2023
FIRST-HALF FINANCIAL REPORT

MICHELIN

CONTENTS


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2023 FIRST-HALF BUSINESS REVIEW

1.1 Tire markets

Tire markets were mixed in the first six months of 2023, with trends varying by business segment and geography.

The Passenger car and Light truck tire market was stable overall, ticking up just 1% year-on-year, while the Truck tire market (excluding China) contracted by 4%.

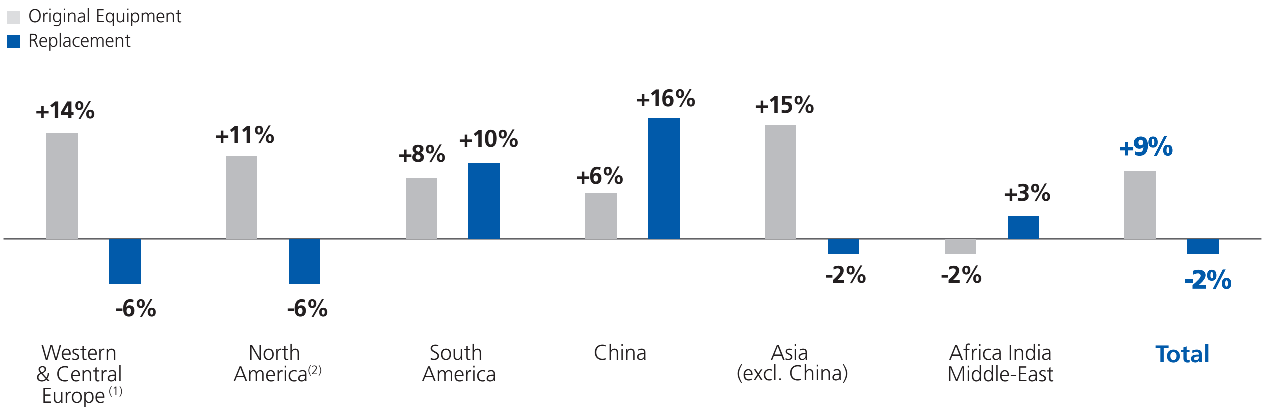
In the Specialty businesses, demand was lifted by the Mining tire, Conveyor belt, Aircraft tire and Agricultural tire segments. It was dampened, however, by the slowdown in the homebuilding segment of the Construction tire market, as well as by high dealer inventory in the Two-wheel tire segment. The Specialty polymers market tracked the growth in the global economy.

Methodological note: Tire market estimates reflect sell-in (sales of manufacturers to dealers) data published by local tiremaker associations, plus Michelin`s own estimates of sales by tire manufacturers that do not belong to any association. These estimates are based primarily on import-export statistics and are expressed in the number of tires sold. They may be updated following their initial publication.

1.1.1 PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS

The global Original Equipment and Replacement **Passenger car and Light truck** tire market was broadly unchanged year-on-year in the first six months of 2023, with a slight 1% overall gain masking a 9% increase in Original Equipment sales and a 2% decline in the Replacement segment.

THE GLOBAL PASSENGER CAR AND LIGHT TRUCK TIRE MARKET, FIRST-HALF 2023 VS. FIRST-HALF 2022



Michelin estimates, sell-in market data – see 1.1 Methodological note.
(1) Including Turkey and Eastern Europe.
(2) Including Central America.

1.1.1 a) Original Equipment

In the **Original Equipment** segment, the 9% growth in worldwide demand, from favorable prior-year comparatives, was underpinned by the gradual easing of supply chain constrictions, vehicle inventory rebuilding at certain automakers and the rising sales of electric vehicles.

The **European** market expanded by 14% over the period, boosted by the very favorable comparison with first-half 2022, when demand was especially impacted by automaker supply shortages and the outbreak of the war in Ukraine.

Demand in **North and Central America** grew by 11% year-on-year, led by still robust consumer purchase intent and the gradual rebuilding of automaker inventory.

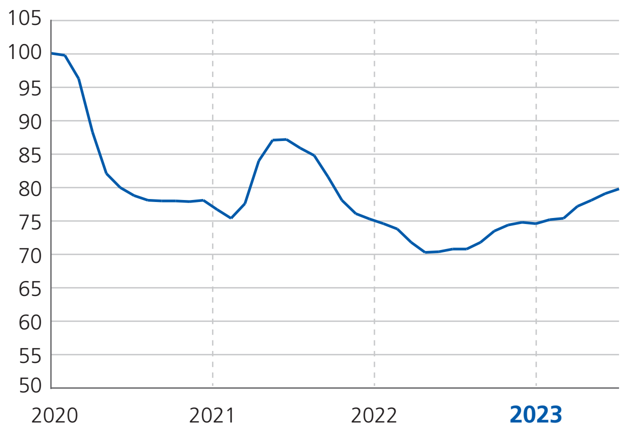
In **China,** demand rose by 6% over the period, with a 6% drop in the first quarter stemming from the high inventory overhang from year-end 2022, and a 20% rebound in the second three months due to the favorable comparison with second-quarter 2022, impacted by the health crisis. EVs accounted for nearly 30% of the country’s new car sales over the first half of 2023, up more than five points year-on-year.

PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS

Original Equipment *(in millions of tires)*	First-half 2023	First-half 2022	First-half 2023/2022	Second quarter 2023/2022	First-quarter 2023/2022
Western and Central Europe[(1)]	42.9	37.7	+14%	+14%	+14%
North America[(2)]	37.9	34.2	+11%	+12%	+9%
South America	7.0	6.5	+8%	+7%	+9%
China	57.2	54.1	+6%	+20%	-6%
Asia (excluding China)	38.0	33.0	+15%	+17%	+14%
Africa/India/Middle East	17.3	17.7	-2%	-4%	-1%
TOTAL	**200.4**	**183.2**	**+9%**	**+14%**	**+5%**

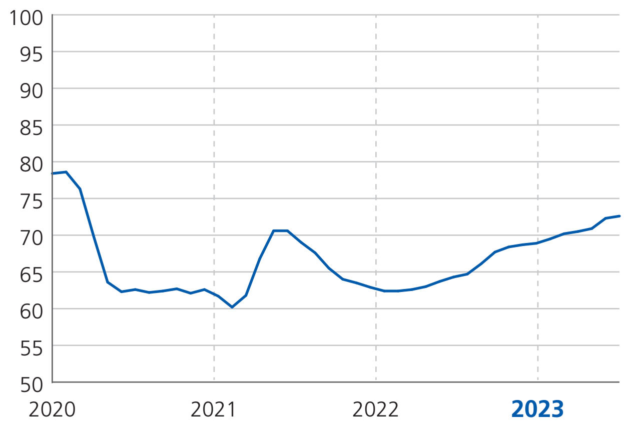
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates, sell-in market data – see 1.1 Methodological note.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN EUROPE
(in millions of tires – moving 12 months)



Michelin estimates.

THE OE PASSENGER CAR AND LIGHT TRUCK MARKET
IN NORTH AMERICA
(in millions of tires – moving 12 months)



Michelin estimates.

1.1.1 b) Replacement

In **Replacement** tires, the 2% overall decline in worldwide demand during the first half hid significant disparities by region.

In **Europe**, the market fell by 6% overall in first-half 2023, but the slowdown eased over the period from a decline of 9% in the first quarter to a decrease of 4% in the second. Dealer inventory drawdowns over the first half weighed on sell-in demand, while sell-out demand proved more resilient.

In **North America**, demand contracted by 6% over the first half, from prior-year comparatives that remained especially unfavorable throughout the period. As in Europe, dealer inventory drawdowns dampened sell-in demand, while sell-out demand was more resilient.

The **Chinese** market ended first-half 2023 up 16%, with a 32% upsurge in the second quarter. This very strong growth was driven by a rebound in the market in 2023 compared with the same period in 2022, when restrictions on freedom of movement imposed by the government in response to the resurgent health crisis weighed heavily on demand.

PASSENGER CAR AND LIGHT TRUCK TIRE MARKETS

Replacement (in millions of tires)	First-half 2023	First-half 2022	First-half 2023/2022	Second quarter 2023/2022	First-quarter 2023/2022
Western and Central Europe[(1)]	182.1	194.5	-6%	-4%	-9%
North America[(2)]	151.5	161.7	-6%	-6%	-7%
South America	38.3	34.9	+10%	+16%	+4%
China	63.6	54.9	+16%	+32%	+3%
Asia (excluding China)	68.9	70.6	-2%	0%	-4%
Africa/India/Middle East	54.4	53.0	+3%	+3%	+3%
TOTAL	**558.8**	**569.7**	**-2%**	**+1%**	**-4%**

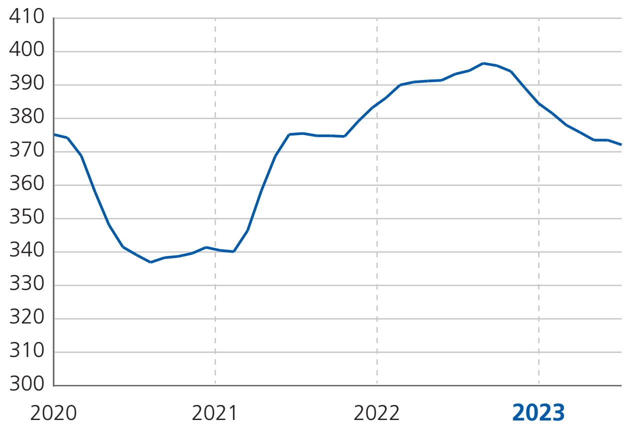
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates, sell-in market data – see 1.1 Methodological note.

The main European country markets rose or declined as follows during the first half of 2023:

PASSENGER CAR AND LIGHT TRUCK TIRES

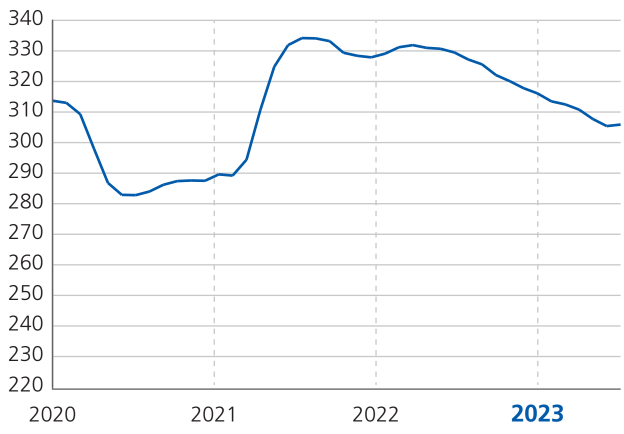
Replacement	2023 vs. 2022
WESTERN AND CENTRAL EUROPE	**-6%**
• of which France	-6%
• of which Spain	-2%
• of which Italy	-4%
• of which United Kingdom	+4%
• of which Germany	-10%
• of which Poland	-13%
• of which Turkey	+6%
• of which Russia	-17%

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN EUROPE
(in millions of tires – moving 12 months)



Michelin estimates.

THE REPLACEMENT PASSENGER CAR AND LIGHT TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of tires – moving 12 months)



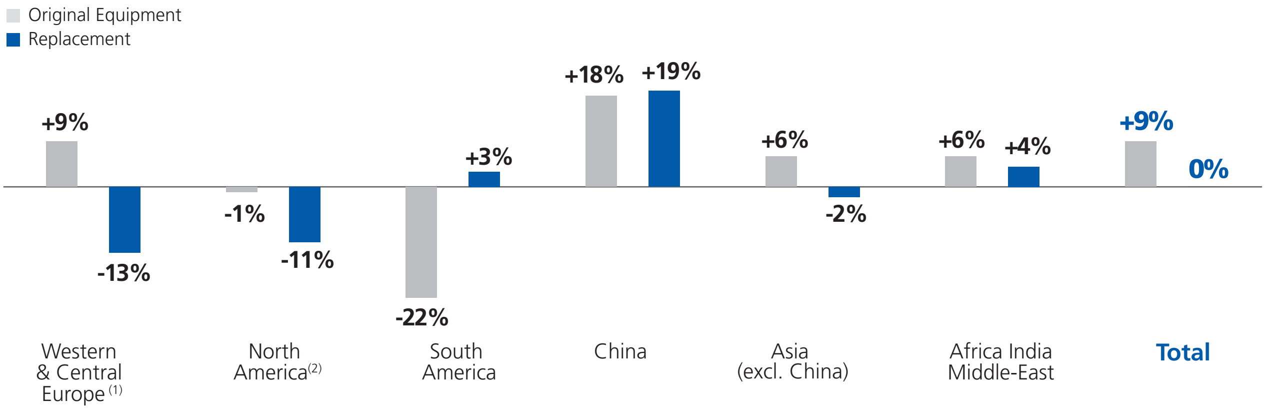
Michelin estimates.

1.1.2 TRUCK TIRE MARKETS

Global demand for Original Equipment and Replacement **Truck tires (excluding China)** softened by 4% overall in the first six months of 2023, with a 3% increase in Original Equipment sales and a 5% decline in the Replacement segment.

In China, where the Group's presence is negligible, demand increased by 19% over the period.

THE GLOBAL TRUCK TIRE MARKET, FIRST-HALF 2023 VS. FIRST-HALF 2022



(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates, sell-in market data, new tires only – see 1.1 Methodological note.

1.1.2 a) Original Equipment

In the **Original Equipment** segment, the global market excluding China rose by 3% year-on-year.

Markets remained buoyant in **Europe** (up 9%) and **North and Central America** (down 1%), although the basis of comparison was particularly high in North America. The robust demand reflected deep truck-maker backlog, with order books full through third-quarter 2023. The North American market was lifted by truck purchases ahead of the introduction of a new greenhouse gas emissions standard in 2024.

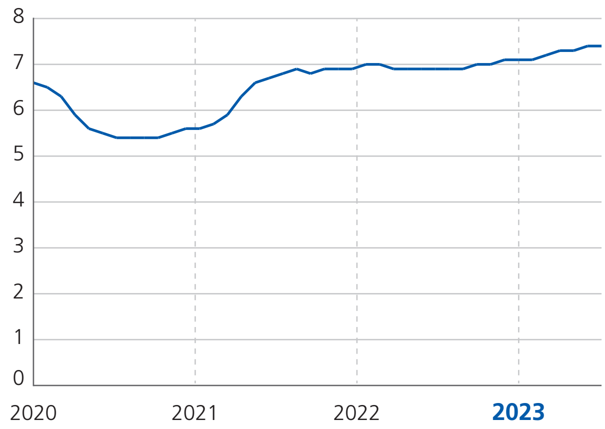
Demand in **South America** plunged 22% year-on-year, following extensive new truck buying in 2022 ahead of the introduction of a new emissions standard on January 1, 2023.

TRUCK MARKETS*

Original Equipment *(in millions of tires)*	First-half 2023	First-half 2022	First-half 2023/2022	Second quarter 2023/2022	First-quarter 2023/2022
Western and Central Europe(1)	3.9	3.6	+9%	+8%	+10%
North America(2)	3.5	3.5	-1%	-9%	+9%
South America	0.9	1.2	-22%	-26%	-19%
China	10.6	9.0	+18%	+39%	+2%
Asia (excluding China)	2.2	2.1	+6%	+7%	+5%
Africa/India/Middle East	2.9	2.8	+6%	+6%	+6%
TOTAL	**24.0**	**22.1**	**+9%**	**+14%**	**+4%**

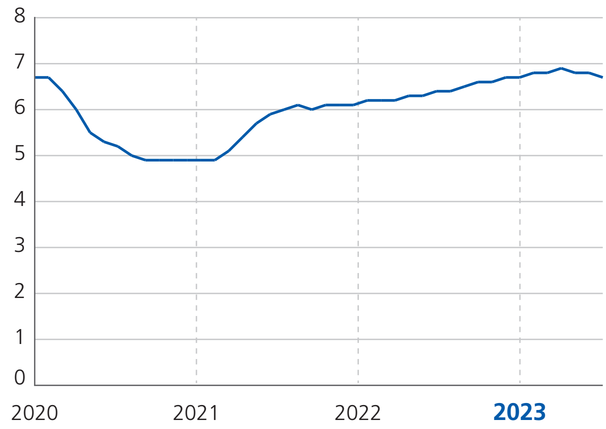
** Radial and bias.*
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates, sell-in market data – see 1.1 Methodological note.

THE OE TRUCK TIRE MARKET IN EUROPE
(in millions of radial and bias tires – moving 12 months)



Michelin estimates.

THE OE TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of radial and bias tires – moving 12 months)



Michelin estimates.

1.1.2 b) Replacement

The global **Replacement** market (excluding China) declined by 5% over the period, from particularly high first-half 2022 comparatives.

The fall-off was especially steep in **Europe**, with a 13% year-on-year decrease in an environment shaped by a glut in overland freight capacity. In addition to the high basis of comparison in 2022, the improvement in global supply chains and the economic slowdown enabled fleets and dealers to reduce inventory, which nevertheless remained high at end-June.

Replacement demand in **North and Central America** ended the first half down 11%, with a faster 19% decline in the second quarter from a 1% dip in the first. As in Europe, the trend reflected very high comparatives, combined with the inventory drawdowns enabled by the improvements in global supply chains.

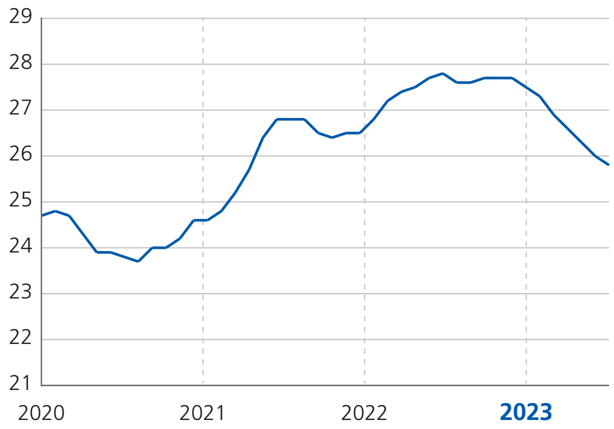
In **South America**, demand edged up 3% and remained robust in the first half, supported by opportunistic dealer buying of low-cost imports to the detriment of locally produced tires.

