of Second Program implemented the resolutions adopted by the Shareholders' Meeting (held on April 13, 2022), the Third Tranche and the Fourth Tranche of the Second Program implemented the resolutions adopted by the Shareholders' Meeting held on April 14, 2023. Both resolutions were duly communicated to the market, which authorized the purchase of up to 10% of the Company's common shares during the eighteen-month period following such Shareholders' Meeting, with the repurchase authority granted in the 2023 meeting currently set to expire on October 13, 2024 unless extended or renewed before such date.

As of December 31, 2023, Ferrari's common shares held in treasury amounted to 13,505,409 and special voting shares held in treasury amounted to 16,240.

The following table reports purchases of Ferrari equity securities by the Company during the year ended December 31, 2023, which were made under the Second Tranche, the Third Tranche and the Fourth Tranche under the aforementioned second multi-year share repurchase program announced on June 16, 2022.

Period	Total Number of Shares Purchased	Average Price Paid per Share (€)(1)(2)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Value of Shares that May Yet Be Purchased under the Plans or Programs (€)
Jan 1 to Jan 31, 2023	123,760	217.7809	123,760	1,793,561,585
Feb 1 to Feb 28, 2023	103,171	245.0181	103,171	1,768,292,913
March 1 to March 31, 2023	144,915	247.5868	144,915	1,732,434,329
April 1 to April 30, 2023	85,321	252.6258	85,321	1,710,878,441
May 1 to May 31, 2023	142,500	268.5634	142,500	1,672,639,164
June 1 to June 30, 2023	81,201	278.8770	81,201	1,649,977,101
July 1 to July 31, 2023	264,792	290.1469	264,792	1,573,107,328
Aug 1 to Aug 31, 202	71,951	290.2921	71,951	1,552,274,113
Sept 1 to Sept 30, 2023	347,936	278.8622	347,936	1,455,129,571
Oct 1 to Oct 31, 2023	17,957	286.9733	17,957	1,449,977,595
Nov 1 to Nov 30, 2023	113,971	328.5944	113,971	1,412,489,170
Dec 1 to Dec 31, 2023	132,696	331.5859	132,696	1,368,593,637
Total	**1,630,171**	**277.1061**	**1,630,171**	

(1) *Repurchases made under the Second, Third and Fourth Tranche of the abovementioned second multi-year share repurchase program announced at the Capital Markets Day held on June 16, 2022. The Second Tranche was completed on June 26, 2023, the Third Tranche was completed on October 20, 2023. The Fourth Tranche of Second Program commenced on November 8, 2023.*

(2) *Share repurchases made on the NYSE have been converted into Euro from U.S. Dollars at the exchange rate reported by the European Central Bank on the respective transaction dates.*

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In addition to the above, in the context of the Group's employee equity incentive plans:

- on March 15, 2023 the Company assigned a total of 80,305 common shares, previously held in treasury, to certain employees of the Group. On the same day, Ferrari purchased, in a "cross order" transaction executed on the Euronext Milan, a total of 34,671 common shares from a group of those employees in order to cover such individuals' taxable income in line with market practice (Sell to Cover) at the average price of Euro 243.6708 per share.

Taxation

Material United States Federal Income Tax Consequences

Ferrari N.V. is a public limited company organized in the Netherlands that is classified as a foreign corporation for U.S. federal income tax purposes.

This section describes the material U.S. federal income tax consequences of owning Ferrari common shares and special voting shares. It applies solely to "U.S. holders" (as defined below) that hold common shares or special voting shares of Ferrari as capital assets.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of common shares of Ferrari that is:

a. an individual that is a citizen or tax resident of the United States;

b. a corporation, or other entity taxable as a corporation, created or organized under the laws of the United States;

c. an estate whose income is subject to U.S. federal income tax, regardless of the income's source; or

d. a trust if (i) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) the trust has made a valid election under applicable Treasury Regulations to be treated as a U.S. person.

This section does not apply to holders that are U.S. persons that are generally subject to special income tax rules, including:

- a dealer in securities or foreign currencies,
- a regulated investment company,
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings,
- a tax-exempt organization,
- a bank, financial institution, or insurance company,
- a person liable for the alternative minimum tax,
- a person that actually or constructively owns 10 percent or more, by vote or value, of Ferrari,
- a person that holds common shares or special voting shares of Ferrari as part of a straddle or a hedging, conversion, or other risk reduction transaction for U.S. federal income tax purposes,
- a person that acquired common shares or special voting shares of Ferrari pursuant to the exercise of employee stock options or otherwise as compensation, or
- a person whose functional currency is not the U.S. Dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the "Code"), its legislative history, existing and proposed regulations, published rulings and court decisions, as well as on applicable tax treaties, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in an entity treated as a partnership for U.S. federal income tax purposes holding shares should consult its tax advisors with regard to the U.S. federal income tax treatment of the ownership of Ferrari common shares.

All holders of Ferrari common shares and special voting shares should consult their own tax advisors regarding the U.S. federal, state and local and foreign and other tax consequences of owning and disposing of Ferrari common shares in their particular circumstances.

Taxation of Dividends

Under the U.S. federal income tax laws, and subject to the discussion of the taxation of a passive foreign income company ("PFIC") below, a U.S. holder must include in its gross income the gross amount of any dividend paid by Ferrari to the extent of its current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Dividends will be taxed as ordinary income to the extent that they are paid out of Ferrari's current or accumulated earnings and profits. Dividends paid to a non-corporate U.S. holder by certain "qualified foreign corporations" that constitute qualified dividend income may be taxable to the holder at the preferential rates applicable to long-term capital gains provided that the holder holds the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and the U.S. holder meets other holding period and tax treaty eligibility requirements.

For this purpose, common shares of Ferrari are treated as stock of a "qualified foreign corporation" if Ferrari is eligible for the benefits of an applicable comprehensive income tax treaty with the United States or if such stock is readily tradable on an established securities market in the United States. The common shares of Ferrari are listed on the New York Stock Exchange and Ferrari expects to be eligible for the benefits of such a treaty. Accordingly, subject to the discussion of PFIC taxation below, dividends Ferrari pays with respect to the shares are expected to constitute qualified dividend income, assuming the holding period requirements are met. However, no assurance can be given that the common shares of Ferrari will be treated as readily tradable on an established securities market in the United States or that Ferrari will qualify for the benefits of a comprehensive income tax treaty with the United States. Further, no assurance can be given that the U.S. holder receiving such dividend will be eligible for the benefits of such a treaty.

If non-U.S. withholding tax is withheld from the dividend payment, a U.S. holder must include such amounting gross amount even though the holder does not in fact receive the amount withheld. The dividend is taxable to a U.S. holder when the U.S. holder receives the dividend, actually or constructively.

The dividend will not be eligible for the dividends-received deduction allowed to U.S. corporations in respect of dividends received from other U.S. corporations. However, subject to limitation, certain U.S. holders that are U.S. corporations may be eligible for a dividend received deduction.

Distributions in excess of current and accumulated earnings and profits, as determined for U.S. federal income tax purposes, will be treated as a non-taxable return of capital to the extent of the U.S. holder's basis in Ferrari common shares, causing a reduction in the U.S. holder's adjusted basis in Ferrari common shares. Any distribution thereafter will likely be considered a capital gain.

Subject to certain limitations, any non-U.S. tax withheld and paid over to a non-U.S. taxing authority is eligible for credit against a U.S. holder's U.S. federal income tax liability except to the extent a refund of the tax withheld is available to the U.S. holder under non-U.S. tax law or under an applicable tax treaty. The amount allowed to a U.S. holder as a credit is limited to the amount of the U.S. holder's U.S. federal income tax liability that is attributable to income from sources outside the U.S. and is computed separately with respect to different types of income that the U.S. holder receives from non-U.S. sources. Subject to the discussion below regarding Section 904(h) of the Code, dividends paid by Ferrari will be foreign source income and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a U.S. holder.

Under Section 904(h) of the Code, dividends paid by a foreign corporation that is 50 percent or more owned, by vote or value, by U.S. persons may be treated as U.S. source income (rather than foreign source income) for foreign tax credit purposes, to the extent the foreign corporation earns U.S. source income, unless such corporation has less than 10 percent of applicable earnings and profits attributable to sources within the U.S. In certain circumstances, U.S. holders may be able to choose the benefits of Section 904(h)(10) of the Code and elect to treat dividends that would otherwise be U.S. source dividends as foreign source dividends, but in such a case the foreign tax credit limitations would be separately determined with respect to such "resourced" income. In general, therefore, the application of Section 904(h) of the Code may adversely affect a U.S. holder's ability to use foreign tax credits. Ferrari does not believe that it is 50 percent or more owned by U.S. persons. In addition, Ferrari believes that its earnings and profits attributable to sources within the U.S. will not exceed 10 percent of applicable earnings and profits. However, these conclusions are factual determinations and are subject to change; no assurance can therefore be given that Ferrari may not be treated as 50 percent or more owned by U.S. persons for purposes of Section 904(h) of the Code or that less than 10 percent of Ferrari's earnings and profits will be attributable to sources within the U.S. U.S. holders are strongly urged to consult their own tax advisors regarding the possible impact if Section 904(h) of the Code should apply.

Taxation of Capital Gains

Subject to the discussion of PFIC taxation and expected tax consequences of the Separation below, a U.S. holder that sells or otherwise disposes of its Ferrari common shares will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference between the U.S. Dollar value of the amount that the U.S. holder realizes and the U.S. holder's tax basis in those shares. Capital gain of a noncorporate U.S. holder may be taxed at preferential rates where the property is held for more than one year. For foreign tax credit limitation purposes, the source of such income will be U.S. source. The deduction of capital losses is subject to limitations.

Nonresident alien individual(s) present in the United States for a period or periods aggregating 183 days or more during the taxable year may be subject to U.S. income taxation upon the disposition of capital property.

Loyalty Voting Program

NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE RECEIPT, OWNERSHIP OR DISPOSITION OF SPECIAL VOTING SHARES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AND AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES ARE UNCERTAIN. ACCORDINGLY, WE URGE U.S. HOLDERS TO CONSULT THEIR TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP AND DISPOSITION OF SPECIAL VOTING SHARES.

