RESULTS 2023

CONTENTS

1 REPORT OF THE MANAGERS

1.1 Tire markets

1.1.1 A global market worth some $190 billion in 2022

The global tire market rose by 5% year-on-year in 2022, to around $190 billion, with light-vehicle tires accounting for approximately 60% of the total and truck tires 30%. By volume, the market represented a little more than 1.5 billion car and light truck tires and some 220 million truck and bus tires.

Around three out of four tires were sold in the Replacement market.

Longer term, tire demand is likely to expand by 0-2% a year on average in mature markets and by 2-4% a year on average in the new markets. In this environment, Michelin is targeting growing, high value-added market segments, with a focus on premium segments.

Changes in tire standards

In recent years, mandatory tire performance ratings, displayed on standardized labels, have been introduced in the European Union and many other regions around the world. Similar systems with minimum performance standards and regulated tire labeling have also been deployed in India and are under consideration in China and the United States. Labeling systems now cover the Three Peak Mountain Snowflake (3PMSF) and Ice markings, which show that the tires have demonstrated minimum required snow or ice grip, and will be extended in coming years to the rolling resistance of retreaded tires and to tire abrasion.

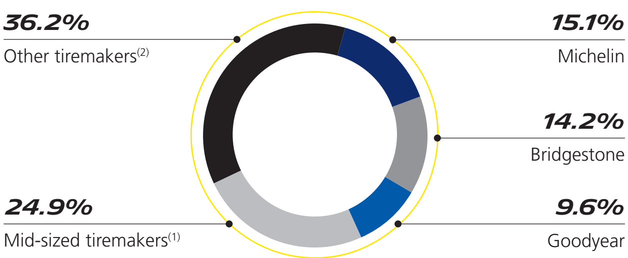
In addition, environmental legislation requiring car and truck manufacturers to reduce carbon emissions is helping to drive demand for low rolling resistance tires, of which Michelin is a world-leading manufacturer.

Such legislation is currently being extended to a broader range of vehicles. For example, the European Union's VECTO carbon emissions simulation model, which introduced tire rolling resistance as a prime parameter in calculating truck emissions, has now been extended to passenger transportation vehicles (buses and coaches), as well as to heavy vans.

Following on from the EU introduction in 2019 of wet grip performance standards for worn tires, the United Nations has worked on the R117-04 regulation, with the goal of introducing, effective July 2024, a minimum wet grip performance standard for worn tires still within the legal wear limit. This will help to ensure that tires deliver at least minimum acceptable performance throughout their useful lives.

Lastly, embedding RFID tags into every tire means that each one can be electronically identified across its entire life cycle. Moreover, associating data with each of these unique IDs is driving the emergence of new connected services capable of increasing efficiency, enhancing the user experience and supporting more sustainable mobility. In its commitment to connecting tires, Michelin is actively encouraging the widespread take-up of RFID technology.

THE GLOBAL TIRE MARKET BY MANUFACTURER IN 2022



Source: 2022 sales in US dollars, published in Tire Business.

(1) *Tiremakers with a 2-7% market share according to the* Tire Business *ranking.*

(2) *Tiremakers with less than a 2% market share according to the* Tire Business *ranking.*