TRUCK MARKETS*

Replacement *(in millions of tires)*	**First-half 2023**	**First-half 2022**	**First-half 2023/2022**	**Second quarter 2023/2022**	**First-quarter 2023/2022**
Western and Central Europe[(1)]	12.4	14.1	*-13%*	-11%	-14%
North America[(2)]	14.9	16.8	*-11%*	-19%	-1%
South America	7.8	7.6	*+3%*	+7%	0%
China	19.7	16.6	*+19%*	+26%	+13%
Asia (excluding China)	10.6	10.8	*-2%*	+1%	-5%
Africa/India/Middle East	14.0	13.4	*+4%*	+4%	+4%
TOTAL	**79.4**	**79.2**	***0%***	**0%**	**0%**

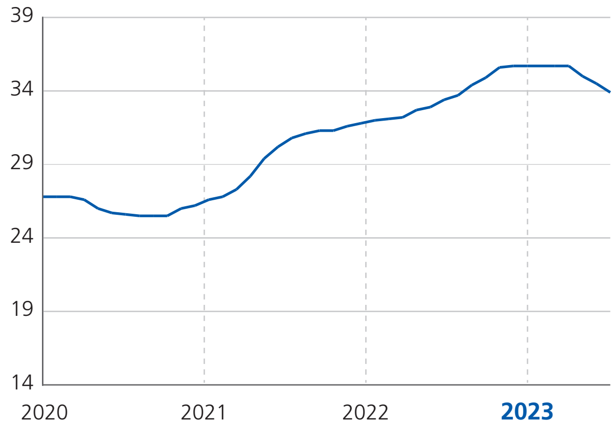
* *Radial and bias.*
(1) *Including Turkey and Eastern Europe.*
(2) *Including Central America.*
Michelin estimates, sell-in market data – see 1.1 Methodological note.

THE REPLACEMENT TRUCK TIRE MARKET IN EUROPE
(in millions of radial and bias tires – moving 12 months)



Michelin estimates.

THE REPLACEMENT TRUCK TIRE MARKET IN NORTH AMERICA
(in millions of radial and bias tires – moving 12 months)



Michelin estimates.

1.1.3 SPECIALTY TIRE MARKETS

Agricultural and Construction tires: agricultural tire markets are still trending upwards overall, supported by Original Equipment demand. The construction tire market, on the other hand, is being affected by the slowdown in homebuilding, which was impacted by rising interest rates. The infrastructure segment is continuing to expand.

Mining tires: tire demand remains strong, with sustained growth in ore mining operations and a return to normal inventory levels.

Two-wheel tires: demand was down from high prior-year comparatives, and reflected extensive inventory buildup, particularly in the bicycle tire segment.

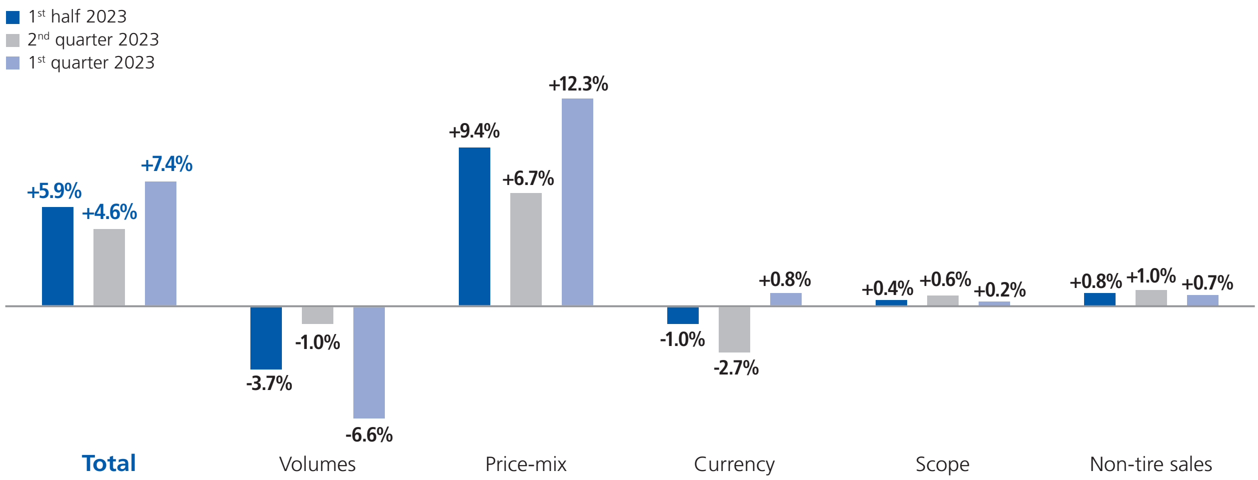
Aircraft tires: the market is expanding, supported in particular by a return to pre-Covid passenger traffic on regional flights.

Conveyor belts: the market for conveyor belts remains robust, both in the mining segment, driven by strong demand for commodities, and in the manufacturing segment, supported by high capital spending.

Specialty polymers: global demand is flattening out as the economy cools.

1.2 SALES

1.2.1 ANALYSIS OF SALES



Sales for the first six months of 2023 amounted to €14,079 million, an increase of 5.9% from the year-earlier period that was attributable to the net impact of the following factors:

- the 3.7% decline in tire volumes, stemming from the major dealer inventory drawdowns over the period, the uncertain economic environment and the increase in interest rates, which prompted dealers to hold down inventories, particularly in the first quarter. The termination of the business in Russia is weighing for 1.1 pt on the half-year volumes.
- a 9.4% increase from the highly positive tire price-mix effect (12.3% in the first quarter and 6.7% in the second). The €1,130 million positive price effect resulted from the full-period impact of the price increases introduced in 2022 and early 2023 to offset an array of cost inflation factors (raw materials, freight, energy, payroll), while the €124 million positive mix effect primarily reflected (i) the priority focus on the MICHELIN brand in every segment, (ii) the growth in demand for 18-inch and larger tires in the Passenger car and Light truck tire segment, where the Group is gaining market share, and (iii) the growth in the Mining tire business;
- the 16.6% increase in non-tire sales, led by the conveyor, seal and belt businesses and the growth in services to fleets. The fine dining, hospitality and travel businesses are also rebounding sharply after three years of severe disruption due to the health crisis;
- a 1.0% decrease from the negative currency effect, primarily reflecting steep declines in a large number of currencies (Chinese yuan, Turkish lira, pound sterling, Australian and Canadian dollars, etc.) against the euro, which were not offset by gains in the US dollar and the Brazilian real;(1)
- a 0.4% increase from changes in the scope of consolidation, led by the inclusion of Conveyor Product Solutions (CPS) in Australia, acquired in July 2022, and of US-based Blacksmith, in which all outstanding shares were acquired in April 2023(2).

(in € millions and %)	First-half 2023	Second-quarter 2023	First-quarter 2023
SALES	**14,079**	**7,118**	**6,961**
Change, year-on-year	**+790**	**+310**	**+480**
Volumes	-497	-68	-429
Price-mix	+1,254	+457	+797
Currency effect	-132	-186	+54
Changes in scope of consolidation	+54	+42	+12
Non-tire sales	+111	+65	+46
Change, year-on-year	**+5.9%**	**+4.6%**	**+7.4%**
Volumes	-3.7%	-1.0%	-6.6%
Price-mix	+9.4%	+6.7%	+12.3%
Currency effect	-1.0%	-2.7%	+0.8%
Changes in scope of consolidation	+0.4%	+0.6%	+0.2%
Non-tire sales	+0.8%	+1.0%	+0.7%

(1) Changes in exchange rates of the main operating currencies against the euro are shown in paragraph 1.2.3 below
(2) See note 2.6.1.3 to the consolidated interim financial statements.

1.2.2 SALES BY REPORTING SEGMENT

Segment information is presented according to the following three operating segments:

- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities as well as the Conveyor Belts and High-Tech Materials activities.

Operating segment performance is measured primarily on the basis of sales and segment operating income, according to the same measurement principles used in the consolidated income statement.

(in € millions)	First-half 2023	Second-quarter 2023	First-quarter 2023
GROUP	**14,079**	**7,118**	**6,961**
Automotive and related distribution	7,024	3,567	3,457
Road transportation and related distribution	3,397	1,701	1,696
Specialty businesses and related distribution	3,658	1,850	1,808
Change, year-on-year	**+5.9%**	**+4.6%**	**+7.4%**
Automotive and related distribution	+6.4%	+6.6%	+6.2%
Road transportation and related distribution	-2.1%	-5.2%	+1.3%
Specialty businesses and related distribution	+13.6%	+10.9%	+16.4%

1.2.2 a) Automotive and related distribution – Analysis of sales

Sales in the Automotive and related distribution segment increased by 6.4% to €7,024 million in the first half of 2023, from €6,599 million in the prior-year period.

Volumes sold declined by 2.1% over the period, reflecting an increase in Original Equipment sales and a contraction in Replacement sales, which were impacted first by high dealer inventory levels early in the period and then by their gradual return to normal as the months went by.

Sales were positively impacted by the assertive price increases introduced in 2022 and early 2023 to offset sharply rising costs.

They also benefited from the generally favorable mix, as the geographic mix (sustained growth in China from favorable comparatives) and the size mix (growth in the proportion of 18-inch and larger tires in the revenue stream) more than offset the unfavorable OE/Replacement mix.

Original Equipment volumes sold rose over the period, lifted by the return to normal conditions in automotive supply chains, particularly for semiconductors.

Growth was particularly robust in Europe and the Americas, while a reduction in government incentives and high automaker inventory weighed on demand in China.

The ongoing growth in the electric vehicle segment continued to have a positive impact.

In the **Replacement** segment, sales volumes declined year-on-year, at a time of economic uncertainty and dealer inventory drawdowns. The percentage of 18-inch and larger tires in the sales mix continued to increase over the period, led by growth in demand and market share gains, while the Group held its leadership in the all-season segment, with the MICHELIN Cross Climate line in the regions where it is sold.

In **North America,** where sell-out volumes remained resilient and the number of kilometers traveled continued to rise, sell-in volumes declined over the period, primarily due to dealer destocking. The Group significantly improved its market share in the 18-inch and larger segment and in the Tier 2 segment with its Uniroyal brand. Sales were also boosted by the refresh of the historic MICHELIN-branded Defender range.

In **Europe,** where the market environment was more uncertain, market share was maintained for the MICHELIN brand and increased for the Tier 2 Kleber brand, which the Group continued to move upmarket. The all-season segment, in which the Group is consolidating its positions, has continued to expand. The Group is steadily meeting the fast growth in demand in the 18-inch and larger tire segment.

Group sales in **China** rose sharply from favorable prior-year comparatives, which were impacted by the strict lockdown measures that dampened sales in spring 2022. The Group is increasing its share of a market that is continuing to move up the value chain.

In the import-driven **South American** market, the Group consolidated its overall market share, while deepening its penetration of the most profitable segments.

In the **Africa/India/Middle East** market, which is generally buoyant and continuing to move up the value chain, the Group pursued its growth strategy in the most profitable segments and drove higher sales of 18-inch and larger tires, particularly in the Gulf States.

In the **non-tire** businesses, **Michelin Experiences**, which primarily operates in the fine dining, hospitality and travel markets, continued to deliver very robust growth after three years of disruption due to the health crisis.

1.2.2 b) Road transportation and related distribution – Analysis of sales

Sales in the Road transportation and related distribution segment declined by 2.1% in the first half of 2023, to €3,397 million from €3,469 million a year earlier,

due to the significant 7.7% contraction in volumes, unfavorable comparatives and persistently high dealer inventory.

After two post-Covid years shaped by strong overland freight demand and highly constricted supply channels across every value chain, demand is now trending downwards, particularly in Europe.

In a rising **Original Equipment** market, where truck manufacturers are introducing upgraded models to comply with the Euro VI emissions standards and other new regulations, the Group consolidated its positions and maintained market share.

In the **Replacement** segment, where markets retreated over the period, the Group continued to focus on its high value-added offerings and pursued its expansion in fleet services.

In **Europe**, where the glut in overland freight capacity is now easing to 2019 levels, Group sales revenue rose over the period, but were impacted by the increasingly competitive market environment. The Group pursued its value-driven strategy by targeting high value-added market segments, while upgrading its retreading solutions to make them more competitive. In Central and Eastern Europe (excluding Russia), the MICHELIN brand won new market share over the period.

In the **North American** sell-in market, which was impacted by very high prior-year comparatives and still higher-than-normal dealer inventory levels, Group sales rose during the first half, lifted by volume gains and the favorable impact of the price increases introduced in 2022 and early 2023. The MICHELIN brand maintained its market share.

In **South America**, where the market was shaped by an insurge of low-cost tire imports driven by falling maritime shipping costs, the Group gained market share in the premium segments.

In **Asia excluding China**, in a more uncertain economic environment, particularly in Southeast Asia (Thailand, Malaysia and Indonesia), the Group continued to target market segments that value Michelin's solutions for their technological content. Further price increases were introduced in the first half, notably in Japan, Thailand and Indonesia.

In the **Africa/India/Middle East** region, the Group consolidated its market share in India, where demand is continuing to shift to radials, but business in Africa and the Middle East came under greater competitive pressure. The Group is building on its selective approach and deploying its service solutions, for example in South Africa.

In the non-tire segments, the Michelin Connected Fleet business delivered double-digit growth over the period, while continuing to combine the Sascar and Masternaut operational platforms and expand geographically, notably through an acquisition in Italy.

1.2.2 c) Specialty businesses and related distribution – Analysis of sales

Sales in the Specialty businesses increased by 13.6% over the period, to €3,658 million from €3,221 million in first-half 2022.

Mining tires: in a still expanding ore market, impelled by growing demand for metals to support the energy transition, sales volumes rose briskly over the first half, as operating efficiency was restored and maritime shipping capacity significantly improved. Sales were also favorably impacted during the period by the indexed price adjustments implemented on July 1, 2022.

Beyond-road[(1)] **tires**: in a mixed market environment (with gains in Agricultural and Infrastructure tires, driven by OE sales, and a steep drop in Construction tires), the Group pursued its sharp focus on high value-added segments. The agricultural tracks business, where margins are high and the Group is market leader, maintained its strong growth momentum in the Americas.

The Defense and Powersport businesses are continuing to trend upwards.

Two-wheeler tires: against a backdrop of unfavorable prior-year comparatives and high dealer inventories, Group sales eased slightly over the first half. They were nevertheless lifted by higher prices in the Replacement segment and by sustained growth in the Original Equipment business.

Aircraft tires: from a still highly favorable basis of comparison, the Commercial segment rebounded from its first-half 2022 performance.

The **Conveyor Belt business** expanded over the period, tracking in particular the strong growth in the mining industry.

The **High-Tech Materials** business reported robust growth, particularly in engineered seals and precision polymers, which enjoy a very high value-added positioning in critical applications for the medical, energy, aerospace and defense industries.

(1) Beyond Road activities include Agricultural, Materials Handling, Construction, Quarries, Defense and Powersports (snowmobiles, quads, etc.).

1.2.3 CHANGES IN EXCHANGE RATES FOR THE MAIN OPERATING CURRENCIES

At current exchange rates, consolidated sales rose by 5.9% over the period, including a €132 million decrease from the negative currency effect, due primarily to the increase in a large number of currencies against the euro during the first half.

(-): percentage increase in the currency against the euro

(+): percentage decrease in the currency against the euro

Average exchange rate	First-half 2023	First-half 2022	Change
Euro/USD	1.081	1.095	-1.3%
Euro/CNY	7.484	7.087	+5.6%
Euro/BRL	5.485	5.542	-1.0%
Euro/GBP	0.877	0.841	+4.2%
Euro/AUD	1.598	1.520	+5.1%
Euro/CAD	1.458	1.391	+4.8%
Euro/TRY	21.286	16.148	+31.8%
Euro/JPY	145.454	133.973	+8.6%
Euro/MXN	19.662	22.195	-11.4%
Euro/CLP	871.903	901.944	-3.3%
Euro/THB	36.940	36.880	+0.2%

First-half 2023 sales by currency were as follows:

Currency	As a % of sales
USD	39.8%
EUR	31.1%
CNY	5.5%
BRL	4.0%
GBP	3.0%
AUD	2.9%
CAD	2.7%
TRY	1.2%
JPY	1.2%
MXN	1.1%
CLP	1.0%
THB	1.0%
Other	5.5%
TOTAL	**100%**

1.2.4 SALES BY REGION

(in € millions)	First-half 2023	First-half 2022	First-half 2023/2022
GROUP	**14,079**	**13,289**	**+6.0%**
Europe	4,901	4,901	0.0%
of which France	*1,220*	*1,184*	*+3.1%*
North America (incl. Mexico)	5,413	4,982	+8.7%
Other regions	3,765	3,406	+10.6%

(in € millions)	First-half 2023	% of total	First-half 2022	% of total
GROUP	**14,079**		**13,289**	
Europe	4,901	34.8%	4,901	36.9%
of which France	*1,220*	*8.7%*	*1,184*	*8.9%*
North America (incl. Mexico)	5,413	38.5%	4,982	37.5%
Other regions	3,765	26.7%	3,406	25.6%

Compared with first-half 2022, reported Group sales were stable in Europe and higher in the other regions.

Note that sales in Russia in the first half of 2022, before the shutdown of the Group's local operations, amounted to around €150 million. On a like-for-like basis excluding these sales, Group sales in Europe were up by around 3% in the first half of 2023.