Receipt of special voting shares

If a U.S. holder receives special voting shares, the tax consequences of the receipt of special voting shares is unclear. While distributions of stock are tax-free in certain circumstances, it is possible that the distribution of special voting shares could be treated as a distribution subject to tax as described above in "—*Taxation of Dividends*" if such distribution were considered to result in a "disproportionate distribution". If the distribution of special voting shares were so treated, the amount of the distribution should equal the fair market value of the special voting shares received. Ferrari believes and intends to take the position that the value of each special voting share is minimal. However, because the fair market value of the special voting shares is factual and is not governed by any guidance that directly addresses such a situation, the IRS could asserts that the value of the special voting shares (and thus the amount of the distribution) as determined by Ferrari is incorrect.

Ownership of special voting shares

Ferrari believes that U.S. holders holding special voting shares should not have to recognize income in respect of amounts transferred to the special voting shares dividend reserve that are not paid out as dividends. Section 305 of the Code may, in certain circumstances, require a holder of preferred shares to recognize income even if no dividends are actually received on such shares if the preferred shares are redeemable at a premium and the redemption premium results in a "constructive distribution". Preferred shares for this purpose refer to shares that do not participate in corporate growth to any significant extent. Ferrari believes that Section 305 of the Code should not apply to any amounts transferred to the special voting shares dividend reserve that are not paid out as dividends so as to require current income inclusion by U.S. holders because, among other things, (i) the special voting shares are not redeemable on a specific date and a U.S. holder is only entitled to receive amounts in respect of the special voting shares upon liquidation, (ii) Section 305 of the Code does not require the recognition of income in respect of a redemption premium if the redemption premium does not exceed a *de minimis* amount and, even if the amounts transferred to the special voting shares dividend reserve that are not paid out as dividends are considered redemption premium, the amount of the redemption premium is likely to be "*de minimis*" as such term is used in the applicable Treasury Regulations. Ferrari therefore intends to take the position that the transfer of amounts to the special voting shares dividend reserve that are not paid out as dividends does not result in a "constructive distribution," and this determination is binding on all U.S. holders of special voting shares other than a U.S. holder that explicitly discloses its contrary determination in the manner prescribed by the applicable regulations. However, because the tax treatment of the loyalty voting program is unclear and because Ferrari's determination is not binding on the IRS, it is possible that the IRS could disagree with Ferrari's determination and require current income inclusion in respect of such amounts transferred to the special voting shares dividend reserve that are not paid out as dividends.

Disposition of special voting shares

The tax treatment of a U.S. holder that has its special voting shares redeemed for zero consideration after removing its common shares from the Loyalty Register is unclear. It is possible that a U.S. holder would recognize a loss to the extent of the U.S. holder's basis in its special voting shares. Such loss would be a capital loss and would be a long-term capital loss if a U.S. holder has held its special voting shares for more than one year. It is also possible that a U.S. holder would not be allowed to recognize a loss upon the redemption of its special voting shares and instead a U.S. holder should increase the basis in its Ferrari common shares by an amount equal to the basis in its special voting shares. Such basis increase in a U.S. holder's Ferrari common shares would decrease the gain, or increase the loss, that a U.S. holder would recognize upon the sale or other taxable disposition of its Ferrari common shares.

THE U.S. FEDERAL INCOME TAX TREATMENT OF THE LOYALTY VOTING PROGRAM IS UNCLEAR AND U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS IN RESPECT OF THE CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF SPECIAL VOTING SHARES.

PFIC Considerations

Ferrari believes that shares of its stock are not considered stock of a PFIC for U.S. federal income tax purposes, but this conclusion must be factually determined annually, and thus is subject to change. The PFIC regime of taxation is onerous and complex, and can be mitigated through certain through U.S. tax elections. However, because of the administrative burdens involved, Ferrari does not intend to provide information to its holders that would be required to make such election(s) effective.

Because the determination whether a foreign corporation is a PFIC is primarily factual and there is little administrative or judicial authority on which to rely to make a determination, the IRS might not agree that Ferrari is not a PFIC. Moreover, no assurance can be given that Ferrari would not become a PFIC for any future taxable year if there were to be changes in Ferrari's assets, income or operations.

Ferrari would be a PFIC with respect to a U.S. holder if for any taxable year in which the U.S. holder held shares of Ferrari stock, after the application of applicable "look-through rules":

- 75 percent or more of Ferrari's gross income for the taxable year consists of "passive income" (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations); or
- at least 50 percent of its assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of passive income.

As discussed in greater detail below, if shares of Ferrari stock were to be treated as stock of a PFIC, gain realized (subject to the discussion below regarding a mark-to-market election) on the sale or other disposition of shares of Ferrari stock would not be treated as capital gain. Rather, a U.S. holder would be treated as if such U.S. holder had realized such gain and certain "excess distributions" ratably over the U.S. holder's holding period for its shares of Ferrari stock, and such gain would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, a U.S. holder's shares of Ferrari stock would be treated as stock in a PFIC if Ferrari were a PFIC at any time during such U.S. holder's holding period in the shares. Dividends received from Ferrari would not be eligible for the special tax rates applicable to qualified dividend income if Ferrari were treated as a PFIC in the taxable years in which the dividends are paid or in the preceding taxable year (regardless of whether the U.S. holder held shares of Ferrari stock in such year) but instead would be taxable at rates applicable to ordinary income.

If Ferrari were to be treated as a PFIC for any taxable year included in whole or in part in a U.S. holder's holding period of Ferrari and such U.S. holder is treated as owning shares of Ferrari stock for purposes of the PFIC rules (and regardless of whether Ferrari remains a PFIC for subsequent taxable years), the U.S. holder (i) would be liable to pay U.S. federal income tax at the highest applicable income tax rates on (a) ordinary income upon the receipt of excess distributions (the portion of any distributions received by the U.S. holder on shares of Ferrari stock in a taxable year in excess of 125 percent of the average annual distributions received by the U.S. holder in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the Ferrari common shares) and (b) on any gain from the disposition of shares of Ferrari stock, plus interest on such amounts, as if such excess distributions or gain had been recognized ratably over the U.S. holder's holding period of the shares of Ferrari stock, and (ii) may be required to annually file Form 8621 with the IRS reporting information concerning Ferrari.

If Ferrari were to be treated as a PFIC for any taxable year and provided that Ferrari common shares are treated as "marketable stock" within the meaning of applicable Treasury Regulations, which Ferrari believes will be the case, a U.S. holder may make a mark-to-market election with respect to such U.S. holder's common shares. Under a mark-to-market election, any excess of the fair market value of the Ferrari common shares at the close of any taxable year over the U.S. holder's adjusted tax basis in the Ferrari common shares is included in the U.S. holder's income as ordinary income. These amounts of ordinary income would not be eligible for the favorable tax rates applicable to qualified dividend income or long-term capital gains. In addition, the excess, if any, of the U.S. holder's adjusted tax basis at the close of any taxable year over the fair market value of the Ferrari common shares is deductible in an amount equal to the lesser of the amount of the excess or the amount of the net mark-to-market gains that the U.S. holder included in income in prior years. A U.S. holder's tax basis in Ferrari common shares would be adjusted to reflect any such income or loss. Gain realized on the sale, exchange or other disposition of Ferrari common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of Ferrari common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. holder.

The adverse consequences of owning stock in a PFIC could also be mitigated if a U.S. holder makes a valid "qualified electing fund" election ("QEF election"), which, among other things, would require a U.S. holder to include currently in income its pro rata share of the PFIC's net capital gain and ordinary earnings, based on earnings and profits as determined for U.S. federal income tax purposes. Because of the administrative burdens involved, Ferrari does not intend to provide information to its holders that would be required to make such election effective.

A U.S. holder that holds shares of Ferrari stock during a period when Ferrari is a PFIC will be subject to the foregoing rules for that taxable year and all subsequent taxable years with respect to that U.S. holder's holding of Ferrari common shares, even if Ferrari ceases to be a PFIC, subject to certain exceptions for U.S. holders that made a mark-to-market or QEF election. U.S. holders are strongly urged to consult their tax advisors regarding the PFIC rules, and the potential tax consequences to them if Ferrari were determined to be a PFIC.

Material Netherlands Tax Consequences

This section describes solely the principal Dutch tax consequences of the acquisition, ownership and disposal of Ferrari common shares and, if applicable, Ferrari special voting shares by non-resident holders of such shares (as defined below). It does not purport to describe every aspect of Dutch taxation that may be relevant to a particular holder of Ferrari common shares and, if applicable, Ferrari special voting shares. Tax matters are complex, and the tax consequences to a particular holder of Ferrari common shares and, if applicable, Ferrari special voting shares will depend in part on such holder's circumstances. Shareholders and any potential investor should consult their own tax advisors regarding the Dutch tax consequences of acquiring, owning and disposing of Ferrari common shares and, if applicable, Ferrari special voting shares in their particular circumstances.

Where in this section English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this section the terms "the Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

This section also assumes that the board shall control the conduct of the affairs of Ferrari and shall procure that Ferrari is organized such that Ferrari should be treated as solely resident of Italy for the application of the tax treaty as concluded between Italy and the Netherlands. A change in facts and circumstances based upon which Ferrari is no longer considered to be solely resident of Italy for the application of the mentioned treaty may invalidate the contents of this section, which will not be updated to reflect any such change.

This section is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this Form. The tax law upon which this description is based is subject to changes, possibly with retroactive effect. Any such changes may invalidate the contents of this description, which will not be updated to reflect such changes.

Scope of the summary.

The summary of Dutch taxes set out in this section "Material Dutch tax consequences" only applies to a holder of Ferrari common shares and, if applicable Ferrari special voting shares who is a non-resident holder of such shares. For the purpose of this summary a holder of Ferrari common shares and, if applicable Ferrari special voting shares is a non-resident holder of such shares if such holder is neither a resident nor deemed to be resident in The Netherlands for purposes of Dutch income tax or corporation tax as the case may be.