1.1.2 Tire markets in 2023

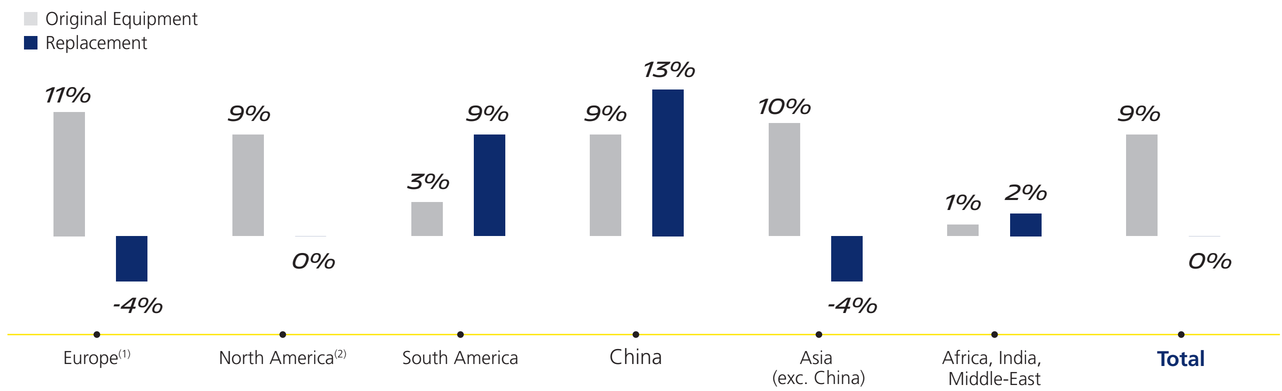
In 2023, sell-in demand was more volatile than sell-out, due to the impact of inventory drawdowns in every dealer channel, in both the Passenger car and Light truck and Truck tire markets. By year-end, however, inventories had returned to normal levels and sell-in demand is now expected to move more closely in line with sell-out.

Methodological note: Tire market estimates reflect sell-in data published by local tiremaker associations (sales of manufacturers to dealers and vehicle manufacturers), 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 are regularly adjusted and may be updated following their initial publication.

1.1.3 Passenger car and Light truck tire markets in 2023

The global Original Equipment and Replacement **Passenger car and Light truck** tire market grew by 2% year-on-year in 2023, lifting demand back to 2019 levels in both segments.

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



(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

Original Equipment

In the Original Equipment segment, **global demand** climbed by 9% year-on-year, impelled by an expanding market dynamic as automakers took advantage of easing supply chain restrictions to steadily rebuild vehicle inventory. Robust EV sales, particularly in China, also helped to support demand for new vehicle tires.

Passenger car and Light truck tire markets Original Equipment *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[(1)]	83	75	+11%	+7%	+9%	+5%	+14%	+14%	+15%
North America[(2)]	75	69	+9%	+6%	+4%	+7%	+12%	+15%	+9%
South America	15	14	+3%	-2%	-3%	0%	+8%	+7%	+9%
China	132	121	+9%	+11%	+21%	+2%	+7%	+22%	-6%
Asia (excluding China)	77	70	+10%	+5%	+6%	+4%	+16%	+18%	+15%
Africa/India/Middle East	36	36	+1%	+1%	-3%	+5%	+2%	+4%	0%
TOTAL	**417**	**384**	**+9%**	**+7%**	**+10%**	**+4%**	**+11%**	**+16%**	**+6%**

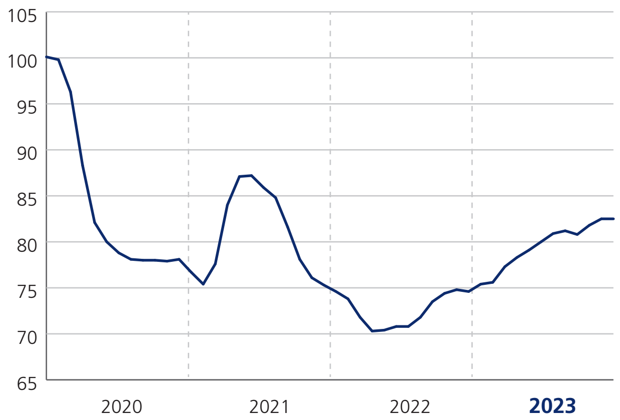
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

In **Europe**, the market rose by 11% over the year, buoyed by favorable prior-year comparatives. This was particularly the case in the first half, when demand climbed 14% compared with the 2022 period, which was adversely impacted by automaker supply shortages and the outbreak of the war in Ukraine. The market gained a further 7% in the second half, during which most automakers completed the process of replenishing their vehicle inventories. Nevertheless, the European market ended the year well below its 2019 level, with an 18% shortfall.