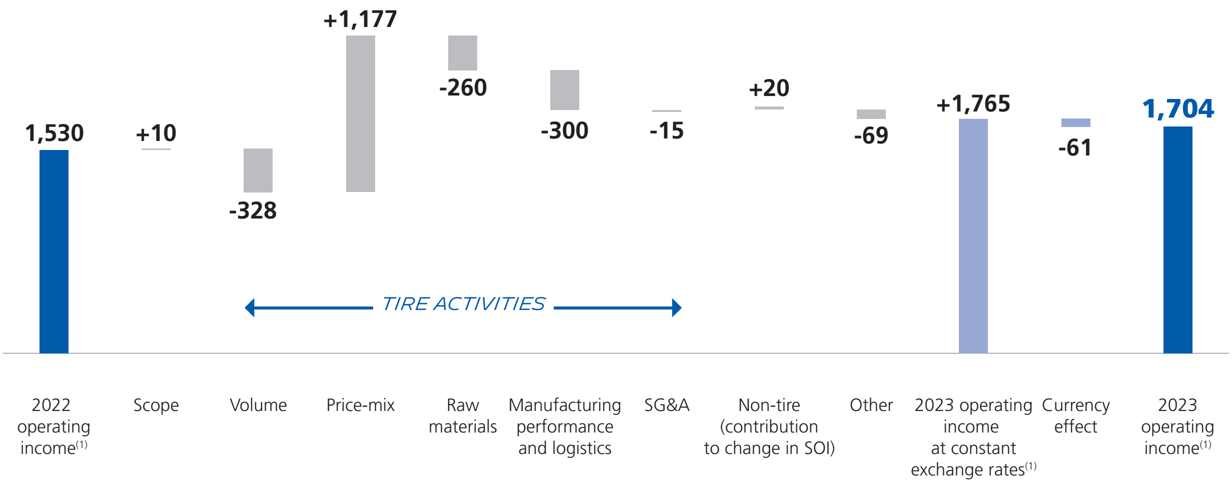
More than 65% of consolidated sales were generated outside Europe and more than 90% outside France.

1.3 CONSOLIDATED INCOME STATEMENT REVIEW

(in € millions, except per share data)	First-half 2023	First-half 2022	First-half 2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Sales	**14,079**	**13,289**	**+5.9%**		
Cost of sales	(10,209)	(9,651)	+5.8%	72.5%	72.6%
Gross income	**3,870**	**3,638**	**+6.4%**	**27.5%**	**27.4%**
Sales and marketing expenses	(557)	(582)	-4.3%	4.0%	4.4%
Research and development expenses	(367)	(340)	+7.9%	2.6%	2.6%
General and administrative expenses	(1,238)	(1,169)	+5.9%	8.8%	8.8%
Segment other income and expenses	(4)	(17)	-76.5%	0.0%	0.1%
Segment operating income	**1,704**	**1,530**	**+11.4%**	**12.1%**	**11.5%**
Other operating income and expenses	(90)	(273)	-67.0%	0.6%	2.1%
Operating income	**1,614**	**1,257**	**+28.4%**	**11.5%**	**9.5%**
Cost of net debt	(100)	(87)	+14.9%	0.7%	0.7%
Other financial income and expenses	(8)	(9)	-11.1%	0.1%	0.1%
Net interest on employee benefit obligations	(47)	(21)	+123.8%	0.3%	0.2%
Share of profit from equity-accounted companies	83	16	+418.8%	0.6%	0.1%
Income before taxes	**1,542**	**1,156**	**+33.4%**	**11.0%**	**8.7%**
Income tax	(322)	(313)	+2.9%	2.3%	2.4%
NET INCOME	**1,220**	**843**	**+44.7%**	**8.7%**	**6.3%**
- Attributable to the shareholders of the Company	1,218	841	+44.8%	8.7%	6.3%
- Attributable to the non-controlling interests	2	2	0.0%		
EARNINGS PER SHARE (IN €)					
- Basic	1.70	1.18	+44.9%		
- Diluted	1.69	1.17	+44.7%		

1.3.1 ANALYSIS OF SEGMENT OPERATING INCOME

(in € millions)



(1) *Segment operating income*

Segment operating income amounted to €1,704 million or 12.1% of sales, versus €1,530 million and 11.5% in first-half 2022.

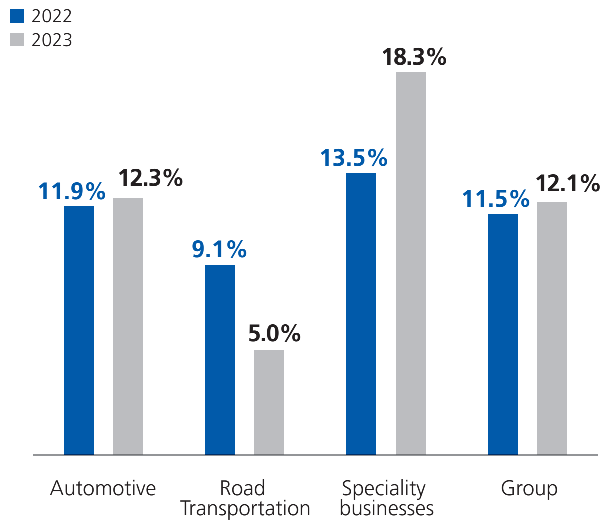
The change in segment operating income primarily reflected:

- a €328 million decrease from the decline in the number of tires sold, due to the volatile, uncertain economic conditions prevailing in many of the Group's operating regions, as well as to the significant inventory drawdowns across the value chain;
- a €1,177 million increase from the tire price-mix effect, led by disciplined, assertive pricing management in 2022 and early 2023;
- a €260 million negative impact of higher raw material prices and procurement costs;
- a €300 million negative impact of the Group's manufacturing and logistics costs, as operations continued to be impacted over the period by the steep run-up in energy costs in late 2022 and by rising payroll costs;
- a modest €15 million increase in tire selling, general and administrative expenses, reflecting efficient cost management;
- a €20 million improvement in segment operating income from the non-tire businesses, reflecting their robust growth and widening margins;
- a €69 million increase in other costs;
- a €61 million negative impact of exchange rate movements, as the favorable impact of the rise in the US dollar against the euro was more than offset by the unfavorable impact of the decline in the Turkish lira, the Australian dollar, the Chinese yuan and other currencies.

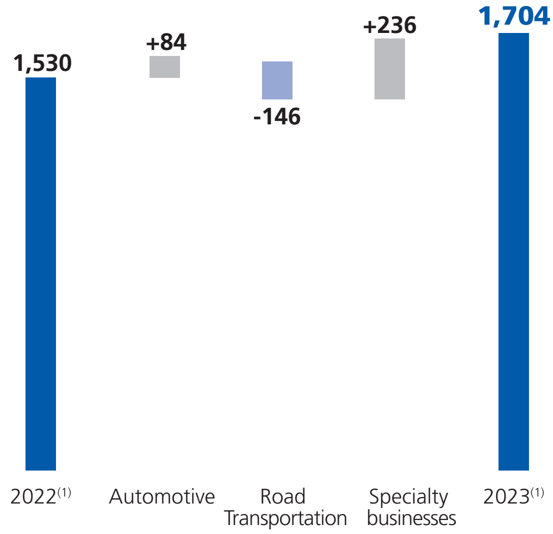
1.3.2 SEGMENT OPERATING INCOME BY REPORTING SEGMENT

(in € millions)	First-half 2023	First-half 2022
AUTOMOTIVE AND RELATED DISTRIBUTION		
Sales	7,024	6,599
Segment operating income	866	782
Segment operating margin	**12.3%**	**11.9%**
ROAD TRANSPORTATION AND RELATED DISTRIBUTION		
Sales	3,397	3,469
Segment operating income	168	314
Segment operating margin	**5.0%**	**9.1%**
SPECIALTY BUSINESSES AND RELATED DISTRIBUTION		
Sales	3,658	3,221
Segment operating income	670	434
Segment operating margin	**18.3%**	**13.5%**
GROUP		
Sales	14,079	13,289
Segment operating income	1,704	1,530
Segment operating margin	**12.1%**	**11.5%**

1.3.2 a) Segment operating margin



(in € millions)



(1) Segment operating income.

1.3.2 b) Automotive and related distribution – Analysis of segment operating income

Automotive and related distribution *(in € millions)*	First-half 2023	First-half 2022	First-half 2023/2022	First-half 2023 (% of consolidated total)	First-half 2022 (% of consolidated total)
Sales	7,024	6,599	+6.4%	50%	50%
Change in volumes	-2.1%				
Segment operating income	866	782	+10.7%	51%	51%
Segment operating margin	12.3%	11.9%	+0.5 pts		

Segment operating income amounted to €866 million or 12.3% of sales, versus €782 million and 11.9% in first-half 2022.

With volumes down 2.1% year-on-year, the improvement stemmed primarily from the very favorable price-mix effect, reflecting the price increases introduced in 2022 and early 2023 in a highly inflationary environment, and from the sustained value enhancement in the geographic and size mix.

The Group has continued to apply dynamic pricing policies since the second quarter of 2023.

Exchange rate movements had a negative impact on segment operating income.

1.3.2 c) Road transportation and related distribution – Analysis of segment operating income

Road transportation and related distribution *(in € millions)*	First-half 2023	First-half 2022	First-half 2023/2022	First-half 2023 (% of consolidated total)	First-half 2022 (% of consolidated total)
Sales	3,397	3,469	-2.1%	24%	26%
Change in volumes	-7.7%				
Segment operating income	168	314	-46.5%	10%	21%
Segment operating margin	5.0%	9.1%	-4.0 pts		

Segment operating income totaled €168 million or 5.0% of sales, versus €314 million and 9.1% in first-half 2022.

The steep decline was caused by the under-absorption of fixed costs, particularly in Europe, following the sharp 7.7% year-on-year contraction in volumes sold, along with a particularly unfavorable market mix effect (Original Equipment compared with Replacement).

The fleet services business continued to grow and make productivity gains, in particular by pooling the fleet services operational platforms.

Exchange rate movements had a negative impact on segment operating income.

1.3.2 d) Specialty businesses and related distribution – Analysis of segment operating income

Specialty businesses and related distribution *(in € millions)*	First-half 2023	First-half 2022	First-half 2023/2022	First-half 2023 (% of consolidated total)	First-half 2022 (% of consolidated total)
Sales	3,658	3,221	+13.6%	26%	24%
Change in volumes	-1.0%				
Segment operating income	670	434	+54.4%	39%	28%
Segment operating margin	18.3%	13.5%	+4.8 pts		

Segment operating income stood at €670 million or 18.3% of sales, versus €434 million and 13.5% in first-half 2022.

Unit sales of Specialty tires edged back just 1% over the period, dampened by lower Beyond Road tire sales, but supported by the robust gains in the Mining and Aircraft tire segments, whose profitability helped to lift segment operating income.

Segment operating income was also boosted year-on-year by price increases, particularly in the indexed businesses as from July 1, 2022.

This impact will lessen in second-half 2023 following this year's July 1 adjustments, which will likely lead to reductions given recent movements in raw materials prices.

The conveyor belt and high-tech materials businesses continued to expand over the period.

Exchange rate movements had a negative impact on segment operating income.

1.3.3 OTHER INCOME STATEMENT ITEMS

1.3.3 a) Raw materials

The cost of **raw materials** used in production, which has been estimated at €3.24 billion in first-half 2023, versus €3.07 billion in the year-earlier period, is recognized in the income statement under cost of sales.

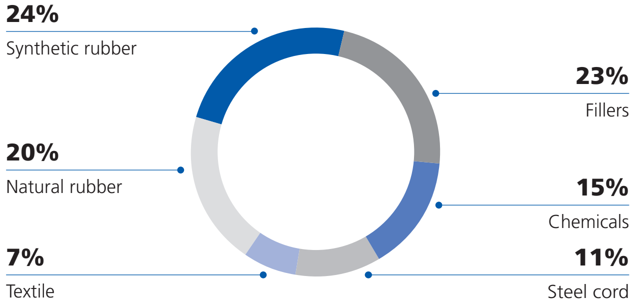
It is calculated on the basis of:

- the price and mix of raw materials purchases;
- production and sales volumes;
- the valuation of raw materials, semi-finished and finished product inventories using the weighted average cost method. This method tends to spread fluctuations in purchase costs over time and delay their recognition in cost of sales, due to timing differences between the purchase of the raw materials and the sale of the finished product;
- exchange rate movements, which correspond to (i) the impact of converting purchasing costs recorded in local currencies into the consolidation currency; and (ii) an untracked residual currency effect resulting from the difference between the purchasing companies' local currency and the currency used to purchase their raw materials.

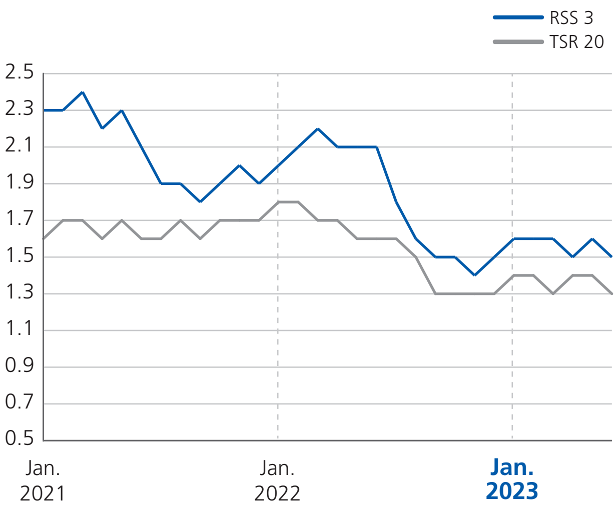
In first-half 2023, the raw material costs and related procurement outlays recognized in cost of sales represented a €260 million increase from the prior-period period, including the residual currency effect. The increase was particularly significant for synthetic rubber and reinforcing fillers, whose production requires more energy.

Changes in prices feed through to the income statement five to six months later for natural rubber and around three months later for butadiene.

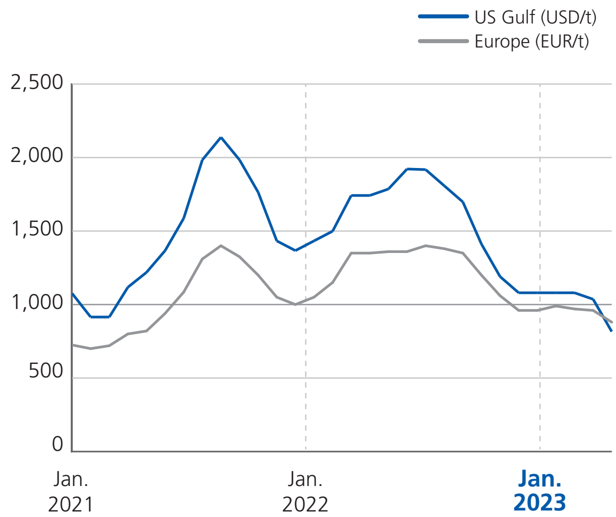
RAW MATERIALS COSTS RECOGNIZED IN FIRST-HALF 2023 COST OF SALES



NATURAL RUBBER PRICES (SICOM)
(USD/kg)



BUTADIENE PRICES



1.3.3 b) Employee benefit costs and number of employees

(in € millions and number of people, employee data rounded to the nearest hundred)	First-half 2023	First-half 2022	Change
Total employee benefit costs	3,667	3,464	+5.9%
As a % of sales	*26.0%*	*26.0%*	
Employees on payroll at June 30	132,300	127,400	+3.8%
Number of full-time equivalent employees at June 30	124,900	121,000	+3.2%
Average number of full-time equivalent employees	125,000	120,000	+4.2%

At €3,667 million, **employee benefit costs** represented 26.0% of sales in first-half 2023, up €203 million from the year-earlier period. The increase in euro terms was driven by the adjustments to Group compensation policies in response to inflation and by the growth in headcount, in particular following the integration, from second-half 2022, of employees of Indonesia-based RLU after the Group raised its holding in the company to 100% in July 2022.

As a percentage of net sales, costs were stable compared with first-half 2022.

In first-half 2023, €3,668 million was recognized in segment income, and €1 million in other operating income and expenses unallocated to the operating segments. In first-half 2022, €3,458 million was recognized in segment income, and €6 million in other operating income and expenses unallocated to the operating segments.

1.3.3 c) Depreciation and amortization

(in € millions)	First-half 2023	First-half 2022	Change
Total depreciation and amortization	979	947	+3.4%
As a % of sales	*7.0%*	*7.1%*	

Depreciation and amortization charges increased by €32 million to €979 million in the first half of 2023, primarily as a result of the stepped up capital expenditure drive. Capital expenditure programs advanced on schedule during the period, in line with the annual forecast.

Of the total charges for the period, €939 million was recognized in segment operating income, and €40 million in other operating income and expenses unallocated to the segments.

As a percentage of sales, depreciation and amortization charges were unchanged year-on-year.

1.3.3 d) Transportation costs

Transportation and logistics costs came to €798 million or 5.7% of interim sales, down €204 million on first-half 2022. The decline reflected both the decrease in volumes sold and the significant drop in freight costs, particularly for maritime shipping, since the third quarter of 2022.

(in € millions)	First-half 2023	First-half 2022	Change
Transportation costs	798	1,002	-20.3%
As a % of sales	*5.7%*	*7.5%*	

1.3.3 e) Sales and marketing expenses

At €557 million, **sales and marketing expenses** represented 4.0% of sales in first-half 2023, versus 4.4% in the first six months of 2022. In euro terms, they declined by €25 million year-on-year, reflecting the Group's ability to align expenses with sales trends.

1.3.3 f) Research and development expenses

Research and development expenses stood at €367 million, up €27 million versus first-half 2022, reflecting the Group's commitment to maintaining its technological leadership and the sustainability of its products and services.

The Group is continuing to optimize its research and development activities by deploying high value-added centers of expertise in emerging markets, for example in India.

As a percentage of sales, R&D expenses were unchanged compared with first-half 2022.

(in € millions)	First-half 2023	First-half 2022	Change
Research and development expenses	367	340	+7.9%
As a % of sales	*2.6%*	*2.6%*	

1.3.3 g) General and administrative expenses

General and administrative expenses increased by €69 million year-on-year to €1,238 million, and were stable as a percentage of sales (8.8%).

The Group is pursuing its commitment to improving competitiveness by deploying and stepping up the simplification projects launched before the health crisis.

1.3.3 h) Segment other income and expenses

Segment **other income and expenses** came to a net expense of €4 million, versus a €17 million net expense in first-half 2022.