This Dutch taxation section does not address the Dutch tax consequences for a holder of Ferrari common shares and, if applicable, Ferrari special voting shares who:

i. is a person who may be deemed an owner of Ferrari common shares and, if applicable, Ferrari special voting shares for Dutch tax purposes pursuant to specific statutory attribution rules in Dutch tax law;
ii. owns Ferrari common shares and, if applicable, Ferrari special voting shares in connection with a membership of a management board or a supervisory board, an employment relationship, a deemed employment relationship or management role; or
iii. is for Dutch tax purposes taxable as a corporate entity and resident of Aruba, Curaçao or Sint Maarten.

Non-resident holders of Ferrari common shares and, if applicable, Ferrari special voting shares

Individuals

If a non-resident holder of Ferrari common shares and, if applicable, Ferrari special voting shares is an individual, he will not be subject to Dutch income tax in respect of any benefits derived or deemed to be derived from or in connection with Ferrari common shares and, if applicable, Ferrari special voting shares, except if:

i. he derives profits from an enterprise, whether as an entrepreneur or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, and such enterprise is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his Ferrari common shares and, if applicable, Ferrari special voting shares are attributable to such permanent establishment or permanent representative;
ii. he derives benefits or is deemed to derive benefits from or in connection with Ferrari common shares and, if applicable, Ferrari special voting shares that are taxable as benefits from miscellaneous activities performed in the Netherlands; or
iii. he derives profits pursuant to the entitlement to a share in the profits of an enterprise, other than as a holder of securities, which is effectively managed in the Netherlands and to which enterprise his Ferrari common shares and, if applicable, Ferrari special voting shares are attributable.

Corporate entities

If a non-resident holder of Ferrari common shares and, if applicable, Ferrari special voting shares is a corporate entity, or an entity including an association, a partnership and a mutual fund, taxable as a corporate entity, it will not be subject to Dutch corporation tax in respect of any benefits derived or deemed to be derived from or in connection with Ferrari common shares and, if applicable, Ferrari special voting shares, except if:

i. it derives profits from an enterprise directly which is carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and to which permanent establishment or permanent representative its Ferrari common shares and, if applicable, Ferrari special voting shares are attributable; or
ii. it derives profits pursuant to a co-entitlement to the net value of an enterprise which is managed in the Netherlands, other than as a holder of securities, and to which enterprise its Ferrari common shares and, if applicable, Ferrari special voting shares are attributable.

General

If a holder of Ferrari common shares and, if applicable, Ferrari special voting shares is neither resident nor deemed to be resident in the Netherlands, such holder will for Dutch tax purposes not carry on or be deemed to carry on an enterprise, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of Ferrari common shares and, if applicable, Ferrari special voting shares or the performance by Ferrari of its obligations under such documents or under the Ferrari common shares and, if applicable, Ferrari special voting shares.

Dividend withholding tax

Ferrari is generally required to withhold Dutch dividend withholding tax at a rate of 15 percent from dividends distributed by it. As an exception to this rule, Ferrari may not be required to withhold Dutch dividend withholding tax from non-Resident holders of shares (as defined above) if it is considered to be a tax resident of both the Netherlands and Italy, in accordance with the domestic tax residency provisions applied by each of these jurisdictions, while the double tax treaty between the Netherlands and Italy attributes the tax residency exclusively to Italy.

Gift and inheritance taxes

No Dutch gift tax or Dutch inheritance tax will arise with respect to an acquisition or deemed acquisition of Ferrari common shares and, if applicable, Ferrari special voting shares by way of gift by, or upon the death of, a holder of Ferrari common shares and, if applicable, Ferrari special voting shares who is neither resident nor deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax except if, in the event of a gift whilst not being a resident nor being a deemed resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, the holder of Ferrari common shares and, if applicable, Ferrari special voting shares becomes a resident or a deemed resident in the Netherlands and dies within 180 days after the date of the gift.

For purposes of Dutch gift tax and Dutch inheritance tax, a gift of Ferrari common shares and, if applicable, Ferrari special voting shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

Value Added Tax

No Dutch value added tax will arise in respect of any payment in consideration for the issue of Ferrari common shares and, if applicable, Ferrari special voting shares.

Registration taxes and duties

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with the execution and/or enforcement (including by legal proceedings and including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of Ferrari common shares and, if applicable, Ferrari special voting shares, the performance by Ferrari of its obligations under such documents, or the transfer of Ferrari common shares and, if applicable, Ferrari special voting shares.

Material Italian Income Tax Consequences

This section describes solely the material Italian tax consequences of acquiring, holding, and disposing of Ferrari common shares and, if applicable, Ferrari special voting shares. It does not consider every aspect of Italian taxation that may be relevant to a particular holder of Ferrari common shares and, if applicable, Ferrari special voting shares in special circumstances or who is subject to special treatment under applicable law, and it is not intended to be applicable in all respects to all classes of investors.

Shareholders and any potential prospective investors should consult their own tax advisors regarding the Italian tax consequences of acquiring, holding, and disposing of Ferrari common shares and, if applicable, Ferrari special voting shares in their particular circumstances and should investigate the nature and the origin of the amounts received as distributions in connection with the Ferrari common shares (dividends or reserves).

Where in this section English terms and expressions are used to refer to Italian concepts, the meaning to be given to these terms and expressions shall be the meaning to be given to the equivalent Italian concepts under Italian tax law. This summary assumes that Ferrari common shares will be listed on a regulated market. This summary also assumes that Ferrari is organized, and that the business will be conducted, in the manner outlined in this report. A change to the organizational structure or to the manner in which Ferrari conducts its business may invalidate the contents of this section, which will not be updated to reflect any such change.

Law No. 111 of August 9, 2023 delegated the Italian Government to enact, within the next twenty-four months, one or more legislative decrees to reform the Italian tax system (the "Tax Reform"). According to this Law, the Tax Reform could significantly change the taxation of financial income and capital gains and introduce several amendments in the Italian tax system at different levels. The precise nature, extent, and impact of these amendments cannot be quantified or foreseen with any certainty at this stage. Therefore, the information provided in this Prospectus may not reflect the future tax framework.

This summary is based on the tax laws of the Republic of Italy and case law / practice (unpublished case law / practice is not included) as it stands at the date of this summary. The law upon which this description is based is subject to change, potentially with retroactive effect. Any such change may invalidate the contents of this description, which will not be updated to reflect this change.

Definitions

In this section, the following terms have the meaning defined below:

- "CITA": Presidential Decree No. 917 of December 22, 1986 (the Consolidated Income Tax Act);
- "EEA State": a State that is party to the European Economic Area Agreement;
- "Finance Act 2017": Law No. 232 of December 11, 2016;
- "Finance Act 2018": Law No. 205 of December 27, 2017;
- "Finance Act 2019": Law No. 145 of December 30, 2018;
- "Finance Act 2020": Law No. 160 of December 27, 2019;
- "Finance Act 2021": Law No. 178 of December 30, 2020;
- "Finance Act 2023": Law No. 197 of December 29, 2022;
- "Finance Act 2024": Law No. 213 of December 30, 2023;
- "IRES": Italian corporate income tax;
- "Italian White List": the list of countries and territories allowing a satisfactory exchange of information with Italy (i) currently included in the Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented, or (ii) once effective in any other decree or regulation that will be issued in the future to provide the list of such countries and territories (and that will replace the Ministerial Decree of September 4, 1996), including any country or territory that will be deemed listed therein for the purpose of any interim rule;
- "Non-Qualified Holdings": holdings of common shares in Ferrari, including rights or securities through which Ferrari common shares may be acquired, other than Qualified Holdings;
- "Qualified Holdings": holdings of common shares in Ferrari, including rights or securities through which Ferrari common shares may be acquired, that represent, in case of shares listed on regulated markets, either (i) more than two percent of the overall voting rights exercisable at ordinary shareholders' meetings or (ii) an interest in Ferrari's issued and outstanding capital in excess of 5 percent; and
- "Transfer of Qualified Holdings": transfers of common shares in Ferrari, including rights or securities through which Ferrari common shares may be acquired, that exceed, over a period of 12 (twelve) months, the threshold for qualifying as Qualified Holdings. The twelve-month period starts from the date when the shares, securities and the rights owned represent a percentage of voting rights or interest in Ferrari's capital that exceeds the aforesaid thresholds. In case of rights or securities through which Ferrari common shares may be acquired, the percentage of voting rights or interest in Ferrari's capital potentially attributable to the holding of such rights and securities is taken into account.

Taxation of Dividends

The tax regime summarized in this subsection "Taxation of Dividends" applies only to classes of holders of Ferrari common shares and, if applicable, Ferrari special voting shares that are described here below.

Dividends paid by Ferrari are subject to the tax regime generally applicable to dividends paid by companies that are resident for tax purposes in the Republic of Italy.

The tax regime may vary as follows.

(A) ITALIAN RESIDENT PERSONS

(i) Individuals not engaged in business activity

Under Decree No. 600 of September 29, 1973 ("Decree 600"), dividends paid to Italian resident individuals who hold the Ferrari common shares neither in connection with a business activity nor in the context of the discretionary investment portfolio regime ("*risparmio gestito"*) as defined in subparagraph (A)(ii) below are subject to 26 percent tax withheld at source in Italy. In this case, the holders are not required to report the dividends in their income tax returns.

Subject to certain conditions (including minimum holding period requirement) and limitations, dividends paid by Ferrari may be exempt from any income taxation (including from the 26 percent tax withheld at source) if the common shares do not represent a Qualified Holding and are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth under Italian tax law.

(ii) Individuals not engaged in business activity and holding the Ferrari common shares under the "risparmio gestito" regime

Dividends paid to Italian resident individuals who do not hold the Ferrari common shares in connection with a business activity are not subject to any tax withheld at source in Italy if (a) the holder has entrusted the management of the shares to an authorized intermediary under a discretionary asset management contract, and (b) the holder has elected for the discretionary investment portfolio regime ("*risparmio gestito*") under Article 7 of Legislative Decree No. 461 of November 21, 1997 ("Decree 461"). In this case, the dividends are included in the annual accrued management result (*risultato maturato annuo di gestione*), which is subjected to a 26 percent substitute tax.