The **North American** market expanded by 9% in 2023, led by sustained new car demand throughout the year. The automaker strikes called in late third quarter and early fourth quarter weighed somewhat on second-half growth (up 6%), although they did not prevent automakers from rebuilding their vehicle inventories. Nevertheless, the North American market ended the year 5% down on 2019.

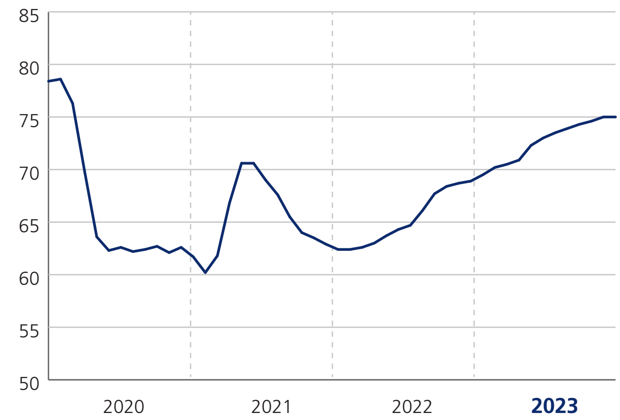
The market in **China** improved by 9% over the year, with wide swings from one quarter to the next. The 7% overall gain in the first half, for example, reflected a 6% drop in the first quarter, stemming from the high inventory overhang from year-end 2022, and a 22% rebound in the second three months due to the favorable comparison with second-quarter 2022, when the health crisis re-emerged in April and May. As well, the second half's 11% growth comprised a slight 2% increase in the third quarter from high prior-year comparatives, which were boosted by the lifting of health restrictions in June and by government new car rebates, and a sharp 21% upsurge on favorable prior-year comparatives in the final three months, driven by rising exports of domestically manufactured EVs to the rest of the world. EVs accounted for around 30% of new vehicle sales in 2023, up more than five points year-on-year.

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.

Replacement

In Replacement tires, the stability of **global demand** compared with 2022 hid significant disparities by region, with brisk growth in China offsetting a decline in Europe.

Passenger car and Light truck tire markets Replacement *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe(1)	371	385	-4%	-1%	+3%	-4%	-6%	-4%	-8%
North America(2)	316	316	0%	+9%	+12%	+6%	-9%	-8%	-10%
South America	79	73	+9%	+7%	+4%	+10%	+11%	+18%	+4%
China	133	117	+13%	+11%	+14%	+8%	+16%	+32%	+3%
Asia (excluding China)	143	148	-4%	-5%	0%	-11%	-3%	-1%	-4%
Africa/India/Middle East	114	111	+2%	+2%	+2%	+2%	+2%	+2%	+2%
TOTAL	**1156**	**1151**	**0%**	**+3%**	**+6%**	**+1%**	**-3%**	**0%**	**-5%**

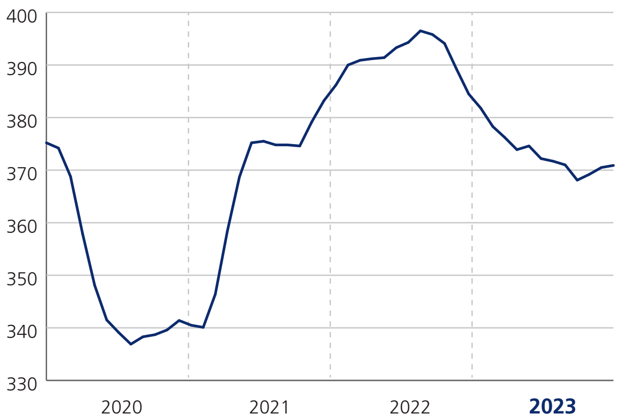
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

In **Europe**, sell-in demand contracted by 4% over the year, primarily due to sustained dealer destocking throughout the period, with a particularly negative impact on winter tire sales. Sell-out demand, which is shaped by the number of kilometers traveled by motorists, was more resilient. By year-end, inventory across the value chain had returned to normal levels, including in the winter tire segment.