1.3.3 i) Other operating income and expenses

Other operating income and expenses unallocated to the operating segments represented a net expense of €90 million in first-half 2023, versus a net expense of €273 million in the prior year period. The shift mainly reflected the following factors:

- in first-half 2022, the unfavorable €195 million impact of the impairment losses recognized following the suspension of the Group's activities in Russia;
- in first-half 2023, the unfavorable €54 million impact of the translation adjustment recognized on the disposal of the Group's assets in Russia on May 26, 2023.

Other operating income and expenses also includes the amortization of acquired intangible assets for €40 million, versus €38 million in first-half 2022.

1.3.3 j) Cost of net debt

(in € millions)	First-half 2023	First-half 2022	Change
Cost of net debt	100	87	+13

At €100 million, the **cost of net debt** was up €13 million compared with first-half 2022, mainly as a result of the following factors:

- a €27 million increase in net interest expense, reflecting the net impact of:
  - a €9 million increase due to the rise in average gross debt, to €7,623 million in first-half 2023 from €7,037 million in the year-earlier period,
  - a €18 million increase from the higher average gross interest rate on borrowings, at 4.1% in first-half 2023 versus 3.6% in first-half 2022;
- a €41 million decrease in gains on interest rate derivatives;
- a €51 million increase in interest income from cash and cash equivalents;
- a €4 million decrease from movements in other factors.

1.3.3 k) Other financial income and expenses

(in € millions)	First-half 2023	First-half 2022	Change
Other financial income and expenses	(8)	(9)	+1

Other financial income and expenses represented a net financial expense of €8 million, in line with the first-half 2022 figure.

1.3.3 l) Income tax

(in € millions)	First-half 2023	First-half 2022	Change
Income before taxes	1,542	1,156	+386
INCOME TAX	**(322)**	**(313)**	**-9**
Current tax	(359)	(315)	-44
Withholding tax	(5)	(24)	+19
Deferred tax	42	26	+16

Income tax rose by €9 million year-on-year to €322 million in the first half of 2023, representing an effective tax rate of 20.9%.

This compares with a rate of 27.1% in first-half 2022, when the recognition of impairment losses on the Group's assets in Russia had an unfavorable impact.

1.3.3 m) Consolidated net income and earnings per share

(in € millions)	First-half 2023	First-half 2022	Change
Net income	1,220	843	+377
As a % of sales	8.7%	6.3%	+2.4 pts
- Attributable to the shareholders of the Company	1,218	841	+377
- Attributable to the non-controlling interests	2	2	
EARNINGS PER SHARE (IN €)			
- Basic	1.70	1.18	+0.52
- Diluted	1.69	1.17	+0.52

Net income came to €1,220 million, or 8.7% of sales, compared with net income of €843 million in first-half 2022. The €377 million increase was primarily attributable to the following factors:

- favorable factors:
  - the €174 million increase in segment operating income,
  - the €183 million improvement in other operating income and expenses unallocated to the operating segments,
  - the €67 million improvement in the Group's share of profit from associates and joint ventures, including in particular the favorable impact from the disposal of the TBC joint venture's retail operations,
  - a €1 million increase from other factors;
- unfavorable factors:
  - the €13 million increase in cost of net debt,
  - the €26 million increase in net interest on net defined benefit obligations,
  - the €9 million increase in income tax expense.

1.4 CONSOLIDATED BALANCE SHEET REVIEW

Methodological note: translation adjustments in the balance sheet primarily stem from the translation of prior-year assets and liabilities at the closing exchange rate.

ASSETS

(in € millions)	June 30, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Goodwill	2,481	2,430	+51	-17	+68
Intangible assets	1,804	1,803	+1	+11	-10
Property, plant and equipment	11,982	12,136	-154	-80	-74
Right-of-use assets	1,021	1,010	+11	-15	+26
Non-current financial assets and other non-current assets	1,326	1,161	+165	-2	+167
Investments in equity-accounted companies	906	1,102	-196	-18	-178
Deferred tax assets	659	630	+29	+4	+25
Non-current assets	**20,179**	**20,272**	**-93**	**-117**	**+24**
Inventories	6,093	6,318	-225	-91	-134
Trade receivables	4,184	4,205	-21	-75	+54
Current financial assets	692	652	+40	-1	+41
Other current assets	1,446	1,315	+131	+43	+88
Cash and cash equivalents	2,858	2,584	+274	-32	+306
Current assets	**15,273**	**15,074**	**+199**	**-156**	**+355**
TOTAL ASSETS	**35,452**	**35,346**	**+106**	**-273**	**+379**

EQUITY AND LIABILITIES

(in € millions)	June 30, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Share capital	357	357	0		0
Share premiums	2,702	2,702	0		0
Reserves	14,303	14,051	+252	-179	+431
Non-controlling interests	7	6	+1	0	+1
Total equity	**17,369**	**17,116**	**+253**	**-179**	**+432**
Non-current financial liabilities	4,686	4,705	-19	-5	-14
Non-current lease liabilities	689	690	-1	-9	+8
Provisions for employee benefit obligations	2,531	2,561	-30	-18	-12
Provisions and other non-current liabilities	623	695	-72	-2	-70
Deferred tax liabilities	548	541	+7	-1	+8
Non-current liabilities	**9,077**	**9,192**	**-115**	**-34**	**-81**
Current financial liabilities	2,470	1,826	+644	+14	+630
Current lease liabilities	235	233	+2	-3	+5
Trade payables	2,829	3,416	-587	-30	-557
Trade payables under reverse factoring agreements	478	595	-117	-9	-108
Provisions and other current liabilities	2,994	2,968	+26	-40	+66
Current liabilities	**9,006**	**9,038**	**-32**	**-68**	**+36**
TOTAL EQUITY AND LIABILITIES	**35,452**	**35,346**	**+106**	**-280**	**+386**

1.4.1 GOODWILL

Goodwill before translation adjustments was €68 million higher at June 30, 2023 than at December 31, 2022. The increase was primarily due to the recognition of provisional goodwill on EGC Entreprises, acquired on January 31, 2023, and on Blacksmith, in which the Group acquired all the outstanding shares it did not already own in April 2023.

1.4.2 INTANGIBLE ASSETS

Intangible assets amounted to €1,804 million, down a very slight €10 million from December 31, 2022 before translation adjustments, reflecting the fact that amortization charges and new capital expenditure (chiefly in software) were more or less equal to additions.

1.4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment amounted to €11,982 million at June 30, 2023, down €74 million from December 31, 2022 before translation adjustments as overall depreciation charges exceeded capital expenditure for the period.

1.4.4 NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

Non-current financial assets and other non-current assets ended the period at €1,326 million, a €167 million increase before translation adjustments that included the dividends to be paid by the TBC joint venture in 2025, following the disposal of its retail operations in May 2023[(1)].

1.4.5 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Investments in equity-accounted companies amounted to €906 million at June 30, 2023, down €178 million before translation adjustments. The decline mainly reflected the special dividend paid in the first half by the TBC joint venture following the disposal of its retail operations, which was partly offset by the equity-accounted share of the venture's income (€120 million) included in the Group's consolidated income statement[(1)].

1.4.6 DEFERRED TAX

Excluding translation adjustments, **deferred tax assets** rose by €17 million compared with December 31, 2022, mainly as a result of the increase in timing differences.

(1) See note 9.2 to the condensed interim consolidated financial statements.

1.4.7 TRADE WORKING CAPITAL

(in € millions)	June 30, 2023	June 30, 2022	Change	2023 (as a % of sales, moving 12 months)	2022 (as a % of sales, moving 12 months)
Inventories	6,093	6,759	-666	20.7%	26.1%
Trade receivables	4,184	4,052	+132	14.2%	15.6%
Trade payables	(2,829)	(3,316)	+487	(9.6)%	(12.8)%
Trade payables under reverse factoring agreements	(478)	(685)	+207	(1.6)%	(2.6)%
TRADE WORKING CAPITAL	**6,970**	**6,810**	**+160**	**23.7%**	**26.3%**

Trade working capital requirement increased by €160 million compared with June 30, 2022, reflecting a decline in volumes sold during first-half 2023. It represented 23.7% of moving 12-month sales, a 2.6-point decrease on June 30, 2022.

At €6,093 million, **inventories** ended the period down €666 million compared with June 30, 2022, or 5.4 points lower as a percentage of sales. The decrease was led by the disciplined management of inventory volumes, as well as by the reduction in value as inventory cost drivers declined.

Trade receivables increased by €132 million year-on-year to €4,184 million or 14.2% of sales. The decline as a percentage of sales was in line with sales trends for the period, attesting to the Group's highly disciplined credit policies at a time of economic uncertainty.

Trade payables, including those covered by **reverse factoring contracts**, fell by €694 million year-on-year to €3,307 million. The decline stemmed from the cutbacks in purchasing as sales volumes trended downwards and from the reduction in unit purchasing costs.

1.4.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents stood at €2,858 million at June 30, 2023, a €306 million increase from December 31, 2022 (before translation adjustments) that was primarily due to the following factors:

- the positive €770 million in free cash flow;
- the €417 million increase in debt over the period;
- the payment of €895 million in dividends and other distributions.

1.4.9 TOTAL EQUITY

At €17,369 million, **total equity** before translation adjustments was €432 million higher than at December 31, 2022, primarily due to the following factors:

- €1,321 million in comprehensive income before translation adjustments for the period, which may be analyzed as follows:
  - €1,220 million in net income for the period,
  - the €45 million favorable impact from post-employment benefit obligations,
  - a €11 million increase in taxes payable on those obligations,
  - an €8 million increase in the fair value of derivatives qualifying for hedge accounting,
  - the €55 million positive impact of derecognizing translation adjustments on the disposal of the Russian companies,
  - a €4 million increase from other factors;
- the payment of €895 million in dividends and other distributions.

As a result, at June 30, 2023, the **share capital** of Compagnie Générale des Établissements Michelin stood at €357,059,059, comprising 714,118,118 shares corresponding to 987,608,524 voting rights.

1.4.10 NET DEBT

Net debt stood at €4,626 million at June 30, 2023, up €306 million from December 31, 2022, mainly as a result of the following factors:

- €770 million in positive free cash flow for the period;
- the payment of €895 million in dividends and other distributions;
- €159 million in new leases;
- €30 million in translation adjustments.

CHANGES IN NET DEBT

(in € millions)	First-half 2023	First-half 2022
At January 1	**4,320**	**2,789**
Free cash flow[(1)] before M&A and financing of joint ventures and associates	-741	+963
Investments in new ventures	+152	-50
Financing of joint ventures and associates	-181	+51
Free cash flow[(1)]	**-770**	**+964**
Distributions and other	+895	+808
Share buybacks	0	+120
New leases	+159	+99
Changes in scope of consolidation	+18	0
Translation adjustments	+30	+187
Other	-26	-115
AT JUNE 30	**4,626**	**4,852**
CHANGE	**+306**	**+2,063**

(1) Free cash flow corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

1.4.10 a) Gearing

Gearing stood at 26.6% at June 30, 2023, versus 29.9% a year earlier.

1.4.10 b) Credit ratings

The solicited corporate credit ratings of Compagnie Générale des Établissements Michelin (CGEM), Compagnie Financière Michelin SA and CFM Suisse SA are as follows:

		CGEM	Compagnie Financière Michelin SA	CFM Suisse SA
Short term	Standard & Poor's	A-2	A-2	A-2
	Fitch Ratings	F2	F2	F2
Long term	Standard & Poor's	A-	A-	A-
	Fitch Ratings	A-	A-	A-
Outlook	Standard & Poor's	Stable	Stable	Stable
	Fitch Ratings	Stable	Stable	Stable

Moody's, whose rating has not been solicited since July 1, 2020, nevertheless affirmed CGEM's "A3" long-term credit rating and "stable" outlook on March 3, 2023.

1.4.11 PROVISIONS

Provisions and other non-current liabilities amounted to €623 million, down €70 million before translation adjustments. The decrease stemmed from the payments out of restructuring provisions set aside in prior years, mainly in France, and from the completion of the Russian asset disposals.

1.4.12 EMPLOYEE BENEFIT OBLIGATIONS

CHANGE IN THE FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € millions)	Pension plans	Other plans	First-half 2023	First-half 2022
At January 1	**1,005**	**1,325**	**2,330**	**3,030**
Contributions paid to the funds	(3)	-	(3)	(9)
Benefits paid directly to the beneficiaries	(19)	(32)	(51)	(49)
Other movements	(1)	-	(1)	-
ITEMS RECOGNIZED IN OPERATING INCOME				
Current service cost	10	27	37	55
Actuarial (gains) or losses recognized on other long-term benefit plans	-	-	-	-
Plan modifications, curtailments or settlements	(12)	-	(12)	2
Other items	9	1	10	4
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME				
Net interest on employee benefit obligations	19	28	47	21
Other	-	1	1	(5)
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME				
Translation adjustments	(11)	(12)	(23)	73
Actuarial (gains) or losses	(52)	10	(42)	(897)
Unrecognized assets due to the effect of the asset ceiling	(3)	-	(3)	42
AT JUNE 30	**942**	**1,348**	**2,290**	**2,267**

The net obligation recognized in the balance sheet at June 30, 2023 amounted to €2,290 million, a decline of €40 million over the period as reported and of €17 million excluding the €23 million in translation adjustments.

The decline reflected the following main factors:

- €54 million in payments under defined benefit plans during the period (first-half 2022: €58 million), of which:
  - €3 million in contributions paid to fund management institutions (first-half 2022: €9 million),
  - €51 million in benefits paid directly to employees (first-half 2022: €49 million);
- €42 million in actuarial gains recognized in equity at June 30, 2023, which can be broken down as follows:
  - €118 million in actuarial gains on the obligation, mainly resulting from the use of higher discount rates in the United Kingdom,
  - €76 million in actuarial losses on plan assets, stemming primarily from the negative returns on the assets over the first half in the United Kingdom, which were partially offset by gains in the United States and Canada;
- an €83 million expense recognized in the income statement in respect of defined benefit plan costs;
- the recognition in the statement of comprehensive income of a negative €3 million in assets otherwise unrecognized, in accordance with the application of the asset ceiling rule to the Canadian pension plan.

In addition, contributions paid by the Group into defined contribution plans totaled €126 million in first-half 2023 (first-half 2022: €122 million).

1.5 CONSOLIDATED CASH FLOW STATEMENT REVIEW

1.5.1 CASH FLOWS FROM OPERATING ACTIVITIES

(in € millions)	First-half 2023	First-half 2022	Change
Segment EBITDA	**2,643**	**2,439**	**+204**
Change in net inventories	+165	-1,239	+1,404
Change in net trade receivables	-84	-419	+335
Change in net trade payables	-304	+316	-620
Restructuring cash costs	-106	-106	0
Tax and interest paid	-449	-507	+58
Other	-26	-477	+451
NET CASH FROM OPERATING ACTIVITIES	**1,839**	**7**	**+1,832**

At €2,643 million, **segment EBITDA** was up €204 million year-on-year, primarily reflecting the €174 million increase in segment operating income, to €1,704 million from €1,530 million in first-half 2022.

Segment EBITDA margin came to 18.8% for the period, up 0.4 points year-on-year.

Net cash from operating activities rose by €1,832 million, to €1,839 million from €7 million in first-half 2022.

The €1,119 million favorable impact of changes in working capital reflected the cutbacks in purchasing as sales volumes trended downwards and the disciplined management of inventory volumes.

Restructuring cash costs were unchanged year-on-year.

Note: the other factors impacting cash in first-half 2022 primarily concerned increases in compensation, reflecting particularly the payment of the 2021 Group performance bonuses.

1.5.2 CAPITAL EXPENDITURE

(in € millions)	First-half 2023	First-half 2022	First-half 2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Additions to intangible assets and PP&E	772	709	+63	5.5%	5.3%
Investment grants received and change in capital expenditure payables	353	271	+82	2.5%	2.0%
Proceeds from sales of intangible assets and PP&E	(33)	(9)	-24	(0.2)%	(0.1)%
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	**1,092**	**971**	**+121**	**7.8%**	**7.3%**

Gross purchases of intangible assets and property, plant and equipment amounted to €772 million in first-half 2023, a €63 million year-on-year increase.

Capital expenditure committed during the period was in line with the Group's target.

1.5.3 FREE CASH FLOW

Free cash flow, which is stated before dividend payments and financing transactions, corresponds to net cash from operating activities less net cash used in investing activities, adjusted for net cash flows relating to cash management financial assets and borrowing collaterals.

To better reflect the economic reality of the Group's capital expenditure, its presentation was changed in 2022 to distinguish between "routine capital expenditure" and "competitiveness and growth investments".

First-half 2022 data have been restated according to the new presentation.

(in € millions)	First-half 2023	First-half 2022	Change
Net cash from operating activities	**1,839**	**7**	**+1,832**
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(291)	(260)	-31
Competitiveness and growth investments	(419)	(397)	-22
Investments in new ventures	(62)	(52)	-10
Other	(145)	(312)	+167
FREE CASH FLOW BEFORE ACQUISITIONS	**922**	**(1,014)**	**+1,936**
Acquisitions	(152)	50	-202
FREE CASH FLOW AFTER ACQUISITIONS	**770**	**(964)**	**+1,734**

Free cash flow before acquisitions ended the first half at a positive €922 million, compared with a negative €1,014 million a year earlier.

Free cash flow after acquisitions amounted to a positive €770 million for the period, compared to a negative €964 million in first-half 2022.

Acquisition outlays in first-half 2023 mainly concerned the acquisition of EGC Enterprises in January 2023, the purchase of all outstanding shares in Blacksmith in April 2023, and other transactions that individually were not deemed material.

1.6 OUTLOOK FOR 2023

Market projections have been lowered, with Passenger car and Light truck tire markets now expected to end the year between -3% and 0% *(previously -2%/+2%)*, Truck tire markets between -4% and -1% *(previously -2%/+2%)*, and the Specialty markets between -1% and +2% (*previously -1%/+3%)*.

Despite this softer market scenario, Michelin's guidance has been revised upwards, with full-year segment operating income above €3.4 billion *(previously: above €3.2 billion)* at constant exchange rate, and free cash flow before acquisitions of more than €2 billion (*previously: above €1.6 billion*).