(iii) Sole Proprietors

Dividends paid to Italian resident individuals who hold the Ferrari common shares in connection with a business activity ("Sole Proprietors") are not subject to any tax withheld at source in Italy, provided that, in this case, the holders declare at the time of receipt that the profits collected are from holdings connected with their business activity. In this case, dividends must be reported in the income tax return, but only 58.14 percent of such dividends are included in the holder's overall business income taxable in Italy.

(iv) Partnerships (Italian "società in nome collettivo", "società in accomandita semplice", "società semplici" and similar Italian partnerships as referred to in Article 5 CITA), as well as companies and other business entities referred to in Article 73(1)(a)-(b) CITA

No Italian tax is withheld at source on dividends paid to Italian business partnerships (such as Italian "*società in nome collettivo*", "*società in accomandita semplice*" and similar partnerships as referred to in Article 5 CITA). Only 58.14 percent of such dividends are included in the overall business income to be reported by the partnership if the partnership is a business partnership. If the partnership is instead a non-business partnership ("*società semplice*" and similar partnerships as referred to in Article 5 CITA), based on Article 32-*quater* of Law Decree No. 124 of October 26, 2019, as subsequently amended and supplemented, dividends are deemed to be received on a tax transparency basis by the partners and are subject to tax under the tax regime applicable to the relevant partner (i.e., as if they were directly paid to each partner).

No Italian tax is withheld at source on dividends paid to Italian resident companies and other Italian resident business entities as referred to in Article 73(1)(a)-(b) CITA, including, among others, corporations ("*società per azioni*"), partnerships limited by shares ("*società in accomandita per azioni*"), limited liability companies ("*società a responsabilità* *limitata*") and public and private entities whose sole or primary purpose is to carry out business activities. Only 5 percent of the dividends are included in the overall business income subject to IRES, unless the common shares in Ferrari are financial assets held for trading by holders that apply IAS / IFRS international accounting standards under Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002. In this latter case, the full amount of the dividends is included in the holder's overall business income subject to IRES. IRES is currently levied at 24 percent, but a higher rate may apply for companies operating in specific sectors (chief among them is the 27.5 percent IRES rate for banks and other regulated financial intermediaries) or meeting certain conditions.

For some types of companies and under certain conditions, dividends are also partially included in the net value of production, which is subject to the regional tax on productive activities ("IRAP").

(v) Non-business entities referred to in Article 73(1)(c) CITA

No Italian tax is withheld at source on dividends paid to Italian resident non-business entities referred to in Article 73(1)(c) CITA (including Italian resident trusts that do not carry out a business activity), except for Italian undertakings for collective investment ("OICR"). The dividends are fully included in the holder's overall income subject to IRES (only 77.74 percent of the dividend would instead be included in the holder's overall income if it were paid out of profits formed until the fiscal year that was current on December 31, 2016). For social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996, subject to certain conditions (including minimum holding period requirement) and limitations, dividends and other income from the common shares that do not represent a Qualified Holding may be excluded from the taxable base if the social security entity earmarks the common shares as eligible investment under Article 1(89) of Finance Act 2017 (as subsequently amended) to the extent, however, that investment in the common shares (and other qualifying shares or units in undertakings for collective investment investing mainly in qualifying shares) represent no more than 10 percent of the gross asset value of the social security entity of the previous year.

As of the fiscal year current on January 1, 2021, according to Article 1(44 - 46) of Finance Act 2021, 50 percent of the dividends paid to non-business entities referred to in Article 73(1)(c) CITA will be excluded from their IRES taxable base provided that they: (i) exclusively or mainly carry out any of the qualifying non-profit activities listed in Article 1(45) of Finance Act 2021 and (ii) earmark the related tax savings to a non-distributable reserve and use these resources to finance these non-profit activities.

(vi) Persons exempt from IRES and persons outside the scope of IRES

Dividends paid to Italian resident persons that are exempt from IRES are generally subject to 26 percent tax withheld at source.

No Italian tax is instead withheld at source on dividends paid to persons that are outside the scope of IRES ("*esclusi*") under Article 74(1) CITA.

(vii) Pension funds and OICR (other than Real Estate AIF)

No Italian tax is withheld at source on dividends paid to (a) Italian pension funds governed by Legislative Decree No. 252 of December 5, 2005 ("Decree 252") and (b) Italian OICR, other than real estate investment funds and Italian real estate SICAFs (real estate alternative investment funds, "Real Estate AIF").

Dividends received by Italian pension funds are taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20 percent flat tax (*imposta sostitutiva*). Subject to certain conditions (including minimum holding period requirement) and limitations, dividends and other income from the common shares may be excluded from the taxable base of the 20 percent flat tax if the pension fund earmarks the common shares as eligible investment under Article 1(89)-(92) of Finance Act 2017 (as subsequently amended) to the extent, however, that investment in the common shares (and other qualifying shares or units in undertakings for collective investment investing mainly in qualifying shares) represent no more than 10 percent of the gross asset value of the pension fund of the previous year.

Dividends received by OICR that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) are not subject to taxation at the level of the OICR.

(viii) Real Estate AIF

No Italian tax is withheld at source on dividends paid to Italian Real Estate AIF. Moreover, dividends are not subject to either IRES or IRAP at the level of the Real Estate AIF. However, income realized by Italian Real Estate AIF is attributed pro rata to Italian resident unitholders / shareholders, irrespective of any actual distribution, on a tax transparency basis if the Italian resident unitholders / shareholders are not institutional investors and hold units / shares in the Real Estate AIF representing more than 5 percent of the Real Estate AIF's net asset value.

(B) NON-ITALIAN RESIDENT PERSONS

(i) Non-resident persons holding the common shares in Ferrari through a permanent establishment in Italy

No Italian tax is withheld at source on dividends paid to non-resident persons that hold the common shares in Ferrari through a permanent establishment in Italy to which the common shares in Ferrari are effectively connected. Only 5 percent of the dividends are included in the overall income subject to IRES, unless the common shares in Ferrari are financial assets held for trading by holders that apply IAS / IFRS international accounting standards under Regulation No. 1606/2002 of the European Parliament and the Council of July 19, 2002. In this latter case, the full amount of the dividends is included in the overall business income subject to IRES. IRES is currently levied at 24 percent, but a higher rate may apply for companies operating in specific sectors (chief among them is the 27.5 percent IRES rate for banks and other regulated financial intermediaries) or meeting certain conditions. If the common shares are held by a non-resident Sole Proprietor through a permanent establishment in Italy to which the common shares are effectively connected, only 58.14 percent of the dividends is included in the overall income subject to personal income tax.

For some types of businesses and under certain conditions, dividends are also partially included in the net value of production, which is subject to IRAP.

If dividends are paid with respect to common shares in Ferrari that are not connected with a permanent establishment in Italy of a non-resident person, please see subparagraph (B)(ii) below.

(ii) Non-resident persons that do not hold the common shares in Ferrari through a permanent establishment in Italy

A 26 percent tax withheld at source generally applies on dividends paid to non-resident persons that do not have a permanent establishment in Italy to which the common shares in Ferrari are effectively connected.

Subject to a specific application that must be submitted to the Italian tax authorities under the terms and conditions provided by law, non-resident holders are entitled to relief (in the form of a refund), which cannot be greater than 11/26 (eleven twenty-sixths) of the tax levied in Italy, if they can demonstrate that they have paid final tax abroad on the same profits. Holders who may be eligible for the relief should consult with their own independent tax advisors to determine whether they are eligible for, and how to obtain, the tax refund.

As an alternative to the relief described above, persons resident in countries that have a double tax treaty in force with Italy may request that the tax withheld at source on dividends be levied at the (reduced) rate provided under the applicable tax treaty, provided that the non-resident person promptly submits proper documentation (including tax resident certificates released or stamped by the foreign tax authority).

The domestic withholding tax rate on dividends is 1.2 percent (and not 26 percent) if the recipients and beneficial owners of the dividends on Ferrari common shares are companies or entities that are (a) resident for tax purposes in an EU Member State or in an EEA State that is included in the Italian White List and (b) subject to corporate income tax in such State. These companies and entities are not entitled to the 11/26 relief described above.

The domestic withholding tax rate on dividends is 11 percent (and not 26 percent) if the recipients and beneficial owners of the dividends on Ferrari common shares are pension funds that are set up in an EU Member States or an EEA State included in the Italian White List. These pension funds are not entitled to the 11/26 relief described above. Moreover, Article 1(95) of Finance Act 2017 (as amended by Finance Act 2019) provides for an exemption from withholding taxation on dividends if a pension fund set up in an EU Member State or an EEA State holds shares in an Italian resident corporation (such as Ferrari) for at least 5 years and only to the extent of dividends from investments in qualifying shares (or units in undertakings for collective investment investing mainly in qualifying shares) that represent no more than 10 percent of the gross asset value of the pension fund of the previous year. To benefit from this exemption, the EU (or "white listed" EEA) pension fund that is the beneficial owner of the dividends must submit an affidavit to the withholding agent whereby it declares that it meets the conditions for the exemption and that it undertakes to hold the shares for the required holding period. Other documentary obligations apply to such EU (or "white listed" EEA) pension funds to benefit from this exemption.

Pursuant to Article 1(631) of Finance Act 2021, no Italian tax is withheld at source on dividends paid to (i) foreign undertakings for collective investment that comply with Directive 2009/65/EC, or (ii) foreign undertakings for collective investment that do not fall within the scope of Directive 2009/65/EC but whose asset manager is subject to regulatory supervision according to Directive 2011/61/EU, provided that in both case (i) and (ii) the foreign undertaking for collective investment is organized under the laws of an EU Member State or an EEA State that is included in the White List.