The **North American** sell-in market was unchanged over the year, with demand dampened, as in Europe, by dealer inventory drawdowns. In the second half, however, demand continued to trend upwards (by 9%) in a resilient economy, with favorable prior-year comparatives emerging in September (in 2022, dealer buying – and therefore sell-in – had already started to slow by year-end following the massive wave of low-cost imports in July and August). Year-end 2023 inventory levels had returned to normal.

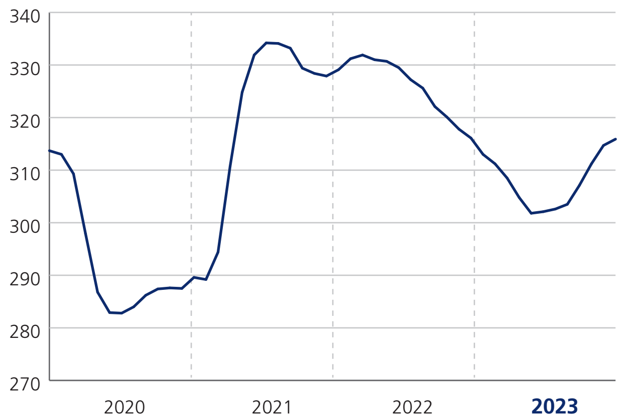
In **China**, the market grew by 13% over the year, as domestic mobility rebounded in 2023 from the sharp restrictions on motorists' freedom of movement imposed during the resurgent health crises in the second and fourth quarters of 2022.

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)



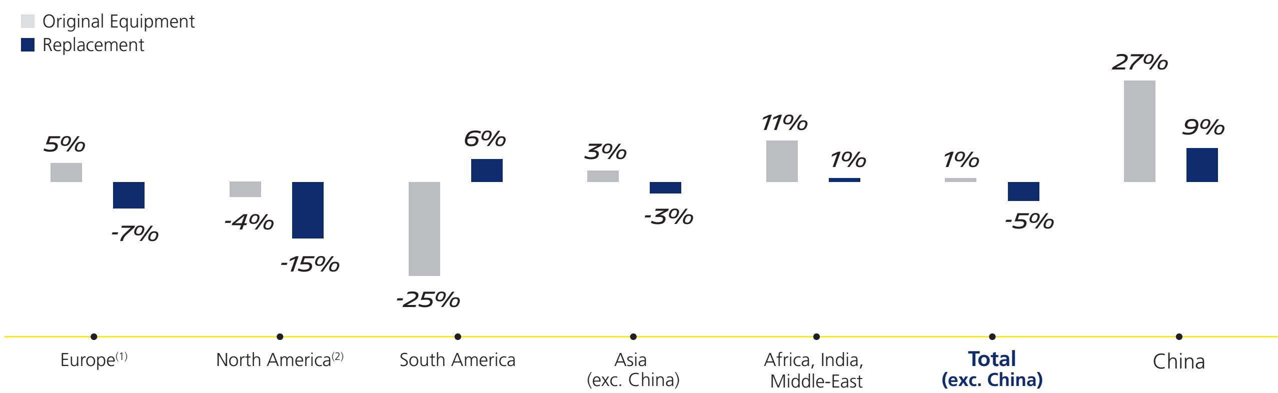
Michelin estimates.

1.1.4 Truck tire markets in 2023

The worldwide **Truck** tire sell-in market (excluding China) declined by 4% in 2023.

In China, where the Group's presence is negligible, demand increased by 14% over the year.

THE GLOBAL TRUCK TIRE MARKET, 2023 VS. 2022



(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates – new tire market only.