1.7 RELATED PARTIES

There were no new material related-party transactions during the first half of 2023, nor any material changes in the related-party transactions described in the 2022 Universal Registration Document.

1.8 RISK MANAGEMENT

The Michelin Group's main risks have been identified and are described in the 2022 Universal Registration Document, Chapter 2.

1.9 KEY FIGURES

(in € millions)	First-half 2023	First-half 2022	2022	2021	2020	2019
Sales	14,079	13,289	28,590	23,795	20,469	24,135
% change	+5.9%	+18.7%	+20.2%	+16.3%	-15.2%	+9.6%
Total employee benefit costs	3,667	3,464	6,950	6,445	5,996	6,365
As a % of sales	26.0%	26.1%	24.3%	27.1%	29.3%	26.4%
Number of full-time equivalent employees at period-end, *rounded to the nearest hundred*	125,000	120,000	124,900	118,400	117,500	121,300
Research and development expenses	367	340	698	682	646	687
As a % of sales	2.6%	2.6%	2.4%	2.9%	3.2%	2.8%
Segment EBITDA[(1)]	**2,643**	**2,439**	**5,262**	**4,700**	**3,631**	**4,763**
Segment operating income	1,704	1,530	3,396	2,966	1,878	3,009
Segment operating margin	12.1%	11.5%	11.9%	12.5%	9.2%	12.5%
Operating income	1,614	1,257	3,021	2,777	1,403	2,691
Operating margin	11.5%	9.5%	10.6%	11.7%	6.9%	11.1%
Cost of net debt	100	87	239	192	242	330
Other financial income and expenses	(8)	(9)	(22)	(4)	(14)	(5)
Income before taxes	1,542	1,156	2,656	2,471	979	2,236
Income tax	322	313	647	626	354	506
Effective tax rate	20.9%	27.1%	24.4%	25.3%	36.2%	22.6%
Net income	1,220	843	2,009	1,845	625	1,730
As a % of sales	8.7%	6.3%	7.0%	7.8%	3.1%	7.2%
Dividends	895	803	803	410	357	666
Net cash from operating activities	**1,839**	**7**	**1,931**	**2,906**	**3,366**	**3,321**
As a % of sales	13.1%	0.1%	6.8%	12.2%	16.4%	13.8%
Gross purchases of intangible assets and PP&E	772	709	2,141	1,705	1,221	1,801
As a % of sales	5.5%	5.3%	7.5%	7.2%	6.0%	7.5%
Net debt[(2)]	4,626	4,852	4,320	2,789	3,531	5,184
Total equity	17,369	16,220	17,116	14,971	12,631	13,229
Gearing	26.6%	29.9%	25.2%	19%	28%	39%
Net debt[(2)]/EBITDA[(1)]	1.75	1.99	0.82	0.59	0.97	1.09
Segment operating income/net interest expense[(3)]	15.6	11.5	11.5	13.7	7.9	10.1
Free cash flow[(4)]	770	(964)	(180)	1,357	2,004	1,142
ROE[(5)]			12.5%	12.3%	4.9%	13.1%
Operating ROCE[(6)]			10.8%	10.3%	6.0%	10.0%
PER-SHARE DATA (IN €)						
Net assets per share[(7)]	24.3	22.7	24.0	20.9	17.7	18.5
Basic earnings per share	1.70	1.18	2.81	2.58	0.88	2.42
Diluted earnings per share	1.69	1.17	2.79	2.56	0.88	2.42
Price-earnings ratio[(8)]			9.3	14.0	29.8	11.3
Dividend per share			1.25	1.13	0.58	0.50
Payout ratio[(9)]			44%	44%	65%	21%
Yield[(10)]			4.8%	3.1%	2.2%	1.8%

(1) As defined in note 3.7.2 to the 2022 consolidated financial statements.
(2) Net debt: financial liabilities less cash and cash equivalents (excluding cash flows from cash management financial assets and borrowing collaterals) plus/minus derivative assets.
(3) Net interest expense: interest financing expenses - interest income from cash and equivalents.
(4) Free cash flow: as calculated in section 5.1.5 c) of the 2022 Universal Registration Document.
(5) ROE: net income attributable to shareholders divided by shareholders' equity excluding non-controlling interests.
(6) Operating ROCE: based on the method in use since 2021, as explained in section 5.1.6 of the 2022 Universal Registration Document. Full-year 2019 and 2020 ROCE have been remeasured using this method.
(7) Net assets per share: total equity/number of shares outstanding at the end of the period.
(8) Price-earnings ratio: share price at the end of the period/basic earnings per share.
(9) Payout ratio: dividend/net income excluding non-recurring items (adjusted with respect to the nominal tax rate).
(10) Yield: dividend per share/share price at December 31.

1.10 SHARE INFORMATION

1.10.1 THE MICHELIN SHARE

Traded on the Euronext Paris stock exchange

- Compartment A;
- Eligible for the SRD deferred settlement system;
- ISIN: FR001400AJ45;
- Par value: €0.50;
- Traded in units of: 1.

The Michelin share is included in two leading stock market indices:

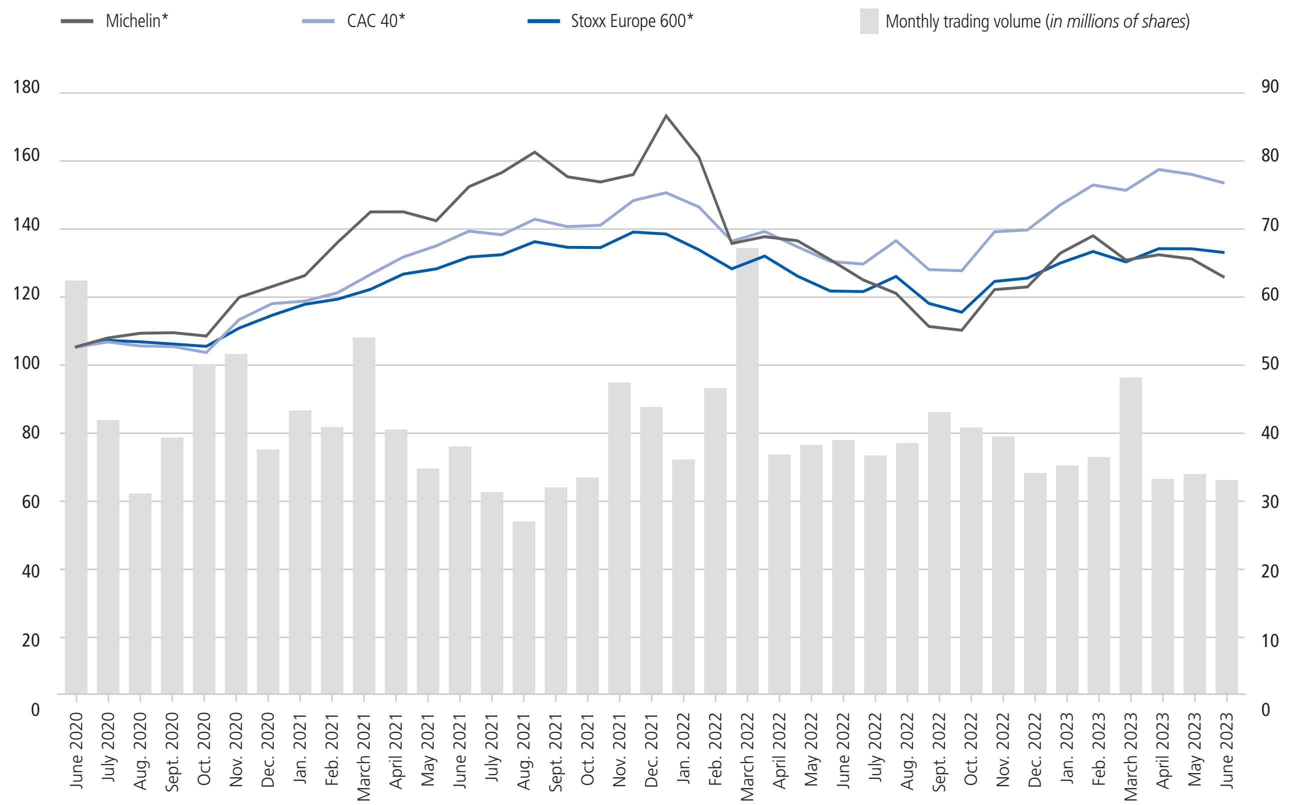
- CAC 40: 1.15 % of the index at June 30, 2023;
- Euronext 100: 0.47 % of the index at June 30, 2023.

Michelin is also included in the main Socially Responsible Investing (SRI) indices:

- Ethibel Excellence Europe and Global, Euronext VigeoEiris France 20, Europe 120, Eurozone 120, World 120 and FTSE4Good.

MICHELIN SHARE PERFORMANCE AND TRADING VOLUMES

According to statistical data collected by Euronext Paris.



* *Standardized monthly averages (base 100 = July 1, 2020).*

1.10.2 DETAILED SHARE DATA

According to statistical data collected by Euronext Paris.

Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022 (see notes 2.8 et 13 to the condensed interim consolidated financial statements).

Share price *(in €)*	**First-half 2023**	**2022**	**2021 (restated)**	**2021 (reported)**	**2020**	**2019**	**2018**
Session high	30.68	38.93	36.50	146.00	112.80	119.50	130.85
Session low	25.94	21.99	25.83	103.30	68.00	83.74	82.68
High/low ratio	1.18	1.77	1.41	1.41	1.66	1.43	1.58
Closing price, end of period	27.06	25.99	36.04	144.15	104.95	109.10	86.70
Average closing price over the period	28.47	28.53	32.44	129.75	95.49	104.36	109.40
Change in the Michelin share price over the period	0.54 %	- 27.89	+37.35%	+37.35%	-3.80%	+25.84%	-27.48%
Change in the CAC 40 index over the period	14.31 %	- 9.50%	+28.85%	+28.85%	-7.14%	+26.37%	-10.95%
Change in the Stoxx Europe 600 index over the period	8.72 %	- 12.90 %	+22.25%	+22.25%	-4.04%		
Market capitalization *(at end of the period, in € billions)*	**19,32**	**18,56**	**25.74**	**25.74**	**18.72**	**19.49**	**15.59**
Average daily trading volume over the period	1 636 823	1 844 574	1,743,820	435,955	548,883	577,545	649,347
Average number of shares outstanding	714 117 649	713 400 033	713,512,772	178,378,193	178,497,159	179,669,608	179,384,513
Volume of shares traded over the period	207 876 521	475 900 118	449,905,428	112,476,357	141,062,953	147,273,882	165,583,378

1.10.3 PER-SHARE DATA

(in € per share, except ratios)	**First-half 2023**	**2022**	**2021 (restated)**	**2021 (reported)**	**2020**	**2019**	**2018**
Net asset value per share	24.3	24.0	20.9	83.9	70.8	74.1	67.8
Basic earnings per share	1.70	2.81	2.58	10.31	3.52	9.69	9.30
Diluted earnings per share(1)	1.69	2.79	2.56	10.24	3.51	9.66	9.25
Price-earnings ratio	**-**	**9.3**	**14.0**	**14.0**	**29.8**	**11.3**	**9.4**
Dividend per share	-	1.25	1.125	4.50	2.30	2.00	3.70
Payout ratio (excl. non-recurring items)	-	44 %	42.0%	42.0%	47.0%	19.5%	36.4%
Yield(2)	-	4.8 %	3.1%	3.1%	2.2%	1.8%	4.3%

(1) Earnings per share adjusted for the impact on net income and on average shares outstanding of the exercise of outstanding dilutive instruments.
(2) Dividend/share price at December 31.

1.10.4 CAPITAL AND OWNERSHIP STRUCTURE

At June 30, 2023, Michelin's share capital amounted to €357,059,059.

	At June 30, 2023			At December 31, 2022			At December 31, 2021		
	Number of share-holders	Shares outstanding	Voting rights outstanding	Number of share-holders	Shares outstanding	Voting rights outstanding	Number of share-holders	Shares outstanding	Voting rights outstanding
French institutional investors		21%	24.1%		22.8 %	25,7 %		23.6%	27.3%
Non-resident institutional investors	4,590	66.2%	61.3%	4,509	64.7 %	59,7 %	4,123	65.5%	59.2%
Individual shareholders	169,847	10.7%	12.2%	156,694	10.3 %	12,1 %	139,099	9.2%	11.5%
Employee share ownership plan	74,381	2.1%	2.4%	77,557	2.2 %	2,5 %	62,118	1.7%	2.0%
TOTAL	**248,818**	**714,118,118 shares ***	**987,608,524 voting rights**	**238 760**	**714 117 414 shares ***	**978 544 459 voting rights**	**205,340**	**178,530,450 shares**	**238,147,046 voting rights**

* *All fully paid up.*

Data prior to 2022 are historical data and have not been adjusted to reflect the four-for-one stock split on June 16, 2022.

Shares held in the same name for at least four years carry double voting rights.

Given the 161 Company shares held in treasury, which have been stripped of their voting rights, the number of theoretical voting rights outstanding at June 30, 2023 differs from the number of voting rights exercisable at that date.

To the Company's knowledge, no material portion of its issued capital has been pledged.

1.11 HIGHLIGHTS

January 5-8, 2023 [Beyond tires] – Symbio, the Group's hydrogen joint-venture with Faurecia, unveils its next-generation fuel cell technology at the 2023 Las Vegas Consumer Electronics Show. The new cells are designed to meet the needs of a full range of carbon-free mobility applications, thereby providing an effective response to today's most pressing environmental challenges.

January 10, 2023 [Tires] – MICHELIN UPTIS, the prototype airless, puncture-proof tire, will be fitted on nearly 50 DHL delivery vehicles in Singapore by end-2023. Based on internal research, Michelin projects that UPTIS airless technology could prevent the premature scrapping of up to 200 million tires a year worldwide. This major breakthrough demonstrates Michelin's ability to innovate in support of mobility that is safer and better for the environment.

February 2, 2023 [Beyond tires] – CDI Energy Products, which is part of the High-Tech Materials business line and a leader in the custom manufacturing of high-performance polymer products, announces the acquisition of EGC Enterprises, Inc. a major manufacturer of graphite-based sealing products based in Ohio and North Carolina. The acquisition reflects the deployment of the Group's "Beyond tires" growth strategy.

February 15, 2023 [Tires] – Michelin launches MICHELIN EVOBIB, the first tractor tire designed specifically for use with central tire inflation systems (CTIS), whose variable tread pattern delivers excellent performance on the road and in the field. With its promise of longer tread life, better soil protection and greater fuel savings, MICHELIN EVOBIB is a further illustration of the Group's capacity for innovation and its commitment to the environment.

February 22, 2023 [People and Planet] – Michelin formalizes its commitment to small-scale natural rubber estate owners in Sri Lanka as part of the River Project, a three-year public-private project co-funded with the French Ministry of the Economy and Finance. Designed to improve the skills of 6,000 growers with an innovative training model, the project is expected to have a positive impact on approximately 30,000 people.

March 1, 2023 [Tires] – The Group launches its new MICHELIN Power Adventure gravel tire, whose hybrid tread design is engineered for cyclists who spend 80% of their time on roads and 20% on trails. The MICHELIN Power Adventure offers superior durability thanks to an additional protective layer surrounding the entire casing, based on the innovative "BEAD 2 BEAD" technology.

March 6, 2023 [Group] – MICHELIN Guide 2023 – At an event in Strasbourg, France, Michelin announces the selection of restaurants curated for the MICHELIN Guide France 2023. Awarded for the fourth year in a row, the MICHELIN Green Star promotes the efforts of inspiring, pioneering restaurants that are fully invested in sustainable gastronomy. The award is also fully aligned with the Group's "All Sustainable" vision.

March 13, 2023 [Group] – At the "Michelin in Motion 2030 – Strategy Progress Update" Capital Markets Day, Michelin's top management reaffirmed the validity of the Group's strategic focus on creating more value and strengthening its resilience by driving growth in tires, fleet services and solutions, and high-tech materials. The Managers again noted that the target of a more than 10.5% return on capital employed includes the impact of future acquisitions.

March 14, 2023 [Group] – Michelin announces a C$300 million (around €200 million) investment in its plants in Nova Scotia, Canada, to accelerate sustainable mobility and improve its environmental footprint.

March 15, 2023 [Planet] – For the third year in a row, Michelin has been recognized by international non-profit CDP as a "Supplier Engagement Leader" for the initiatives undertaken with its suppliers and partners to address global warming across its supply chain.

March 22, 2023 [Tires] – Michelin wins two awards at the Tire Technology Expo 2023, confirming the Group's leadership in innovation. They are the prestigious *Tire Manufacturer of the Year* award, won for the sixth time, and the *Environmental Achievement of the Year* award, recognizing the Group's first two road-approved tires made from 45% and 58% sustainable materials, respectively, one for cars and the other for buses.

March 28, 2023 [People and Planet] – With a score exceeding 80%, Michelin leads the list of tire companies assessed by ZSL SPOTT, an ESG rating platform focused on soft commodities. The ranking demonstrates the Group's commitment to ESG transparency and its efforts to improve the sustainability of the entire natural rubber value chain.

March 29, 2023 [Planet] – With Michelin's support, Scandinavian Enviro Systems and Antin Infrastructure Partners form a joint venture to create the world's first large-scale tire recycling group. Michelin is planning to partner in the JV as the plants are built in the future. This is a further demonstration of Michelin's ability to reduce the overall environmental impact of its tires through innovative partnerships.

March 31, 2023 [People] – In Canada, Michelin's Pictou County plant receives the 2022 Safest Employer Excellence Award in the Manufacturing category, for the sixth year running. This marks the sixth year that the facility has received the award, which honors manufacturers with outstanding health and safety records.

April 7, 2023 [Group] – The Group files its 2022 Universal Registration Document with the AMF, supplementing the publication on April 11 with a web-based Excel file presenting data for all of its ESG indicators.