Under Article 27-bis of Decree 600, which implemented in Italy the Directive 435/90/EEC of July 23, 1990, then recast in EU Directive 2011/96 of November 30, 2011 (the "Parent Subsidiary Directive"), a company is entitled to a full refund of the tax withheld at source on the dividends if it (a) has one of the legal forms provided for in the appendix to the Parent Subsidiary Directive, (b) is resident for tax purposes in an EU Member State without being considered to be resident outside the EU according to a double tax treaty signed with a non-EU country, (c) is subject in the country of residence to one of the taxes indicated in the appendix to the Parent Subsidiary Directive with no possibility of benefiting from optional or exemption regimes that have no territorial or time limitations, and (d) directly holds common shares in Ferrari that represent an interest in the issued and outstanding capital of Ferrari of no less than 10 percent for an uninterrupted period of at least one year. If these conditions are met, and as an alternative to submitting a refund request after the dividend distribution, the non-resident company may request that no tax be levied at the time the dividends are paid, provided that *(x)* the 1-year holding period under condition (d) above has already run and *(y)* the non-resident company promptly submits proper documentation. The withholding exemption under Article 27-*bis* of Decree 600 may be denied by the Italian tax authorities in abusive situations pursuant to the Italian statutory general anti-abuse rule (Article 10-bis of Law No. 212 of July 27, 2000).

Under the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, the withholding tax refund / exemption regime described above also applies to dividends paid to a company that (a) is resident for tax purposes in Switzerland without being considered to be resident outside Switzerland according to a double tax treaty signed with a non-EU country, (b) is a limited company, (c) is subject to Swiss corporate tax without being exempted or benefiting from preferential tax regimes, and (d) directly holds common shares in Ferrari that represent an interest in Ferrari's issued and outstanding capital of no less than 25 percent for an uninterrupted period of at least two years.

Dividends distributed to international entities or bodies that benefit from exemption from taxation in Italy pursuant to international rules or treaties entered into force in Italy will not be subject to withholding tax.

(iii) U.S. holders (without permanent establishment in Italy) of Ferrari common shares and, if applicable, Ferrari special voting shares

If Ferrari is considered to be a tax resident of both Italy and the Netherlands, in accordance with the domestic tax residency provisions applied by each of these jurisdictions, while the double tax treaty between Italy and the Netherlands attributes the tax residency exclusively to Italy, Ferrari will be required to apply Italian dividend withholding tax on dividends distributed to U.S. holders of Ferrari common shares and, if applicable, Ferrari special voting shares. However, certain U.S. holders of Ferrari common shares and, if applicable, Ferrari special voting shares may qualify for full or partial relief from the Italian dividend withholding tax under the Convention between the Government of the United States of America and the Government of the Italian Republic for the avoidance of double taxation with respect to taxes on income and the prevention of fraud or fiscal evasion signed in Washington, D.C. on August 25, 1999 (the "Italy-U.S. Treaty"). On the basis of Article 10 of the Italy-U.S. Treaty, qualifying U.S. individuals are entitled to a reduced Italian dividend withholding tax rate (i.e., 15 percent) and qualifying U.S. companies are entitled, under certain conditions, to a reduced Italian dividend withholding tax rate (either 5 percent or 15 percent depending on the circumstances). On the basis of Article 10(8) of the

Italy-U.S. Treaty, qualified U.S. governmental entities are entitled, under certain conditions, to a full exemption from Italian dividend withholding tax.

Taxation of distributions of Equity Reserves

The tax regime summarized in this subsection "Taxation of distributions of Equity Reserves" applies only to classes of holders of Ferrari common shares and, if applicable, Ferrari special voting shares that are described here below.

The information provided in this subsection summarizes the Italian tax regime applicable to the distributions by Ferrari - other than in case of reduction of excess capital, withdrawal, exclusion, redemption or liquidation - of equity reserves as referred to under Article 47(5) CITA, such as, for instance, reserves or other funds formed with share premiums, equalizing interests (*interessi di conguaglio*) paid in by the subscribers, equity (other than share capital) contributions (*versamenti a fondo perduto*) or share capital account payments (*versamenti in conto capitale*) made by shareholders and tax-exempt revaluation reserves (the "Equity Reserves").

(A) ITALIAN RESIDENT PERSONS

(i) Individuals not engaged in business activity

Regardless of what holders have resolved upon in the shareholders' meeting, the amounts received as distribution out of Equity Reserves of Ferrari by Italian resident individuals who do not hold the Ferrari common shares in connection with a business activity are deemed to be, and treated as, profits for the recipients to the extent that Ferrari has current year profits or retained profits (except for any portion thereof earmarked to a tax-deferred reserve or non-distributable reserves). Amounts treated as profits are subject to the same tax regime described above for dividends. Amounts received as distributions out of Equity Reserves, net of any amount already treated as profits as per the above, reduce the holder's tax basis in Ferrari common shares correspondingly. Distributions out of Equity Reserves that are in excess of the holders' tax basis in the Ferrari common shares are treated as dividends for tax purposes. Special rules may apply if the individual holders have elected with regard to the common shares in Ferrari into the discretionary investment portfolio regime (*regime del risparmio gestito*) described in subparagraph (A)(i) of the subsection "Taxation of Capital Gains" below.

(ii) Sole Proprietors, business partnerships (Italian "società in nome collettivo," "società in accomandita semplice" and similar Italian partnerships as referred to in Article 5 CITA), as well as companies and other business entities referred to in Article 73(1)(a)-(b) CITA

Regardless of what holders have resolved upon in the shareholders' meeting, the amounts received as distribution out of Equity Reserves of Ferrari by Italian Sole Proprietors, Italian business partnerships (Italian "*società in nome collettivo,*" "*società in accomandita semplice*" and similar Italian partnerships as referred to in Article 5 CITA), and Italian resident companies and other business entities referred to in Article 73(1)(a)-(b) CITA are deemed to be, and are treated as, profits for the recipients to the extent that Ferrari has current year profits or retained profits (except for any portion thereof earmarked to a tax-deferred reserve or non-distributable reserves). Amounts treated as profits should be subject to the same tax regime described above for dividends. Amounts received as distributions out of Equity Reserves, net of any amount already treated as profits as per the above, reduce the holder's tax basis in the Ferrari common shares correspondingly. Distributions out of Equity Reserves that are in excess of the holders' tax basis in the common shares in Ferrari are treated as capital gains for tax purposes and should be subject to the same regime described in the subsection "Taxation of Capital Gains" below.

(iii) Non-business entities referred to in Article 73(1)(c) CITA and non-business partnerships referred to in Article 5 CITA

Amounts received by Italian resident non-business entities referred to in Article 73(1)(c) CITA as distributions out of Equity Reserves, net of any amount already treated as profits as per the rules described in subparagraph (A)(i) above that apply here as well, reduce the holder's tax basis in the Ferrari common shares correspondingly. Distributions out of Equity Reserves that are in excess of the holders' tax basis in the common shares in Ferrari not held in connection with a business activity are treated as dividends for tax purposes. For a short description of a favorable regime available to certain social security entities, see subparagraph (A)(v) of the subsection "Taxation of Dividends" above.

In case of amounts received by Italian non-business partnerships referred to in Article 5 CITA, the tax regime depends on the specific circumstances of the case. Shareholders and any potential prospective investors that are Italian non-business partnerships should consult their own tax advisors in this respect.

(iv) Persons exempt from IRES

Amounts received by Italian resident persons exempt from IRES as distributions out of Equity Reserves, net of any amount already treated as profits as per the rules described in subparagraph (A)(i) above that apply here as well, reduce the holder's tax basis in the Ferrari common shares correspondingly. Distributions out of Equity Reserves that are in excess of the holders' tax basis in the common shares in Ferrari not held in connection with a business activity are treated as dividends for tax purposes.

(v) Pension funds and OICR (other than Real Estate AIF)

Amounts received by Italian pension funds governed by Article 17 of Decree 252 as distributions out of Equity Reserves should be taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20 percent flat tax (*imposta sostitutiva*). The value of the common shares in Ferrari at the end of the same tax year should also be included in the net annual accrued yield. For a short description of a favorable regime available to pension funds, see subparagraph (A)(vii) of the subsection "Taxation of Dividends" above.

Conversely, any amounts received by OICR that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) as distributions out of Equity Reserves are not subject to taxation at the level of the OICR.

(vi) Real Estate AIF

Amounts received by Italian Real Estate AIF as distributions out of Equity Reserves are not subject to IRES or IRAP at the level of the Real Estate AIF. However, income realized by Italian Real Estate AIF is attributed pro rata to the Italian resident unitholders / shareholders, irrespective of any actual distribution, on a tax transparency basis if the Italian resident unitholders / shareholders are not institutional investors and hold units / shares in the Real Estate AIF representing more than 5 percent of the Real Estate AIF's net asset value.

(B) NON-ITALIAN RESIDENT PERSONS

(i) Non-resident persons that do not hold the common shares in Ferrari through a permanent establishment in Italy

For non-Italian resident persons (whether individuals or corporations) without a permanent establishment in Italy to which the common shares in Ferrari are effectively connected, the amounts received as distributions out of Equity Reserves are subject to the same tax regime as applicable to Italian resident individuals not engaged in business activity described in paragraph A(i) of this subsection "Taxation of distributions of Equity Reserves". Therefore, the amounts received as distributions out of Equity Reserves, net of any amount that has already been treated as profits as per the rules described in subparagraph (A)(i) above, reduce the holder's tax basis in the Ferrari common shares correspondingly. Distributions out of Equity Reserves that are in excess of the holders' tax basis in the common shares in Ferrari are treated as dividends for tax purposes.

(ii) Non-resident persons holding the common shares in Ferrari through a permanent establishment in Italy

For non-Italian resident persons that hold the common shares in Ferrari through a permanent establishment in Italy to which the Ferrari common shares are effectively connected, the amounts received as distributions out of Equity Reserves are subject to the same tax regime as applicable to Italian resident companies and other business entities referred to in Article 73(1)(a)-(b) CITA as described in subparagraph (A)(ii) above. If the Equity Reserves distribution relates to common shares in Ferrari that are not connected to a permanent establishment in Italy of the non-resident recipient, reference must be made to subparagraph (B)(i) above.

Taxation of Capital Gains

The tax regime summarized in this subsection "Taxation of Capital Gains" applies only to classes of holders of Ferrari common shares and, if applicable, Ferrari special voting shares that are described here below.