Original Equipment

In Original Equipment, the **global Truck tire market (excluding China)** was stable overall for the year, with just a 1% gain.

Truck tire markets Original Equipment *(in millions of tires)*	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[(1)]	7.4	7.1	*+5%*	0%	-4%	+6%	+9%	+9%	+10%
North America[(2)]	6.4	6.7	*-4%*	-8%	-14%	-3%	-1%	-9%	+9%
South America	1.9	2.5	*-25%*	-27%	-30%	-25%	-22%	-26%	-19%
Asia (excluding China)	4.5	4.3	*+3%*	+1%	+2%	-1%	+6%	+8%	+5%
Africa/India/Middle East	5.8	5.3	*+11%*	+18%	+17%	+19%	+5%	+23%	-9%
TOTAL (EXCL. CHINA)	**26.1**	**25.9**	***+1%***	**-1%**	**-4%**	**+1%**	**+2%**	**+3%**	**+2%**
China	20.7	16.3	*+27%*	+37%	+39%	+36%	+19%	+41%	+2%

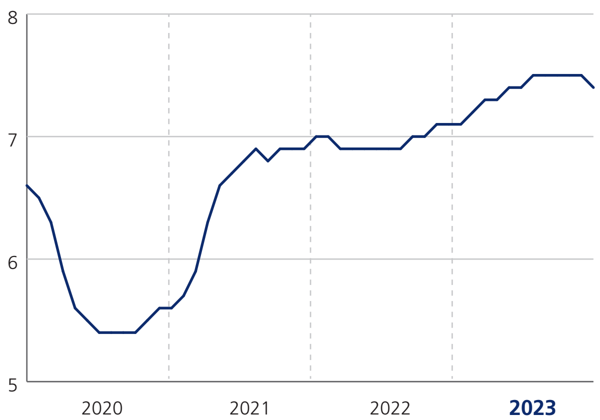
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

In **Europe** (up 5%) and in **North and Central America** (down 4%) demand was sustained over the year, albeit on the basis of very high prior-year comparatives. This was particularly the case in North America where, despite some persistent truck maker difficulties with supply and labor shortages, demand was buoyed by truck purchases ahead of the introduction of a new greenhouse gas emissions standard on January 1, 2024.

Demand in **South America** was down 25% at the end of December, following extensive new truck buying in 2022 ahead of the introduction of a new emissions standard on January 1, 2023.

THE OE TRUCK TIRE MARKET IN EUROPE

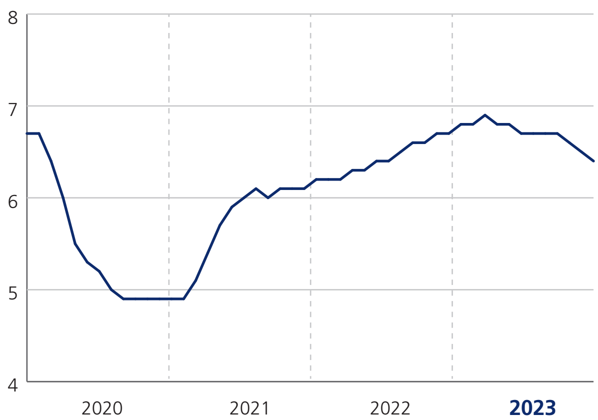
(in millions of new tires – moving 12 months)



Michelin estimates.

THE OE TRUCK TIRE MARKET IN NORTH AMERICA

(in millions of new tires – moving 12 months)



Michelin estimates.

Replacement

In Replacement tires, the **global sell-in market** (excluding China) ended 2023 down 5% due to extensive destocking by dealers and fleets throughout the year, despite resilient freight demand.