April 13, 2023 [Group] – At its International Media Day event, held at its plant in Cuneo, Italy, Michelin presents two transformations with strategic implications for the Group: the ongoing changes in tire markets and the transformation of its production facilities. During the event, Michelin reaffirmed its commitment to environmental stewardship, and particularly its target of using 100% sustainable materials in its tires by 2050.

First-quarter 2023 [Beyond tires] – Michelin's Wisamo inflatable wing sail system is installed on the Compagnie Maritime Nantaise's MN Pelican ro-ro container ship. The vessel is testing the inflatable system's endurance and use on its weekly rotations between Bilbao, Spain and Poole, UK. Feedback generated by these tests will support the giant wing sail's ongoing development.

First-quarter 2023 [People] – Now being deployed across the organization, the Michelin One Care program incarnates the Group's dedication to supporting all its employees around the world at important moments in their lives with a package of fundamental benefits. In Sri Lanka, where there is no public social safety net, Michelin has been one of the country's first companies to introduce such a system for its employees.

First-quarter 2023 [Tires] – Ferrari has introduced the Ferrari Purosangue SUV, its first four-door, four-seater model. Naturally, the prancing horse brand chose Michelin to shoe its new thoroughbred, with both the original equipment tires and the model-approved winter tires.

April 27, 2023 [Group] – Michelin launches the Michelin 3xplorer Club, an NFT collection depicting the Michelin Man in 5,000 unique versions. The initiative, which reflects the excellence and innovation associated with the Michelin brand, further illustrates the Group's commitment to offering its customers exclusive new non-tire related experiences.

May 12, 2023 [Group] – Nearly 950 people attend the Annual Meeting of Michelin shareholders, held in Clermont-Ferrand, France under the chairmanship of Florent Menegaux, Managing Chairman.

May 16, 2023 [Beyond tires] – Stellantis acquires an equal stake with Faurecia and Michelin in Symbio, a leader in zero-emission hydrogen mobility. The binding agreement will give each partner a 33.3% interest.

May 17, 2023 [Tires] – Michelin announces the acquisition of UK-based Canopy Simulation, strengthening its position as a technological leader and data-driven company. Michelin enjoys unique mathematical data processing expertise. By accelerating innovation, simulation optimizes Michelin's work with its partners and vehicle manufacturers, while reducing its Research and Development environmental footprint and providing real savings compared with longer, more traditional development cycles.

May 22, 2023 [Group] – Michelin announces plans to invest $100 million in its agricultural rubber track plant in Junction City, Kansas, United States. Designed to increase output to serve the original equipment and aftermarkets, the project will also create around 200 new jobs.

May 23, 2023 [Tires] – TBC Corporation, the North American tire distribution joint venture between Michelin and Sumitomo Corporation, divests its retail portfolio and refocuses on its wholesale, distribution and franchise business operations.

May 24, 2023 [Group] – As part of the United Nations Decade of Action for Road Safety, Michelin works with the International Road Federation (IRF) and the World Bank's Sustainable Mobility for All (SuM4All) initiative to issue the "Enhancing Policy and Action for Safe Mobility" report, which provides thought leadership, policy guidelines and best practices to assist countries in implementing a systemic, integrated approach to road safety.

May 26, 2023 [Group] – After suspending its industrial activities in Russia on March 15, 2022, Michelin sells its Russian assets to Power International Tires LLC, one of the country's leading tire distributors.

June 2023 [Group] – Michelin unveils the first-ever selection of restaurants curated for the cities of Hangzhou, China and of Hanoi and Ho Chi Minh City, Vietnam.

June 1, 2023 [Group] – Michelin announces the launch of the Collaborative Innovation Hub (PIC) in Clermont-Ferrand, France. Designed as an innovation accelerator, the new government-supported facility is part of the Parc Cataroux program, which attests to Michelin's deep attachment to its home region and its commitment to making a positive contribution to the local community and society as a whole.

June 2, 2023 [Tires] – 2023 Le Mans 24 Hours – As it celebrates the centennial of the world's most prestigious endurance race, Michelin reasserts motorsport's key role as an accelerator of sustainable innovation. In response to today's overriding environmental challenges, the nature of auto racing is changing and the Group's involvement is about much more than just collecting trophies. With the unveiling of a tire containing 63% sustainable materials, Michelin has once again demonstrated its ability to deliver disruptive new technologies, in line with its goal of making tires 100% sustainable by 2050.

June 12, 2023 [Group] – Michelin's Troyes plant celebrates 60 years of agricultural tire excellence. The facility, which accounts for 40% of Michelin's worldwide agricultural tire production capacity, has 760 employees and exports 85% of its output to Europe and North America. Its customers include such leading manufacturers as Case New Holland, AGCO, John Deere and CLAAS.

June 16, 2023 [Group] – The Michelin Group acquires all outstanding shares in Rugby Club ASM Clermont Auvergne, with the aim of strengthening the organization and supporting its transformation.

June 19, 2023 [Beyond tires] – Michelin agrees to acquire 100% of Flex Composite Group (FCG) from IDI for an enterprise value of €700 million, thereby creating a leader in high-tech engineered fabrics and films.

June 21, 2023 [Tires] – At the Paris Air Show, the Group launches the MICHELIN Air X Sky Light tire, engineered in response to the airline industry's decarbonization objectives. It offers a further illustration of the Group's ability to develop breakthrough technologies to fulfill its sustainable growth ambitions.

June 21, 2023 [Tires and Around tires] – At the Paris Air Show, the Group announces that Brazilian airline Azul has chosen the PresSense connected tire and its pressure measurement system to equip its fleet of nearly 110 Airbus and Embraer aircraft. The result of a partnership between Safran Landing Systems, the world leader in landing systems, and Michelin, the world leader in mobility solutions, PresSense is intended to simplify airline maintenance operations.

June 22, 2023 [Group] – As it celebrates its twentieth anniversary, the Global Compact France Network elects Florent Menegaux as President for a three-year term of office. The national branch of the UN Global Compact is dedicated to undertaking actionable initiatives based on ten universal principles related to human rights, international labor standards, the environment and the fight against corruption. It seeks to engage its members in helping to meet the UN's sustainable development goals.

June 27, 2023 [Tires] – The French Post Office chooses the prototype MICHELIN UPTIS puncture-proof airless tire to equip 40 delivery vans by the end of 2024. The MICHELIN UPTIS is the only airless tire in the world currently in use on open roads in real-life conditions. The innovation demonstrates both Michelin's expertise in high-tech materials and its ability to meet the huge self-imposed challenge of making all its tires 100% sustainable by 2050.

June 29, 2023 [Group] – Michelin, Banque des territoires and SEM Oryon have created SAS Atinéa, which will manage the end-to-end redevelopment of the Michelin plant in La Roche-sur-Yon, transforming the site into a center of excellence dedicated to renewable energies and sustainable mobility.

2

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – SIX MONTHS ENDED JUNE 30, 2023

DETAILED SUMMARY OF THE NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in € millions, except per-share data)	Note	First-half 2023	First-half 2022
Sales	3	14,079	13,289
Cost of sales		(10,209)	(9,651)
Gross income		**3,870**	**3,638**
Sales and marketing expenses		(557)	(582)
Research and development expenses		(367)	(340)
General and administrative expenses		(1,238)	(1,169)
Segment other income and expenses		(4)	(17)
Segment operating income	**3**	**1,704**	**1,530**
Other operating income and expenses	4	(90)	(273)
Operating income		**1,614**	**1,257**
Cost of net debt	5	(100)	(87)
Other financial income and expenses	5	(8)	(9)
Net interest on employee benefit obligations	15	(47)	(21)
Share of profit/(loss) from equity-accounted companies	9	83	16
Income before taxes		**1,542**	**1,156**
Income tax	6	(322)	(313)
NET INCOME		**1,220**	**843**
• Attributable to the shareholders of the Company		1,218	841
• Attributable to the non-controlling interests		2	2
EARNINGS PER SHARE *(in €)*	**7**		
• Basic		1.70	1.18
• Diluted		1.69	1.17

Notes 1 to 19 are an integral part of the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	Note	First-half 2023	First-half 2022
Net income		**1,220**	**843**
Post-employment benefits	15	45	855
Tax effect – post-employment benefits		(11)	(166)
Equity instruments at fair value through OCI – changes in fair value		4	(2)
Tax effect – equity instruments at fair value through OCI		(4)	1
Other comprehensive income that will not be reclassified to the income statement		**34**	**688**
Cash flow hedges – changes in fair value		4	(8)
Currency translation differences		(124)	641
Other		8	5
Other comprehensive income that may be reclassified to the income statement		**(112)**	**638**
Other comprehensive income		**(78)**	**1,326**
TOTAL COMPREHENSIVE INCOME		**1,142**	**2,169**
• Attributable to the shareholders of the Company		1,140	2,168
• Attributable to the non-controlling interests		2	1

Notes 1 to 19 are an integral part of the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € millions)	Note	June 30, 2023	December 31, 2022
Goodwill	8	2,481	2,430
Intangible assets		1,804	1,803
Property, plant and equipment (PP&E)		11,982	12,136
Right-of-use assets		1,021	1,010
Non-current financial assets and other non-current assets		1,326	1,161
Investments in equity-accounted companies	9	906	1,102
Deferred tax assets	6	659	630
Non-current assets		**20,179**	**20,272**
Inventories	10	6,093	6,318
Trade receivables	11	4,184	4,205
Current financial assets		692	652
Other current assets		1,446	1,315
Cash and cash equivalents	12	2,858	2,584
Current assets		**15,273**	**15,074**
TOTAL ASSETS		**35,452**	**35,346**
Share capital	13	357	357
Share premiums	13	2,702	2,702
Reserves	14	14,303	14,051
Non-controlling interests		7	6
Total equity		**17,369**	**17,116**
Non-current financial liabilities	12	4,686	4,705
Non-current lease liabilities		689	690
Provisions for employee benefit obligations	15	2,531	2,561
Provisions and other non-current liabilities	16	623	695
Deferred tax liabilities	6	548	541
Non-current liabilities		**9,077**	**9,192**
Current financial liabilities	12	2,470	1,826
Current lease liabilities		235	233
Trade payables		2,829	3,416
Trade payables under reverse factoring agreements		478	595
Provisions and other current liabilities		2,994	2,968
Current liabilities		**9,006**	**9,038**
TOTAL EQUITY AND LIABILITIES		**35,452**	**35,346**

Notes 1 to 19 are an integral part of the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital (note 13)	Share premiums (note 13)	Reserves (note 14)	Non-controlling interests	Total equity
At January 1, 2022	**357**	**2,746**	**11,871**	**(3)**	**14,971**
Net income/(loss)	-	-	841	2	843
Other comprehensive income/(loss)	-	-	1,327	(1)	1,326
Total comprehensive income/(loss)	**-**	**-**	**2,168**	**1**	**2,169**
Issuance of shares	-	-	-	-	-
Share buybacks	-	-	(120)	-	(120)
Cancellation of shares	-	-	-	-	-
Dividends and other appropriations	-	-	(808)	-	(808)
Share-based payments – current service cost	-	-	8	-	8
Other	-	-	-	-	-
At June 30, 2022	**357**	**2,746**	**13,119**	**(2)**	**16,220**
Net income/(loss)	-	-	1,160	6	1,166
Other comprehensive income/(loss)	-	-	(360)	-	(360)
Total comprehensive income/(loss)	**-**	**-**	**800**	**6**	**806**
Issuance of shares	2	74	-	-	76
Share buybacks	-	-	-	-	-
Cancellation of shares	(2)	(118)	120	-	-
Dividends and other appropriations	-	-	-	(1)	(1)
Share-based payments – current service cost	-	-	12	-	12
Other	-	-	-	3	3
At December 31, 2022	**357**	**2,702**	**14,051**	**6**	**17,116**
Net income/(loss)	-	-	1,218	2	1,220
Other comprehensive income/(loss)	-	-	(78)	-	(78)
Total comprehensive income/(loss)	**-**	**-**	**1,140**	**2**	**1,142**
Issuance of shares	-	-	-	-	-
Share buybacks	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Dividends and other appropriations	-	-	(894)	(1)	(895)
Share-based payments – current service cost	-	-	6	-	6
Other	-	-	-	-	-
AT JUNE 30, 2023	**357**	**2,702**	**14,303**	**7**	**17,369**

Notes 1 to 19 are an integral part of the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Note	First-half 2023	First-half 2022
Net income		1,220	843
Adjustments			
• Cost of net debt	5	100	87
• Other financial income and expenses	5	8	9
• Net interest on employee benefit obligations	15	47	21
• Income tax	6	322	313
• Amortization and depreciation of intangible assets and PP&E		939	909
• Other operating income and expenses	4	90	273
• Share of loss/(profit) from equity-accounted companies	9	(83)	(16)
Segment EBITDA		**2,643**	**2,439**
Other operating income and expenses (cash) and changes in provisions	17	(134)	(206)
Interest and other financial income and expenses received and paid, net	17	(105)	(111)
Income tax paid		(344)	(396)
Change in working capital, net of impairment	17	(221)	(1,719)
Net cash from operating activities		**1,839**	**7**
Purchases of intangible assets and PP&E	17	(1,125)	(980)
Proceeds from sales of intangible assets and PP&E		33	9
Equity investments in consolidated companies, net of cash acquired		(97)	(1)
Disposals of equity investments in consolidated companies, net of cash sold		(50)	55
Purchases of equity instruments at fair value		(5)	(4)
Disposals of equity instruments at fair value		-	-
Cash flows relating to other financial assets	17	176	(112)
Net cash from/(used in) investing activities		**(1,068)**	**(1,033)**
Proceeds from issuance of shares	13	-	-
Dividends paid to the shareholders of the Company	13	(893)	(803)
Cash flows relating to financial liabilities	17	417	(781)
Share buybacks	14	-	(44)
Other		11	67
Net cash from/(used in) financing activities		**(465)**	**(1,561)**
Effect of changes in exchange rates		**(32)**	**34**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**274**	**(2,553)**
Cash and cash equivalents at January 1		**2,584**	**4,482**
Cash and cash equivalents at June 30		**2,858**	**1,929**

Notes 1 to 19 are an integral part of the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

Compagnie Générale des Établissements Michelin (CGEM or the "Company") and its subsidiaries (together "the Group") design, manufacture and market tires throughout the world. The Group also provides its customers with tire- and vehicle-related services and solutions, mobility experiences and expertise in high-tech materials.

The Company is a partnership limited by shares (société en commandite par actions) incorporated in Clermont-Ferrand (France).

The Company is listed on Euronext Paris (Eurolist Compartment A).

After a review by the Supervisory Board, these condensed interim consolidated financial statements were authorized for issue by the Managers on July 26, 2023.

Except as otherwise stated, all amounts are presented in millions of euros (€ millions).

NOTE 2 BASIS OF PREPARATION

2.1 Statement of compliance

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2022, which were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted by the European Union as of the reporting date and applicable to the period then ended.

2.2 Accounting policies

The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied by the Group in its consolidated financial statements for the year ended December 31, 2022.

The net post-retirement benefit obligation and the related net provision are measured based on the latest actuarial valuations available at the end of the previous period. For the main benefit plans (United States, Canada, United Kingdom, Germany and France), the actuarial assumptions are reviewed and the main assumptions are adjusted in the event of a material change during the six-month period. For these benefit plans, the fair value of the plan assets is measured at the interim reporting date.

2.3 New standards, amendments to existing standards and interpretations effective from January 1, 2023 in the European Union

The following amendments to IFRSs are effective from January 1, 2023; they have no material impact for the Group:

IFRS 17 – Insurance Contracts – Recognition, Measurement and Presentation

The new standard and its amendments published in June 2020 specify the principles relating to the recognition, measurement, presentation and disclosure of insurance contracts. It replaces IFRS 4 and was adopted by the European Union on November 19, 2021. This standard has no material impact on the Group's consolidated financial statements.

Amendment to IAS 1 – Disclosure of Accounting Policies

This amendment adopted by the European Union on March 2, 2022 requires entities to disclose their accounting policy information only if it is material. Information about accounting policies applied to non-material transactions and events is itself non-material and is not required to be disclosed.

Amendment to IAS 8 – Definition of Accounting Estimates

This amendment is designed to help entities distinguish between a change in accounting policies and a change in accounting estimates by introducing a new definition of accounting estimates. Accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. The amendment is effective for annual periods beginning on or after January 1, 2023.

Amendment to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This amendment narrows the scope of the initial recognition exemption by excluding transactions for which companies recognize both an asset and a liability, such as leases and decommissioning obligations. Companies will now be required to recognize deferred tax on these transactions. The amendment applies to qualifying transactions occurring on or after the opening date of the first comparative period presented (i.e., January 1, 2022 in the case of the Group). It has no material impact on the Group's consolidated financial statements.

2.4 New standards, amendments to existing standards and interpretations that are not yet effective

The following new IFRS standards, updates and interpretations were not applicable at June 30, 2023:

Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback

The amendment, which will be effective for annual periods beginning on or after January 1, 2024, clarifies the subsequent treatment of the right-of-use asset and lease liability arising from a leaseback transaction (notably in the case of a lease with variable payments not based on an index or a rate).

Amendments to IAS 7 and IFRS 7 – Reverse Factoring – Supplier Finance Arrangements

These amendments introduce new disclosure requirements for reverse factoring arrangements, to help understand the effects of these contracts on the liabilities, cash flows and exposure to liquidity risk of the preparer of the financial statements.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

These amendments, published by the IASB in May 2023, provide an indefinite temporary relief to the recognition and disclosure of deferred taxes related to Pillar Two income taxes.

In periods in which Pillar Two legislation is enacted or substantively enacted, but not yet in effect, disclosure is required of known or reasonably estimable information that helps users of financial statements understand the entity’s exposure to Pillar Two income taxes arising from that legislation. If reasonably estimable information is not available this should be disclosed and information should be provided about the status of work to prepare such estimates.

Once Pillar Two comes into effect, the current tax expense in respect of the top-up tax payable under Pillar Two will have to be disclosed.

Amendments to IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendment published in January 2020 clarifies the principles to be applied to classify liabilities as current or non-current. In September 2021, the IASB proposed a new amendment to IAS 1 to clarify the classification of debt with covenants.