(A) ITALIAN RESIDENT PERSONS

(i) Italian resident individuals not engaged in business activity

Capital gains realized by Italian resident individuals upon transfer for consideration of the common shares (as well as of securities or rights whereby common shares may be acquired), other than capital gains realized in connection with a business activity, are subject to a 26 percent substitute tax ("CGT"). The taxpayer may opt for any of the following three tax regimes:

a. Tax return regime (*regime della dichiarazione*). Under this regime, capital gains and capital losses realized during the tax year must be reported in the income tax return. CGT is computed on capital gains net of capital losses of the same nature and must be paid by the term for paying the balance of the annual income tax. Capital losses in excess of capital gains may be carried forward and offset against capital gains realized in any of the four following tax years. This regime is the default regime if the taxpayer does not elect into any of the two alternative regimes described in (b) and (c) below.

b. Non-discretionary investment portfolio regime (*risparmio amministrato*) (optional). Under this regime, CGT is applied separately on capital gains realized on each transfer of common shares in Ferrari. This regime is allowed subject to (x) the Ferrari common shares being managed or in custody with Italian banks, broker-dealers (*società di intermediazione mobiliare*) or certain authorized financial intermediaries; and (y) an express election for the non-discretionary investment portfolio regime being made in writing in due time by the relevant holder. Under this regime, the financial intermediary is responsible for accounting for and paying (on behalf of the taxpayer) CGT in respect of capital gains realized on each transfer of the common shares in Ferrari (as well as in respect of capital gains realized at revocation of the intermediary's mandate), net of any relevant capital losses. Capital losses may be carried forward and offset against capital gains realized within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under this regime, the holder is not required to report capital gains in the annual income tax return.

c. Discretionary investment portfolio regime (*risparmio gestito*) (optional). This regime is allowed for holders who have entrusted the management of their financial assets, including the Ferrari common shares, to an authorized intermediary and have elected in writing into this regime. Under this regime, capital gains accrued on the Ferrari common shares are included in the computation of the annual increase in value of the managed assets accrued (even if not realized) at year end, which is subject to CGT. The managing authorized intermediary applies the tax on behalf of the taxpayer. Any decrease in value of the managed assets accrued at year end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following tax years. Under this regime, the holder is not required to report capital gains in the annual income tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the common shares in Ferrari may be exempt from any income taxation (including from the 26 percent CGT) if the common shares in Ferrari do not represent a Qualified Holding and are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth under Italian tax law.

Under the Finance Act 2024, for CGT purposes only, Italian individuals may increase the tax basis of the shares in Ferrari held on January 1, 2024 up to their fair market value by paying a 16 percent substitute tax on such fair market value by June 30, 2024 (either in full or the first of three instalments). For these purposes, the fair market value is the simple average trading price of the Ferrari shares in December 2023.

(ii) Sole Proprietors and business partnerships (Italian "società in nome collettivo," "società in accomandita semplice" and similar Italian partnerships as referred to in Article 5 CITA)

Capital gains realized by Italian Sole Proprietors and Italian business partnerships (Italian "*società in nome collettivo*," "*società in accomandita semplice*" and similar Italian partnerships as referred to in Article 5 CITA) upon transfer for consideration of the common shares in Ferrari must be fully included in the overall business income and reported in the annual income tax return. Capital losses (or other negative items of income) derived by this class of holders upon transfer for consideration of the common shares in Ferrari would be fully deductible from the holder's income.

However, if the conditions under a. and b. of subparagraph (A)(iii) below are met, only 49.72 percent (58.14 percent in case of Sole Proprietors) of the capital gain should be included in the overall business income (based on a different interpretation, a 58.14 percent inclusion of the capital gains that meet the abovementioned conditions should apply also to business partnerships). Capital losses realized on common shares in Ferrari that meet the conditions under a. and b. of subparagraph (A)(iii) below are only partially deductible (similarly to what is provided for the taxation of capital gains).

For the purpose of determining capital gains and capital losses, the holder's tax basis in the Ferrari common shares is reduced by any write-down that the holder has deducted in previous tax years.

(iii) Companies and other business entities referred to in Article 73(1)(a)-(b) CITA

Capital gains realized by Italian resident companies and other business entities as referred to in Article 73(1)(a)-(b) CITA (including partnerships limited by shares and public and private entities whose sole or primary purpose is carrying out business activity) upon transfer for consideration of the common shares in Ferrari must be fully included in the overall taxable business income subject to IRES in the tax year in which the capital gains are realized or, upon election, may be spread in equal installments over a maximum of five tax years (including the tax year when the capital gain is realized). The election for the installment computation is only available if the common shares in Ferrari have been held for no less than three years and booked as non-current financial assets (*immobilizzazioni finanziarie*) in the last three financial statements.

However, under Article 87 CITA (participation exemption), capital gains realized upon transfer of common shares in Ferrari are 95 percent exempt if both the following requirements are met:

a. The common shares in Ferrari have been uninterruptedly held as of the first day of the twelfth month prior to the transfer, treating the Ferrari common shares acquired on the most recent date as being transferred first (on a "last in first out" basis); and
b. The common shares in Ferrari have been booked as non-current financial assets in the first financial statements closed during the holding period. In case of holders that draft their financial statements according to IAS / IFRS international accounting standards, the common shares in Ferrari are deemed as non-current financial assets if they are not accounted as financial assets held for trading.

The Italian law lays down certain additional conditions for the exemption to be available. Based on the assumption that Ferrari is a holding company, that its shares are listed on a regulated market, and that pursuant to Article 87(5) CITA its assets are predominantly composed of shareholdings in companies which satisfy the additional conditions set forth by Article 87 CITA in order to enjoy the participation exemption regime (i.e., the companies are not resident in a State with a preferential tax system pursuant to Article 47-*bis* CITA and carry on a business activity), these additional conditions should be met.

The transfer of shares booked as fixed financial assets and shares booked as inventory must be considered separately with reference to each class. If the requirements for the participation exemption are met, any capital loss realized on the common shares in Ferrari cannot be deducted.

For the purpose of determining capital gains and capital losses, the holder's tax basis in the Ferrari common shares is reduced by any write-down that the holder has deducted in previous tax years.

Capital losses (as well as negative differences between revenues and costs) relating to shares that do not meet the participation exemption requirements are not relevant (and cannot be deducted) to the extent of the non-taxable amount of dividends (or advance dividend) received by the holder in the 36 (thirty-six) months prior to the transfer (dividend washing rule). This anti-avoidance rule applies to shares acquired in the 36-month period preceding the realization of the capital loss (or the negative difference), provided that requirements under Article 87(1)(c)-(d) CITA (i.e., the company is not resident in a State with a preferential tax system pursuant to Article 47-*bis* CITA and carries on a business activity) are met. The anti-avoidance rule does not apply to holders that draft their financial statements according to IAS / IFRS international accounting standards under Regulation (EC) No. 1606/2002 of the European Parliament and the Council of July 19, 2002. When the amount of the aforesaid capital losses (and negative differences) deriving from a transaction (or a series of transactions) on shares traded on regulated markets is greater than €50,000.00, the taxpayer must, under certain circumstances report the data and the information regarding the transaction to the Italian tax authorities.

Moreover, in case of capital losses greater than €5,000,000.00 deriving from the transfer (or a series of transfers) of shares booked as non-current financial assets, the holder must report the data and the information to the Italian tax authorities. Holders that draft their financial statements according to IAS / IFRS international accounting standards are under no such obligation.

For some types of companies and under certain conditions, capital gains on common shares in Ferrari are also included in the net value of production that is subject to IRAP.

(iv) Non-business entities referred to in Article 73(1)(c) CITA and non-business partnerships (società semplici) referred to in Article 5 CITA

Capital gains realized, outside the scope of a business activity, by Italian resident non-business entities referred to in Article 73(1)(c) CITA (other than OICR) and Italian non-business partnerships as referred to in Article 5 CITA are subject to tax under the same rules as provided for capital gains realized by Italian resident individuals who do not hold the Ferrari common shares in connection with a business activity. For a short description of a favorable regime available to certain social security entities (see subparagraph (A)(v) of the subsection "Taxation of Dividends" above).

Italian resident non-business entities referred to in Article 73(1)(c) CITA (holding the Ferrari shares outside the scope of a business activity) and Italian non-business partnerships as referred to in Article 5 CITA may also elect for the temporary tax basis step-up regime enacted by the Finance Act 2024 in relation to Ferrari shares held on January 1, 2024 (see subparagraph (A)(i) of this subsection "Taxation of Capital Gains" above).

(v) Pension funds and OICR (other than Real Estate AIF)

Capital gains on common shares in Ferrari held by Italian pension funds governed by Decree 252 must be taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20 percent flat tax (*imposta sostitutiva*). For a short description of a favorable regime available to pension funds, see subparagraph (A)(vii) of the subsection "Taxation of Dividends" above.

Capital gains on common shares in Ferrari held by OICRs that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) are not subject to tax at the level of the OICR.

(vi) Real Estate AIF

Capital gains on common shares in Ferrari held by Italian Real Estate AIF are not subject to IRES or IRAP at the level of the Real Estate AIF.

(B) NON-ITALIAN RESIDENT PERSONS

(i) Non-resident persons holding the common shares in Ferrari through a permanent establishment in Italy

If non-Italian resident persons hold the common shares in Ferrari through a permanent establishment in Italy to which the common shares in Ferrari are effectively connected, capital gains realized upon disposal of the common shares in Ferrari must be included in the permanent establishment's income taxable in Italy according to the tax regime as provided for the capital gains realized by Italian resident companies and other business entities as referred to in Article 73(1)(a)-(b) CITA, which is summarized under subparagraph (A)(iii) above. If the common shares in Ferrari are not connected to a permanent establishment in Italy of the non-resident person, reference must be made to subparagraph (B)(ii) below.

If the common shares are held by a non-resident Sole Proprietor through a permanent establishment in Italy to which the common shares are effectively connected, capital gains realized upon disposal of the common shares must be included in the permanent establishment's income taxable in Italy according to the tax regime as provided for the capital gains realized by Italian Sole Proprietors, which is summarized under subparagraph (A)(ii) above.