There are no other new standards, updates or interpretations published but not yet effective whose impact could be material for the Group.

2.5 Critical accounting assumptions and estimates

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires that management uses assumptions and estimates to calculate the value of assets and liabilities at the date of the consolidated statement of financial position and the amount of income and expenses for the reporting period. Actual results could differ from those estimates.

The main sources of uncertainty relating to key assumptions and judgments concern impairment of non-financial assets, employee benefit obligations, income taxes, goodwill, intangible assets acquired in a business combination and the estimated useful life of such assets, and the definition of the enforceable period of a lease contract.

2.6 Changes in the scope of consolidation

2.6.1 Transactions in the first half of 2023

2.6.1.1 Operations in Russia

Following approval from the relevant Russian authorities, the Group sold its two subsidiaries, Michelin Russian Tyre Manufacturing Company LLC (MRTMC) and Camso CIS LLC, on May 26, 2023.

At December 31, 2022, an impairment loss of €139 million, corresponding to the portion of the Russian net assets that the Group believed to be unrecoverable, was recorded in "Other operating income and expenses". At June 30, 2023, a further loss of €54 million was recorded under the same caption (note 4), corresponding for the most part to cumulative translation differences reclassified to profit or loss on disposal of the underlying net assets.

2.6.1.2 EGC Enterprises

On January 31, 2023, the Group acquired all outstanding shares in US company EGC Enterprises, Inc., a manufacturer of graphite-based sealing products with locations in Ohio and North Carolina. EGC products are designed for use in high-temperature and high-pressure applications in the fluid sealing, heavy equipment, aerospace and thermal management sectors.

The company was fully consolidated in the first half of the year. The purchase price allocation process was launched during the period and provisional goodwill of €45 million was recognized at June 30, 2023, as shown in the following table:

(in € millions)	Allocation at June 30, 2023
Fair value of consideration transferred	50
Fair value of identifiable net assets	(5)
Provisional goodwill	45

Goodwill will be allocated to the "High-Tech Materials" group of CGUs.

2.6.1.3 Blacksmith

The US company Blacksmith OTR LLC manufactures and markets tires for height work platforms, such as aerial work platforms and telescopic forklifts.

In April 2023, the Group increased its interest in the company from 50% to 100%, at a cost of €39 million. The previously-held interest was remeasured at fair value in accordance with the principles applicable to step acquisitions, without leading to the recognition of any material income. Provisional goodwill of €19 million was recognized on this transaction at June 30, 2023.

2.6.1.4 Watèa

Watèa offers a purpose-designed electric mobility solution for light truck fleets.

In April 2023, Crédit Agricole Leasing & Factoring acquired a 30% stake in Watèa by underwriting a €31 million share issue.

In light of the resulting change in its governance structure, the Group considered that Watèa had become a joint venture as of the transaction date.

Its share of Watèa's net assets was therefore remeasured at fair value at the transaction date, leading to the recognition of a €68 million positive fair value adjustment under "Other operating income and expenses" in the consolidated income statement.

2.6.1.5 Other

During first-half 2023, the Group completed several other investments and acquisitions that were individually not material, representing a total investment of €16 million.

The companies and controlling interests acquired in first-half 2023 contributed €33 million to consolidated net sales and €5 million to segment operating income for the period.

In addition, on June 19, 2023, the Group announced that it had signed an agreement to acquire Flex Composite Group, Europe's leading manufacturer of high-tech fabrics and films, for an enterprise value of €700 million. The transaction is expected to be completed in the second half of the year, subject to anti-trust approvals being obtained in the jurisdictions concerned.

On May 16, 2023, Faurecia, a FORVIA Group company, Michelin and Stellantis announced the signing of an agreement under which Stellantis will acquire a 33.33% stake in Symbio, a joint venture set up in 2019 between the Group and Faurecia. Symbio operates in the zero-emission hydrogen mobility sector. Subject to the usual regulatory approvals, the transaction is expected to close in the second half of 2023. It will not change the accounting treatment of the joint venture, which will continue to be accounted for by the equity method.

2.6.2 Purchase price allocation for acquisitions carried out in 2022

2.6.2.1 Royal Lestari Utama (RLU)

At June 30, 2023, provisional goodwill amounted to €49 million. The purchase price allocation will be completed during the second half of 2023.

2.6.2.2 Conveyor Products & Solutions

The final purchase price allocation resulted in the recognition of goodwill in the amount of €26 million at June 30, 2023, as shown in the following table:

(in € millions)	June 30, 2023
Fair value of consideration transferred	50
Less: fair value of net assets acquired	(24)
of which: contractual customer relationships	*(23)*
of which: deferred tax liabilities	*7*
FINAL GOODWILL	**26**

Goodwill has been allocated in full to the Mining group of CGUs. In the first half of 2023, Conveyor Products & Solutions contributed €20 million to consolidated sales, €4 million to segment operating income and €2 million to net income.

NOTE 3 CONDENSED SEGMENT REPORTING

Segment information is presented according to the following three operating segments:

- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities as well as the Conveyor Belts and High-Tech Materials activities.

Operating segment performance is measured primarily on the basis of sales and segment operating income, according to the same measurement principles used in the consolidated income statement.

Segment information is as follows:

	First-half 2023				First-half 2022			
(in € millions)	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total
Sales	7,024	3,397	3,658	**14,079**	6,599	3,469	3,221	**13,289**
Segment operating income	866	168	670	**1,704**	782	314	434	**1,530**
As a percentage of sales	*12.3%*	*5.0%*	*18.3%*	***12.1%***	*11.9%*	*9.1%*	*13.5%*	***11.5%***

Segment assets are as follows:

	June 30, 2023				December 31, 2022			
(in € millions)	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total	Automotive and related distribution	Road transportation and related distribution	Specialty businesses and related distribution	Total
Segment assets	11,600	6,058	7,591	**25,249**	**11,597**	**6,199**	**7,576**	**25,372**

Segment assets consist of goodwill and intangible assets, property, plant and equipment, finished product inventories, and trade receivables. The amounts reported to the Group's management in respect of operating segment assets are measured in a manner consistent with the consolidated financial statements.

No liabilities are allocated to the operating segments in the internal reports provided to the Group's management.

Corporate intangible assets and property, plant and equipment are allocated to each segment in proportion to the amount of their directly attributed assets.

Geographic information breaks down as follows by segment:

	First-half 2023				First-half 2022			
(in € millions)	Europe	North America	Other	Total	Europe	North America	Other	Total
Sales	4,901	5,413	3,765	**14,079**	4,901	4,982	3,406	**13,289**

Sales by geographic area are based on the location of the customer.

Sales in France for the six months ended June 30, 2023 amounted to €1,220 million (first-half 2022: €1,184 million).

Sales recognized at the time when control of the goods or services is transferred to the customer represented 97.4% of Group sales in the first half of 2023 (first-half 2022: 97.5%). These sales totaled €13,707 million (2022: €12,951 million). They mainly include sales of tires for the original equipment market and the replacement market and sales of Fenner conveyor belts.

In first-half 2023, the amount recognized in sales for performance obligations satisfied over time stood at €372 million, representing 2.6% of total sales for the period (first-half 2022: €338 million and 2.5%). This amount corresponds for the most part to revenue derived from commercial fleet tire management contracts and contracts for the supply of telematics services, as described in note 3.8 to the consolidated financial statements for the year ended December 31, 2022.

NOTE 4 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	First-half 2023	First-half 2022
Amortization of trademarks and customer relationships acquired	(40)	(38)
Reorganizations and adaptation of activities	(18)	(22)
Impairment of non-current assets	(23)	(3)
Loss on disposal of Russian operations (note 2.6.1.1)	(54)	(195)
Employee benefit obligations	1	(6)
Change in scope of consolidation (note 2.6.1.4)	68	-
Other	(24)	(9)
OTHER OPERATING INCOME AND EXPENSES	**(90)**	**(273)**

As mentioned in note 2.6.1.1, the Group has sold its Russian operations. In 2022, an impairment loss of €139 million was recorded (versus an estimated €195 million loss recorded in the first half).

NOTE 5 COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

Cost of net debt and other financial income and expenses are broken down in the table below:

(in € millions)	First-half 2023	First-half 2022
Interest expense	(140)	(116)
Interest expense on lease liabilities	(18)	(15)
Interest income on cash, cash equivalents and cash management financial assets	49	(2)
Interest rate derivatives	7	48
Fees on credit lines	(3)	(4)
Capitalized borrowing costs	5	2
COST OF NET DEBT	**(100)**	**(87)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	29	5
Currency remeasurement (including currency derivatives)	(34)	(17)
Other	(3)	3
OTHER FINANCIAL INCOME AND EXPENSES	**(8)**	**(9)**

NOTE 6 INCOME TAX

(in € millions)	First-half 2023	First-half 2022
Current tax expense	(364)	(339)
Deferred tax benefit/(expense)	42	26
INCOME TAX	**(322)**	**(313)**

Current tax includes €5 million of withholding tax on royalties, interest and retained earnings distributed between Group companies (first-half 2022: €24 million).

The Group's effective tax rate for first-half 2023 was 20.9% (first-half 2022: 27.0%). The first-half 2023 rate was adversely affected by the loss recognized on the disposal of the Group’s operations in Russia (note 2.6.1.1). Conversely, the disposal gain recognized by TBC on the sale of its retail outlets (note 9.2), and the Watèa transaction (note 2.6.1.4) had a favorable impact on the effective tax rate for the period.

The first-half 2022 effective rate was adversely affected by the recognition of impairment losses on assets in Russia.

The Group has operations in various countries that have different tax laws and rates. The weighted average domestic tax rate of Group companies may therefore vary from year to year depending on the relative size of taxable incomes. Effective tax rates may differ from theoretical rates, particularly due to unrecognized deferred tax assets, withholding taxes, tax credits and other taxes not based on income.

The utilization of deferred tax assets is periodically reviewed at the tax entity level and may lead to the recognition of previously unrecognized deferred tax assets. There were no material adjustments to recognized deferred tax assets during first-half 2023.

NOTE 7 EARNINGS PER SHARE

Components of the basic and diluted earnings per share calculations are presented in the table below:

	First-half 2023	First-half 2022
Net income *(in € millions)*, excluding non-controlling interests	1,218	841
• Less, estimated General Partners’ profit shares	(2)	(2)
Net income attributable to the shareholders of the Company used to calculate basic earnings per share	**1,216**	**839**
Weighted average number of shares outstanding *(thousands of shares)*[(1)] **used to calculate basic earnings per share**	**714,118**	**713,756**
• Plus, adjustment for performance shares	5,594	4,988
Weighted average number of shares used to calculate diluted earnings per share	**719,712**	**718,744**
EARNINGS PER SHARE *(in €)*[(1)]		
• Basic	**1.70**	**1.18**
• Diluted	**1.69**	**1.17**

(1) 2022 data have are reflecting the four-for-one stock split as of June 16, 2022.

Diluted earnings per share are calculated by adjusting net income attributable to shareholders and the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. As of June 30, 2023, the only potentially dilutive financial instruments consisted of performance shares.

NOTE 8 GOODWILL

At June 30, 2023, goodwill allocated to the CGUs or groups of CGUs breaks down as follows:

(in € millions)	June 30, 2023	December 31, 2022
Passenger car tires – global brands CGU group	431	429
Passenger car tires – regional brands CGU	168	172
Light truck and Truck tires CGU group	651	644
Mining CGU group	280	289
Two-wheel tires CGU	22	20
Beyond-road tires CGU	742	741
High-Tech Materials CGU group	187	135
GOODWILL	**2,481**	**2,430**

Excluding translation adjustments, goodwill increased by €68 million, mainly due to acquisitions of companies and controlling interests during the period, as described in note 2.6.1.

At June 30, 2023, no indications of impairment had been identified based on available information that could affect the long-term value of the Group's cash-generating units (CGUs) or groups of CGUs as determined at December 31, 2022.

NOTE 9 INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

9.1 Investments in equity-accounted companies

Changes in investments in equity-accounted companies are as follows:

(in € millions)	Investments in associates	Investments in joint ventures	Total investments in equity-accounted companies
At January 1, 2022	**97**	**1,006**	**1,103**
Share of profit/(loss) from equity-accounted companies	(3)	(1)	(4)
Impairment	-	5	5
Dividends	-	-	-
Change in scope of consolidation/capital increases	(40)	18	(22)
Currency translation differences	-	55	55
Other/reclassifications	-	2	2
At June 30, 2022	**54**	**1,085**	**1,139**
Share of profit/(loss) from equity-accounted companies	8	(9)	(1)
Impairment	-	(19)	(19)
Dividends	(3)	(8)	(11)
Change in scope of consolidation/capital increases	-	13	13
Currency translation differences	(2)	(12)	(14)
Other/reclassifications	-	(5)	(5)
At December 31, 2022	**57**	**1,045**	**1,102**
Share of profit/(loss) from equity-accounted companies	1	91	92
Impairment	-	(9)	(9)
Dividends	-	(352)	(352)
Change in scope of consolidation/capital increases	1	88	89
Currency translation differences	(1)	(9)	(10)
Other/reclassifications	-	(6)	(6)
AT JUNE 30, 2023	**58**	**848**	**906**

The main equity-accounted companies are TBC (note 9.2) and Solesis (note 9.3). All of the other companies represent less significant investments.

Changes in the first half of 2023 mainly concern TBC and are described in note 9.2.

9.2 Joint venture with Sumitomo Corporation of Americas (TBC)

TBC sold its NTB and Tire Kingdom retail outlets to Mavis Tire Express Service Corp. on June 1, 2023, to concentrate on its core wholesale and franchise activities. The transaction led to the recognition in TBC's accounts of a disposal gain of €304 million ($328 million).

TBC also approved the distribution of a $750 million dividend. Of the total, $350 million was paid in the first half.

The balance, which is payable no later than March 2025, was recorded under "Financial assets" in the consolidated statement of financial position at June 30, 2023.

Summarized financial data for the TBC joint venture are set out in the table below:

(in € millions)	**June 30, 2023**	**December 31, 2022**
Current assets	1,945	2,145
of which cash and cash equivalents	*42*	*21*
Non-current assets	1,097	1,694
of which goodwill	*138*	*141*
TOTAL ASSETS	**3,042**	**3,839**
Current liabilities	1,557	1,524
of which current financial liabilities	*280*	*223*
Non-current liabilities	752	1,115
of which non-current financial liabilities	*543*	*963*
Equity	733	1,200
TOTAL LIABILITIES AND EQUITY	**3,042**	**3,839**

(in € millions)	**First-half 2023**	**First-half 2022**
Sales	2,285	2,502
EBITDA	367	155
Interest income	3	2
Interest expense	(37)	(27)
Depreciation and amortization	(10)	(90)
Income tax	(81)	(11)
NET INCOME	**242**	**29**

(in € millions)	**June 30, 2023**	**December 31, 2022**
Net assets (including goodwill)	**733**	**1,200**
Share of net assets (including goodwill)	366	600
Elimination of profit from downstream transactions (net of tax)	(35)	(35)
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**331**	**565**

The equity-accounted share of TBC included in the Group's consolidated income statement (including elimination of downstream transactions and the abovementioned €152 million disposal gain) is a profit of €120 million in first-half 2023 (first-half 2022: profit of €12 million).

9.3 Joint venture with Altaris (Solesis)

Summarized financial data in respect of Solesis are set out in the table below:

(in € millions)	June 30, 2023	December 31, 2022
Current assets	50	59
of which cash and cash equivalents	*5*	*8*
Non-current assets	700	702
of which goodwill	*203*	*225*
of which cash allocated to preferred stock	*251*	*251*
TOTAL ASSETS	**750**	**761**
Current liabilities	129	134
of which current financial liabilities	*117*	*110*
Non-current liabilities	261	251
of which non-current financial liabilities	*10*	*-*
of which preferred stock	*251*	*251*
Equity	360	376
TOTAL LIABILITIES AND EQUITY	**750**	**761**

(in € millions)	First-half 2023	First-half 2022
Sales	51	45
EBITDA	11	12
Interest expense	(5)	(2)
Depreciation and amortization	(5)	(10)
Income tax	-	-
NET INCOME	**1**	**-**

(in € millions)	June 30, 2023	December 31, 2022
Net assets (including goodwill)	**360**	**376**
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**176**	**184**

The equity-accounted share of Solesis' results included in the Group's first-half 2023 income statement represented a profit of €1 million (first-half 2022: profit of less than €1 million).

NOTE 10 INVENTORIES

Inventories include the following:

(in € millions)	June 30, 2023	December 31, 2022
Raw materials and supplies	1,654	1,871
Work in progress	712	708
Finished products	3,864	3,884
Total gross inventory	**6,230**	**6,463**
Impairment of raw materials and supplies	(47)	(47)
Impairment of work in progress	(3)	(2)
Impairment of finished products	(87)	(96)
Total impairment	**(137)**	**(145)**
NET INVENTORIES	**6,093**	**6,318**

NOTE 11 TRADE RECEIVABLES

The carrying amount of trade receivables is analyzed in the table below:

(in € millions)	June 30, 2023	December 31, 2022
Gross trade receivables	4,270	4,299
Impairment	(86)	(94)
TRADE RECEIVABLES	**4,184**	**4,205**

All trade receivables are due within 12 months.

Concerning credit risk, if a customer becomes insolvent or files for bankruptcy, it may default on the receivables held by the Group and this may have a negative impact on the Group's income statement.

The Credit Department, which is part of the Group Finance Department, sets the maximum payment terms and customer credit limits to be applied by the operating companies. It manages and controls credit activity, risk and results, and is responsible for credit and collection processes.