(ii) Non-*resident persons that do not hold the common shares in Ferrari through a permanent establishment in Italy*

NON-QUALIFIED HOLDINGS. Based on the fact that Ferrari common shares are listed on a regulated market, no tax applies in Italy on capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon transfer for consideration of common shares in Ferrari that do not qualify as Transfers of Qualified Holdings, even if the Ferrari common shares are held in Italy and regardless of the provisions set forth in any applicable double tax treaty. In such case, in order to benefit from this exemption, non-Italian resident holders who hold the Ferrari common shares with an Italian authorized financial intermediary and either are subject to the nondiscretionary investment portfolio regime or have elected for the discretionary investment portfolio regime may be required to timely submit to the Italian authorized financial intermediary an affidavit whereby they state that they are not resident in Italy for tax purposes.

QUALIFIED HOLDINGS. Capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon Transfers of Qualified Holdings are subject to tax under the rules as provided for capital gains realized by Italian resident individuals who do not hold the Ferrari common shares in connection with a business activity. However,

a. under Article 1(633) of Finance Act 2021, no tax applies in Italy on capital gains realized by (i) foreign undertakings for collective investment that comply with Directive 2009/65/EC, or (ii) foreign undertakings for collective investment that do not fall within the scope of Directive 2009/65/EC but whose asset manager is subject to regulatory supervision according to Directive 2011/61/EU, provided that in both case (i) and (ii) the foreign undertaking for collective investment is organized under the laws of an EU Member State or an EEA State that is included in the White List. In any case, the provisions of double tax treaties entered into by Italy may apply if more favorable;
b. under Article 1 (59) of Finance Act 2024, capital gains realized on the common shares in Ferrari by companies or entities that are resident for tax purposes in an EU Member State or in an EEA State that is included in the Italian White List are 95 percent exempt provided that the conditions under a. and b. of subparagraph (A)(iii) above are met.

Non-resident persons that do not hold the common shares in Ferrari through a permanent establishment in Italy and that may be exposed to Italian source taxation on capital gains may also consider electing for the temporary tax basis step-up regime enacted by the Finance Act 2024 in relation to Ferrari shares held on January 1, 2024 (see subparagraph (A)(i) of this subsection "Taxation of Capital Gains" above).

Special voting shares

No statutory, judicial or administrative authority directly discusses how the receipt, ownership or disposal of special voting shares should be treated for Italian income tax purposes and as a result, the Italian tax consequences are uncertain. Accordingly, we urge Ferrari shareholders to consult their tax advisors as to the tax consequences of the receipt, ownership and disposal of special voting shares.

Receipt of special voting shares

A shareholder that receives special voting shares issued by Ferrari should in principle not recognize any taxable income upon the receipt of special voting shares. Under a possible interpretation, the issue of special voting shares can be treated as the issue of bonus shares free of charge to the shareholders out of existing available reserves of Ferrari. Such issue should not have any material effect on the allocation of the tax basis of a shareholder between its Ferrari common shares and its Ferrari special voting shares. Because the special voting shares are not transferable and their limited economic rights can be enjoyed only at the time of the liquidation of Ferrari, we believe and intend to take the position that the fair market value of each special voting share is minimal. However, because the determination of the fair market value of the special voting shares is not governed by any guidance that directly addresses such a situation and is unclear, the Italian tax authorities could assert that the value of the special voting shares as determined by us is incorrect.

Ownership of special voting shares

Shareholders of special voting shares should not have to recognize income in respect of any amount transferred to the special voting shares dividend reserve, but not paid out as dividends, in respect of the special voting shares.

Disposition of special voting shares

The tax treatment of a Ferrari shareholder that has its special voting shares redeemed for no consideration after removing its shares from the Loyalty Register is unclear. It is possible that a shareholder should recognize a loss to the extent of the shareholder's tax basis (if any). The deductibility of such loss depends on individual circumstances and conditions generally required by Italian law. It is also possible that a Ferrari shareholder would not be allowed to recognize a loss upon the redemption of its special voting shares and instead should increase its basis in its Ferrari common shares by an amount equal to the tax basis (if any) in its special voting shares.

Transfer tax

Contracts or other legal instruments relating to the transfer of securities (including the transfer of the Ferrari common shares) are subject to registration tax as follows: (i) notary deeds (*atti pubblici*) and private deeds with notarized signatures (*scritture private authenticate*) executed in Italy must mandatorily be registered with the Italian tax authorities and are subject to €200.00 registration tax; and (ii) private deeds (*scritture private*) are subject to €200.00 registration tax only if they are voluntary filed for registration with the Italian tax authorities or if the so-called "*caso d'uso*" or "*enunciazione*" occurs.

Financial Transaction Tax

Transfer of Ownership of the Shares

Article 1(491-500) of Law No. 228 of December 24, 2012 introduced a financial transaction tax ("FTT") applicable, among others, to the transfers of the ownership of (i) shares issued by Italian resident corporations, (ii) participating financial instruments (as defined under Article 2346(6) of the Italian Civil Code) issued by Italian resident corporations, and (iii) securities representing equity investments in Italian resident corporations such as American Depositary Receipts and Global Depositary Receipts, regardless of the place of residence of the issuer of such securities and of the place where the contract has been concluded.

The residence of the issuer for the purposes of FTT is the place where the issuer has its registered office (intended as its corporate seat).

Since the corporate seat of Ferrari is not in Italy, transfers of ownership of the shares in Ferrari will not be subject to FTT.

High-frequency trading

Transactions carried out on the Italian financial markets and concerning the Ferrari shares may in limited circumstances be subject to a tax on high-frequency trading. Potential prospective investors engaged in high-frequency trading should therefore consult their own tax advisors regarding the Italian tax consequences of high-frequency trading on the Ferrari shares.

Transfer of the Ferrari Shares upon Death or by Gift

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including the common shares and the special voting shares in Ferrari) (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons, but limited to transferred assets held in Italy. Shares in corporations that are resident in Italy for tax purposes (because they have their corporate address or their place of effective management or their main business purpose in Italy for the greater part of the tax year) are deemed to be held in Italy.

Subject to certain exceptions, transfers of assets and rights (including the common shares and the special voting shares in Ferrari) on death or by gift are generally subject to inheritance and gift tax as follows:

1. At a rate of 4 percent in case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €1,000,000.00.

2. At a rate of 6 percent in case of transfers made to relatives up to the fourth degree or relatives-in-law up to the third degree on the entire value of the transferred assets (in the case of transfers to brothers or sisters, the six percent rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €100,000.00).
3. At a rate of 8 percent in any other case.

If the transfer is made in favor of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.00 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

Assets and rights (i) segregated in a trust, or (ii) allocated to special funds by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-*ter* of the Italian Civil Code, in favor of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set out in Article 6 of Law No. 112 of June 22, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

No inheritance tax applies if the common shares in Ferrari are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth by the Italian tax law.

Stamp Duty

Under Article 13(2*bis*-2*ter*) of Decree No. 642 of October 26, 1972, a 0.20 percent stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. Shares are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for investors other than individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Finance on May 24, 2012, the 0.20 percent stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as "clients" according to the regulations issued by the Bank of Italy. Communications and reports sent to this type of investors are subject to the ordinary €2.00 stamp duty for each copy.

The taxable base of the stamp duty is the market value or - in the lack thereof - the nominal value or the redemption amount of any financial product.

Wealth Tax on Financial Products Held Abroad

Under Article 19 of Decree No. 201 of December 6, 2011, individuals, non-business entities and non-business partnerships resident for tax purposes in Italy, which hold certain financial products outside of Italian territory (including shares) are required to pay a wealth tax at the rate of 0.20 percent (the rate is 0.40 percent if the financial products are held in one of the States or territories included in the Italian Ministerial Decree May 4, 1999). The wealth tax applies on the market value at the end of the relevant year or - in the lack thereof - on the nominal value or the redemption value of such financial products held outside of Italian territory. The wealth tax cannot exceed €14,000 per year for investors other than individuals.

Taxpayers may deduct from the Italian wealth tax a tax credit equal to any wealth tax paid in the country where the financial products are held (up to the amount of the Italian wealth tax due).

Certain Reporting Obligations for Italian Resident Holders

Under Law Decree No. 167 of June 28, 1990, individuals, non-business entities and non-business partnerships that are resident in Italy for tax purposes and, during the fiscal year, hold financial assets abroad (including possibly the common shares and the special voting shares in Ferrari) must, in certain circumstances, disclose these financial assets to the Italian tax authorities in their income tax return (or if the income tax return is not due, in a proper form that must be filed within the same term as prescribed for the annual income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000.00 throughout the year). The requirement applies also if the persons above, being not the direct holder of the financial assets, are the beneficial owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for financial assets (including the common shares and the special voting shares in Ferrari) under management or administration entrusted to Italian resident intermediaries (Italian banks, broker-dealers (SIM), fiduciary companies or other professional intermediaries as indicated under Article 1 of Law Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such assets and contracts have been subjected to Italian withholding tax or substitute tax by such intermediaries.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and audit committee of Ferrari N.V.

Report on the audit of the annual report for the year ended 31 December 2023 included in the annual report

Our opinion

We have audited the financial statements for the year ended 31 December 2023 of Ferrari N.V., based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Ferrari N.V. as at 31 December 2023, and of its result and its cash flows for the year ended 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Ferrari N.V. as at 31 December 2023, and of its result for the year ended 2023 in accordance in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2023.
2. The following statements for 2023: the consolidated income statement, statements of comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity.
3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The company statement of financial position as at 31 December 2023.
2. The following company statements for 2023: the company income statement, statements of comprehensive income, the company statements of cash flow and the company statements of changes in equity.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Ferrari N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the final materiality for the consolidated financial statements as a whole at € 80 million, based upon Profit before Tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.
We agreed with the audit committee that misstatements in excess of € 4 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Ferrari N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Ferrari N.V.

Our group audit mainly focused on significant group entities. Our assessment of entities that are significant to the group was done as part of our audit planning and was aimed to obtain sufficient coverage of the risks of a material misstatement for the significant account balances, classes of transactions and disclosures that we have identified. In addition, we considered qualitative factors as part of our assessment.