NOTE 12 FINANCIAL INSTRUMENTS

12.1 Net debt

Group net debt is analyzed in the table below:

(in € millions)	June 30, 2023	December 31, 2022
Financial liabilities	8,080	7,454
Derivatives recognized as assets	(255)	(208)
Borrowing collaterals	(56)	(57)
Cash management financial assets	(285)	(285)
Cash and cash equivalents	(2,858)	(2,584)
NET DEBT	**4,626**	**4,320**

12.2 Financial liabilities

The carrying amount of financial liabilities is presented in the table below:

(in € millions)	June 30, 2023	December 31, 2022
Bonds	4,588	4,587
Loans from financial institutions and other	90	104
Derivative instruments	8	14
Non-current financial liabilities	**4,686**	**4,705**
Non-current lease liabilities	**689**	**690**
Bonds	546	554
Commercial paper	1,236	649
Loans from financial institutions and other	566	523
Derivative instruments	122	100
Current financial liabilities	**2,470**	**1,826**
Current lease liabilities	**235**	**233**
FINANCIAL LIABILITIES	**8,080**	**7,454**

The increase in commercial paper reflects the Group's active cash management strategy.

12.3 Liquidity risk

To meet its future cash needs, the Group had the following sources of financing in place as of June 30, 2023:

- cash and cash equivalents for €2,858 million;
- cash management financial assets for €285 million;
- a €2,500 million commercial paper program, of which €1,193 million had been utilized at June 30, 2023;
- a $700 million (€643 million) US commercial paper program, of which $50 million (€46 million) had been utilized at June 30, 2023;
- two €484 million receivables securitization programs that are utilized based on the availability of sufficient receivables of the required quality, with securitization debt at June 30, 2023 amounting to €16 million;
- €2,500 million in undrawn syndicated lines of credit.

12.4 Cash and cash equivalents

(in € millions)	June 30, 2023	December 31, 2022
Money-market funds	1,632	1,149
Bank deposits subject to up to a three-month notice period	955	991
Cash at bank and in hand	271	444
CASH AND CASH EQUIVALENTS	**2,858**	**2,584**

The Group is very careful in its choice of banks to manage its cash investments. Cash investments consist of (i) financial instruments that are subject to no risk or an insignificant risk of changes in value purchased from a sufficiently diversified group of leading banks, and (ii) unrestricted units in diversified money market funds or short-term bond funds.

The less easily available cash and cash equivalents amounted to €133 million at June 30, 2023 (December 31, 2022: €152 million); they correspond mainly to deposits set aside in Ireland in accordance with prudential rules specific to captive insurance companies.

12.5 Classification of financial assets

Group financial assets break down as follows between the categories "at fair value through profit or loss (FVTPL)", "at fair value through other comprehensive income (FVOCI)" and "at amortized cost" at June 30, 2023:

(in € millions)	FVTPL	FVOCI	Amortized cost	Total
Trade receivables	-	-	4,184	4,184
Current financial assets	88	112	492	692
Cash and cash equivalents	1,903	-	955	2,858
Non-current financial assets	489	392	445	1,326
TOTAL FINANCIAL ASSETS	**2,480**	**504**	**6,076**	**9,060**

12.6 Fair value of financial instruments

Fair value measurements are disclosed by level in the following fair value measurement hierarchy:

- **Level 1:** quoted prices in active markets. The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the consolidated statement of financial position. These instruments (essentially cash and cash equivalents as well as quoted unconsolidated equity investments) are included in level 1.
- **Level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). If all significant inputs required to fair value these instruments are observable, these instruments (essentially derivative instruments) are included in level 2.
- **Level 3:** inputs for assets or liabilities that are not based on observable market data (i.e., unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument (essentially non-quoted unconsolidated equity investments) is included in level 3.

The following tables present the Group's financial assets and liabilities measured at fair value at June 30, 2023 and December 31, 2022 by level in the fair value measurement hierarchy:

(in € millions)	Level 1	Level 2	Level 3	June 30, 2023	December 31, 2022
Cash and cash equivalents	1,903	-	-	1,903	1,593
Current financial assets (including derivatives)	56	144	-	200	210
Non-current financial assets (including derivatives)	155	360	366	881	815
TOTAL ASSETS	**2,114**	**504**	**366**	**2,984**	**2,618**
Derivative instruments	-	130	-	130	114
TOTAL LIABILITIES	**-**	**130**	**-**	**130**	**114**

There were no material transfers between level 1 and level 2 during first-half 2023.

NOTE 13 SHARE CAPITAL AND SHARE PREMIUMS

(in € millions)	Share capital	Share premiums	Total
At January 1, 2022	**357**	**2,746**	**3,103**
Issuance of shares upon exercise of stock options and performance share rights	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
At June 30, 2022	**357**	**2,746**	**3,103**
Issuance of shares upon exercise of stock options and performance share rights	2	74	76
Cancellation of shares	(2)	(118)	(120)
Other	-	-	-
At December 31, 2022	**357**	**2,702**	**3,059**
Issuance of shares upon exercise of stock options and performance share rights	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
AT JUNE 30, 2023	**357**	**2,702**	**3,059**

(number of shares)	Shares issued(1)	Treasury shares(1)	Shares outstanding(1)
At January 1, 2022	**714,121,800**	**-**	**714,121,800**
Issuance of shares upon exercise of stock options and performance share rights	48	-	48
Share buybacks	-	(1,589,724)	(1,589,724)
Sales of treasury shares	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
At June 30, 2022	**714,121,848**	**(1,589,724)**	**712,532,124**
Issuance of shares upon exercise of stock options and performance share rights	4,322,102	-	4,322,102
Share buybacks	-	(2,736,812)	(2,736,812)
Sales of treasury shares	-	-	-
Cancellation of shares	(4,326,536)	4,326,536	-
Other	-	-	-
At December 31, 2022	**714,117,414**	**-**	**714,117,414**
Issuance of shares upon exercise of stock options and performance share rights	704	-	704
Share buybacks	-	-	-
Sales of treasury shares	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
AT JUNE 30, 2023	**714,118,118**	**-**	**714,118,118**

(1) 2022 data are reflecting the four-for-one stock split as of June 16, 2022.

The dividend approved at the Annual Shareholders Meeting of May 12, 2023 was €1.25 per share (2022: €1.125 per share). The cash-only dividend was paid on May 19, 2023 for a net amount of €893 million (2022: €803 million).

NOTE 14 RESERVES

(in € millions)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At January 1, 2022	**(655)**	**-**	**129**	**12,397**	**11,871**
Dividends and other appropriations	-	-	-	(808)	(808)
Share-based payments – current service cost	-	-	-	8	8
Share buybacks	-	(120)	-	-	(120)
Sale/cancellation of shares	-	-	-	-	-
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**(120)**	**-**	**(800)**	**(920)**
Net income/(loss) attributable to the shareholders of the Company	-	-	-	841	841
Post-employment benefits	-	-	-	*855*	*855*
Tax effect – post-employment benefits	-	-	-	*(166)*	*(166)*
Equity instruments at fair value through OCI – changes in fair value	-	-	*(2)*	-	*(2)*
Tax effect – equity instruments at fair value through OCI	-	-	*1*	-	*1*
Other	-	-	-	-	-
Other comprehensive income/(loss) that will not be reclassified to the income statement	-	-	(1)	689	688
Cash flow hedges – changes in fair value	-	-	*(8)*	-	*(8)*
Currency translation differences	*642*	-	-	-	*642*
Other	-	-	*3*	*2*	*5*
Other comprehensive income/(loss) that may be reclassified to the income statement	642	-	(5)	2	639
Total comprehensive income/(loss)	**642**	**-**	**(6)**	**1,532**	**2,168**
At June 30, 2022	**(13)**	**(120)**	**123**	**13,129**	**13,119**
Dividends and other appropriations	-	-	-	-	-
Share-based payments – current service cost	-	-	-	12	12
Share buybacks	-	-	-	-	-
Sale/cancellation of shares	-	120	-	-	120
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**120**	**-**	**12**	**132**
Net income/(loss) attributable to the shareholders of the Company	-	-	-	1,160	1,160
Post-employment benefits	-	-	-	*(183)*	*(183)*
Tax effect – post-employment benefits	-	-	-	*34*	*34*
Equity instruments at fair value through OCI – changes in fair value	-	-	*59*	-	*59*
Tax effect – equity instruments at fair value through OCI	-	-	*(11)*	-	*(11)*
Other	-	-	-	*4*	*4*
Other comprehensive income/(loss) that will not be reclassified to the income statement	-	-	48	(145)	(97)
Cash flow hedges – changes in fair value	-	-	*(2)*	-	*(2)*
Currency translation differences	*(256)*	-	-	-	*(256)*
Other	*7*	-	*(2)*	*(10)*	*(5)*
Other comprehensive income/(loss) that may be reclassified to the income statement	(249)	-	(4)	(10)	(263)
Total comprehensive income/(loss)	**(249)**	**-**	**44**	**1,005**	**800**
AT DECEMBER 31, 2022 – CARRIED FORWARD TO NEXT PAGE	**(262)**	**-**	**167**	**14,146**	**14,051**

(in € millions)	Translation reserve	Treasury shares	Other reserves	Retained earnings	Total
At December 31, 2022 – brought forward from previous page	**(262)**	**-**	**167**	**14,146**	**14,051**
Dividends and other appropriations	-	-	-	(894)	(894)
Share-based payments – current service cost	-	-	-	6	6
Share buybacks	-	-	-	-	-
Sale/cancellation of shares	-	-	-	-	-
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**-**	**-**	**(888)**	**(888)**
Net income/(loss) attributable to the shareholders of the Company	-	-	-	1,218	1,218
Post-employment benefits	-	-	-	*45*	*45*
Tax effect – post-employment benefits	-	-	-	*(11)*	*(11)*
Equity instruments at fair value through OCI – changes in fair value	-	-	*4*	-	*4*
Tax effect – equity instruments at fair value through OCI	-	-	*(4)*	-	*(4)*
Other	-	-	-	-	-
Other comprehensive income/(loss) that will not be reclassified to the income statement	-	-	-	34	34
Cash flow hedges – changes in fair value	-	-	*4*	-	*4*
Currency translation differences	*(124)*	-	-	-	*(124)*
Other	-	-	-	*8*	*8*
Other comprehensive income/(loss) that may be reclassified to the income statement	(124)	-	4	8	(112)
Total comprehensive income/(loss)	**(124)**	**-**	**4**	**1,260**	**1,140**
AT JUNE 30, 2023	**(386)**	**-**	**171**	**14,518**	**14,303**

No share buybacks were carried out in first-half 2023.

NOTE 15 PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

Movements in net defined benefit obligations recognized in the consolidated statement of financial position are shown below:

(in € millions)	Pension plans	Other plans	2023	2022
At January 1	**1,005**	**1,325**	**2,330**	**3,030**
Contributions paid to the funds	(3)	-	(3)	(9)
Benefits paid directly to the beneficiaries	(19)	(32)	(51)	(49)
Other movements	(1)	-	(1)	-
Items recognized in operating income				
Current service cost	10	27	37	55
Actuarial (gains) or losses recognized on other long-term benefit plans	-	-	-	-
Plan modifications, curtailments or settlements	(12)	-	(12)	2
Other items	9	1	10	4
Items recognized outside operating income				
Net interest on employee benefit obligations	19	28	47	21
Other	-	1	1	(5)
Items recognized in other comprehensive income				
Translation adjustments	(11)	(12)	(23)	73
Actuarial (gains) or losses	(52)	10	(42)	(897)
Unrecognized assets due to the effect of the asset ceiling	(3)	-	(3)	42
AT JUNE 30	**942**	**1,348**	**2,290**	**2,267**
Amounts recognized in the statement of financial position:				
Non-current financial assets and other non-current assets			*241*	*496*
Provisions for employee benefit obligations			*2,531*	*2,763*

In France, the pension reform of April 14, 2023 (Act 2023-270) had the effect of reducing the Group's employee benefit obligations by €13 million. This amount is recorded as a deduction from the related provision under "Plan modifications, curtailments or settlements".

Actuarial gains and losses recorded in equity are primarily explained by changes in discount rates and by the experience adjustments to plan assets located in the following countries:

(in € millions)	United Kingdom (UK)	Europe excluding UK	North America	Total
Discount rate at June 30, 2023	5.45%	3.64%	4.95%	n/a
Discount rate at December 31, 2022	4.95%	3.73%	5.01%	n/a
Inflation rate at June 30, 2023	3.35%	2.18%	2.18%	n/a
Inflation rate at December 31, 2022	3.35%	2.27%	2.37%	n/a
Actuarial (gains)/losses arising from changes in assumptions	(105)	(7)	(6)	(118)
Experience (gains)/losses on plan assets	105	-	(29)	76
ACTUARIAL (GAINS) OR LOSSES	**-**	**(7)**	**(35)**	**(42)**

Rates and amounts shown in the above table relate to benefit plans for which an actuarial valuation has been carried out for the interim period (note 2.2). The inflation rates used reflect the long term weighted average duration of the Group's plans.

NOTE 16 PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities amount to €623 million (first-half 2022: €695 million) and include provisions for reorganizations and adaptation of activities, provisions for claims and litigation, warranties and other contingencies, and contract liabilities as described in note 3.8 to the consolidated financial statements at December 31, 2022 on "Revenue recognition".

16.1 Changes in provisions (current and non-current)

Changes in provisions during the period are presented below:

(in € millions)	Reorganizations and adaptation of activities	Litigation, warranties and other provisions	Total
At January 1, 2023	**314**	**444**	**758**
Additional provisions	14	80	94
Provisions utilized during the period	(102)	(109)	(211)
Unused provisions reversed during the period	-	(10)	(10)
Translation adjustments	-	(7)	(7)
Other effects	(1)	-	(1)
AT JUNE 30, 2023	**225**	**398**	**623**
Of which short-term portion	*143*	*102*	*245*

Provisions used during the period mainly reflect payments made under the plan to improve the competitiveness of the Group's manufacturing and office-based activities in France and completion of the plan for the disposal of the Group's Russian operations.

16.2 Provisions for claims and litigation, warranties and other provisions

Provisions at June 30 concern the following risks:

(in € millions)	June 30, 2023	December 31, 2022
Provisions for claims and litigation	66	87
Provisions for product warranties	77	76
Provisions for product liability claims	59	68
Other provisions for contingencies	196	213
TOTAL	**398**	**444**

NOTE 17 NOTES TO THE STATEMENT OF CASH FLOWS

Cash flows are presented in detail in the table below:

(in € millions)	First-half 2023	First-half 2022
Investment grants recognized in profit or loss	(4)	(5)
Change in employee benefit obligations	(17)	(6)
Change in litigation and other provisions	5	18
Restructuring costs	(106)	(106)
Other	(12)	(107)
Other operating income and expenses (cash) and changes in provisions	**(134)**	**(206)**
Interest and other financial expenses paid	(172)	(124)
Interest and other financial income received	62	9
Dividends received	5	4
Interest and other financial income and expenses received and paid, net	**(105)**	**(111)**
Change in inventories	165	(1,239)
Change in trade receivables and advances	(84)	(419)
Change in trade payables and advances	(227)	244
Change in trade payables under reverse factoring agreements	(77)	72
Change in other receivables and payables	2	(377)
Change in working capital, net of impairment	**(221)**	**(1,719)**
Purchases of intangible assets	(103)	(106)
Purchases of PP&E	(669)	(603)
Government grants received	1	2
Change in capital expenditure payables	(354)	(273)
Purchases of intangible assets and PP&E	**(1,125)**	**(980)**
Increase in other non-current financial assets	(42)	(26)
Decrease in other non-current financial assets	266	7
Net cash flows from cash management financial assets	-	-
Net cash flows from borrowing collaterals	2	(63)
Net cash flows from other current financial assets	(50)	(30)
Cash flows relating to other financial assets	**176**	**(112)**
Increase in non-current financial liabilities	4	49
Decrease in non-current financial liabilities	(12)	(84)
Repayment of lease liabilities	(140)	(129)
Net cash flows from current financial liabilities	586	(712)
Derivatives	(21)	95
Cash flows relating to financial liabilities	**417**	**(781)**
Details of non-cash transactions:		
• New leases	159	99
• New emission allowances granted	12	6
• Change in payment commitments for non-consolidated equity investments	(2)	-

NOTE 18 LITIGATION AND CONTINGENT LIABILITIES

The Group is involved in litigation arising in the normal course of business. There were no material developments in the matters concerned during the period between December 31, 2022 and June 30, 2023.

Taken as a whole, the resulting liabilities are not expected to be material in relation to the Group's business or consolidated financial position.

NOTE 19 EVENTS AFTER THE REPORTING DATE

No material events occurred between the reporting date and the date when the condensed interim consolidated financial statements were authorized for issue by the Managers.

3 STATUTORY AUDITORS' REVIEW REPORT

STATUTORY AUDITORS' REVIEW REPORT ON THE INTERIM FINANCIAL INFORMATION

(Half-year ended June 30, 2023)

To the Shareholders

This is a free translation into English of the Statutory auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meeting and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial Code (code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Compagnie Générale des Etablissements Michelin, for the six-month period ended June 30, 2023;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements have been drawn up under the responsibility of the Managing Chairman. Our role is to express our conclusion on these financial statements based on our limited review.

I - CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France.

A limited review primarily consists of inquiries with members of the management responsible for accounting and financial aspects and implementing analytical procedures. A review is substantially less in scope than an audit carried out in accordance with professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, do not contain any significant anomalies, obtained within the framework of a limited review is a moderate assurance, lower than that obtained within the framework of an audit.

Based on our limited review, we did not identify any significant anomalies likely to call into question the compliance of the condensed half-year consolidated financial statements with IAS 34, the IFRS standard as adopted in the European Union relating to interim financial information.

II – SPECIFIC VERIFICATION

We have also verified the information given in the half-year activity report commenting on the condensed interim consolidated financial statements on which our limited review was based.

We have no observations to make as to their fairness and their consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 26, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte et Associés
Jean-Christophe Georghiou and Itto El Hariri	Frédéric Gourd

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STATEMENT BY THE PERSON RESPONSIBLE

STATEMENT BY THE PERSON RESPONSIBLE FOR THE FIRST-HALF 2023 FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, (i) the condensed financial statements for the past six-month period have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and (ii) the first-half business review on pages 3 to 33 presents a fair review of the material events that occurred in the first six months of the financial year, of their impact on the interim accounts, and of the main related-party transactions, and also describes the principal risks and uncertainties for the remaining six months of the year.

Florent Menegaux

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