For the selected component audit teams, the group audit team provided detailed written instructions, which, in addition to communicating our requirements of component audit teams, also detailed significant audit areas, including awareness for risks related to management override of controls and revenue recognition. Furthermore, we developed a plan for overseeing component audit teams based on its relative significance and specific risk characteristics. Our oversight procedures included a combination of live and virtual meetings with the component auditor, including working paper reviews. We also reviewed component audit team deliverables to gain a sufficient understanding of the work performed based on our instructions. The nature, timing and extent of our oversight procedures varied based on both quantitative and qualitative considerations.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

In accordance with our standards, we identified management override of controls as a presumed fraud risk. Our audit procedures to respond to these fraud risks include, amongst others, detailed testing of journal entries and top-side adjustments based on supporting documentation. We have used data-analytics to perform a selection of journal entries based on risk-based characteristics to address the identified fraud risk.

Additionally, we performed, amongst others the following procedures:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We considered available information and made enquiries of relevant personal, including (non-) executive directors, lower management, accounting personnel, general counsel, director of internal audit, compliance and corporate affairs officer and others.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 2 use of estimates of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.
- For significant transactions during the year we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.
- For manual journal entries affecting revenue recognition, which is a presumed fraud risk in accordance with our standards, we performed specific journal entry tests.
- We have involved forensic specialists, who assisted us in the procedures explained above.

Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with, amongst others, management, group legal counsel, internal audit and those charged with governance, reading minutes and reports of internal audit.

We involved our forensic specialists in this evaluation. Please refer to our audit approach on fraud risks related for more information about this evaluation.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, Ferrari N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of the entity's business and the complexity of these other laws and regulations, there is a risk of non-compliance with the requirements of such laws and regulations. In addition, we considered major laws and regulations applicable to listed companies.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the board of directors and others within the entity as to whether the entity is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Our responsibilities, as well as the responsibilities of the board of directors, related to going concern under the prevailing standards are outlined in the “Description of responsibilities regarding the financial statements” section below. In fulfilling our responsibilities, we performed procedures including evaluating management’s assessment of the Company’s ability to continue as a going concern and considering the impact of financial, operational, and other conditions. Based on these procedures, we did not identify any reportable findings related to the entity’s ability to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

Intangible Fixed Assets – Development Costs

Description

The financial statements as of December 31, 2023, include Intangible assets – development costs (“Development costs”) with a net carrying amount of Euro 1,369.9 million.

Development costs for car production and related components, engines and systems, are recognized as an asset if the conditions under IAS 38 - Intangible Assets are met, including, among others: (i) development costs can be measured reliably, (ii) the technical feasibility of the product, estimated volumes and expected pricing all support the view that the development expenditure will generate future economic benefits, and (iii) the company has the intention to complete the development and the ability to use the intangible asset. All other research and development costs are expensed as incurred.

We identified Development costs as a critical audit matter because of the significant estimates and judgements management makes when determining if a project has met the IAS 38 conditions related to assessing the technical feasibility of the project, including the intention to complete the development and the ability to use the intangible asset, and the realization of an expected future economic benefit. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's assessment of the classification of capitalization or expense of Development costs.

How the key audit matter was addressed in the audit

Our audit procedures related to management's judgments regarding the capitalization or expense of Development costs included the following, among others:

- We evaluated management's policies and procedures for identifying the Development costs to be capitalized and the criteria used for capitalization including the consistency to those adopted in previous years.

- We tested the effectiveness of controls over the capitalized Development costs process, including those related to the verification of capitalization requirements, product initiatives approval and spending allocation, and costs monitoring.

- We obtained and analyzed the details of the capitalized costs by project, on a sample basis, for the 2023 additions and reclassifications from costs in progress to additions that occurred in the year. For additions, we verified that capitalized projects to meet IAS 38 criteria for capitalization and remained commercially viable, through:

    - Analysis of project details including evidence of external costs and internal costs.

    - Testing supporting evidence including invoices and time sheets for the Development costs capitalized.

    - In addition, for the selected new capitalized projects we performed specific inquiry with management and inspected supporting documentation to assess the nature of the project.

  We verified to the supporting evidence that reclassifications from development costs in progress to development costs amortized were appropriate.

- For projects capitalized in previous years we verified, on sample basis, that capitalization criteria are still valid.

- We evaluated, on a sample basis, the reasonableness of management's estimates, including management's basis and approach for considering the impacts of changes in the regulatory environment, by:

    - Inquiring of the Company's executives to understand the business initiatives supporting the assumptions related to tested development projects.

    - Comparing Group's forecast revenue, EBITDA, Operaring Profit (EBIT) and Industrial Free Cash Flow to actual results for the last three years.

    - Retrospectively analyzing the trend in actual revenue and the associated costs of production and of Development costs amortization.

  We verified, on a sample basis, that the costs recorded as research expense through profit and loss were not eligible for capitalization, and therefore not included in capitalized Development costs.

Observations

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

Direction, supervision and review of the work performed by Deloitte & Touche S.p.A

Description

Ferrari N.V. is an international group of companies and is statutory seated in The Netherlands. As a result, the Company is required to issue financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code. Deloitte Accountants B.V. has been appointed as the Company's auditor for fiscal year 2023.
As part of our audit of these financial statements, we have engaged Deloitte & Touche S.p.A. to audit the Company's financials in accordance with EU-IFRS.

Following the NV structure of the group we, as Deloitte Accountants B.V., are required by International Standard on Auditing 600 to direct, supervise and review the work that was performed by Deloitte & Touche S.p.A. Since this forms a significant part of our audit, we have identified this as a key audit matter.

How the key audit matter was addressed in the audit

We have performed the following audit procedures:

- We issued written instructions to the audit team of Deloitte & Touche S.p.A. We reviewed and discussed the audit team's deliverables to ensure the work was performed in accordance with our instructions;

- In addition, we exercised direction, supervision and review on the work performed by the audit team of Deloitte & Touche S.p.A. throughout all stages of the audit by means of remote meetings, site visits as well as physical and remote file reviews. During these interactions, we were involved in the direction, supervision and review of audit procedures, such as but not limited to risk assessment, evaluating the company's internal control environment, (fraud) risk assessment, substantive audit procedures on significant and higher risk areas and concluding audit procedures; and

We have joined several meetings between the audit team of Deloitte & Touche S.p.A.and management of Ferrari N.V. on significant accounting and audit matters, including audit committee meetings.

Observations

The scope and nature of the procedures performed were appropriate and sufficient to address the key audit matter. Our procedures did not result in any reportable matters.

Report on the other information included in the annual report

the annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Board of Directors Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information included in the Annual Report

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Board of Directors Report in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the annual meeting of shareholders as auditor of Ferrari N.V. in April 13, 2022, as of the audit for the year 2023 and have operated as statutory auditor ever since.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.
European Single Electronic Format (ESEF)

Ferrari N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by Ferrari N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;
    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The audit committee is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, February 22, 2024

Deloitte Accountants B.V.

M.R. van Leeuwen

INDEPENDENT AUDITOR'S REPORT

ON THE NON FINANCIAL STATEMENT

To the Board of Directors of
Ferrari N.V.

We have carried out a limited assurance engagement on the Non Financial Statement of Ferrari N.V. and its subsidiaries (hereinafter also "Ferrari Group" or "Group") as of December 31, 2023.

Our limited assurance engagement does not extend to the compliance of the Non Financial Statement with the Dutch Decree on Non-Financial Information (Besluit bekendmaking niet-financiële informatie) and to the information required by art. 8 of the European Regulation 2020/852 included in the chapter "EU Taxonomy".

Responsibility of the Directors for the Non Financial Statement

The Directors of Ferrari N.V. are responsible for the preparation of the Non Financial Statement in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), as stated in the paragraph "Methodology and Scope" of the Non Financial Statement.

The Directors are also responsible, for such internal control as they determine is necessary to enable the preparation of the Non Financial Statement that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the definition of the Ferrari Group's objectives in relation to the sustainability performance, for the identification of the stakeholders and the significant aspects to report.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Our auditing firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the Non Financial Statement with the GRI Standards. We conducted our work in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements.

The standard requires that we plan and perform the engagement to obtain limited assurance whether the Non Financial Statement is free from material misstatement.

Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised ("reasonable assurance engagement"), and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the Non Financial Statement are based on our professional judgement and included inquiries, primarily with Company personnel responsible for the preparation of information included in the Non Financial Statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

(1) analysis of the process relating to the definition of material aspects disclosed in the Non Financial Statement, with reference to the methods used for the identification and prioritization of material aspects for stakeholders and to the internal validation of the process results;
(2) comparison between the economic and financial data and information included in the Non Financial Statement with those included in the Group's Financial Statements;
(3) understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the Non Financial Statement.

In particular, we carried out interviews and discussions with the management of Ferrari N.V. and with the personnel of Ferrari S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures, which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the Non Financial Statement.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
    (a) with regards to qualitative information included in the Non Financial Statement, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
    (b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;

- for the Ferrari S.p.A.'s site located in Maranello (Modena, Italy), which we selected based on its activities, its contribution to the performance indicators at the consolidated level and its location, we carried out site visits, during which we have met the management and have gathered supporting documentation on a sample basis with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Non Financial Statement of Ferrari Group as of December 31, 2023, is not prepared, in all material aspects, in accordance with the GRI Standards as stated in the paragraph "Methodology and Scope" of the Non Financial Statement.

Our conclusion on the Non Financial Statement of Ferrari Group does not extend to the compliance of the Non Financial Statement with the Dutch Decree on Non-Financial Information (Besluit bekendmaking niet-financiële informatie) and to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "EU Taxonomy".

DELOITTE & TOUCHE S.p.A.

Silvia Dallai
Partner

Bologna, Italy
February 22, 2024

Form 20-F Cross Reference

The table below sets out the location within the document of the information required by the SEC for annual reports on Form 20-F. The exact location is included in the column "Cross Reference". The column "Page" refers to the starting page of the section (or sub-section) for reference only.