Truck tire markets Replacement (in millions of tires)	2023	2022	2023/2022	Second-half 2023/2022	Fourth-quarter 2023/2022	Third-quarter 2023/2022	First-half 2023/2022	Second-quarter 2023/2022	First-quarter 2023/2022
Europe[1]	25.5	27.5	-7%	-2%	-2%	-2%	-12%	-11%	-14%
North America[2]	30.5	35.7	-15%	-13%	-8%	-17%	-17%	-24%	-7%
South America	16.4	15.5	+6%	+3%	+1%	+4%	+9%	+22%	-3%
Asia (excluding China)	22.1	22.6	-3%	-3%	+2%	-9%	-2%	+3%	-6%
Africa/India/Middle East	28.9	28.7	+1%	-5%	+2%	-12%	+6%	+4%	+9%
TOTAL (EXCL. CHINA)	**123.4**	**130.1**	**-5%**	**-5%**	**-2%**	**-9%**	**-5%**	**-6%**	**-5%**
China	41.5	38.1	+9%	+1%	-1%	+2%	+20%	+27%	+13%

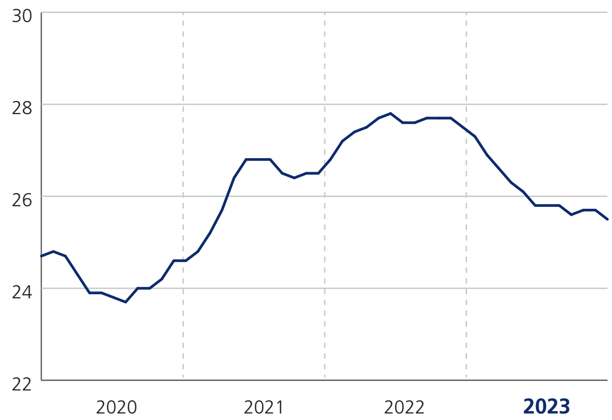
(1) Including Turkey and Eastern Europe.
(2) Including Central America.
Michelin estimates.

Sell-in demand contracted by 7% year-on-year in **Europe**, where an economic slowdown, particularly in Northern Europe, has led to a glut in overland freight capacity, exacerbated by the steep reduction in Truck tire inventories across the supply chain throughout 2023. However, most dealer and fleet inventories had returned to normal levels as of year-end.

In **North America**, demand declined by 15% over the year, reflecting both particularly high comparatives and extensive dealer and fleet destocking that brought inventory levels back to normal by year-end.

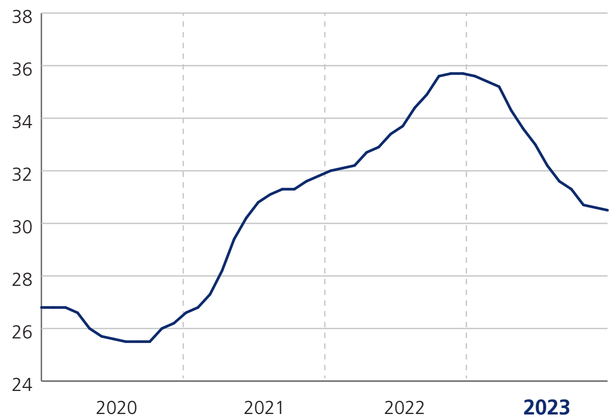
In **South America**, demand rose by 6% over the year and remains robust, supported in particular by opportunistic dealer buying of low-cost imports.

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



Michelin estimates.

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



Michelin estimates.

1.1.5 Specialty tire markets in 2023

Mining tires: Mining tire purchases are growing at a relatively stable rate year after year, led by ever-increasing ore mining needs. Sell-in demand was somewhat volatile over the year, due to temporary inventory reductions or rebuilding by mine operators, but remains robust.

Agricultural, Infrastructure and Materials Handling tires: Original Equipment demand rose overall during the year, buoyed by relatively high farm commodity prices and the wide array of infrastructure projects that are raising demand for equipment.

Replacement demand, on the other hand, fell sharply over the period, dragged down by massive destocking in every dealer channel. By the year-end, inventories had returned to more or less normal levels.

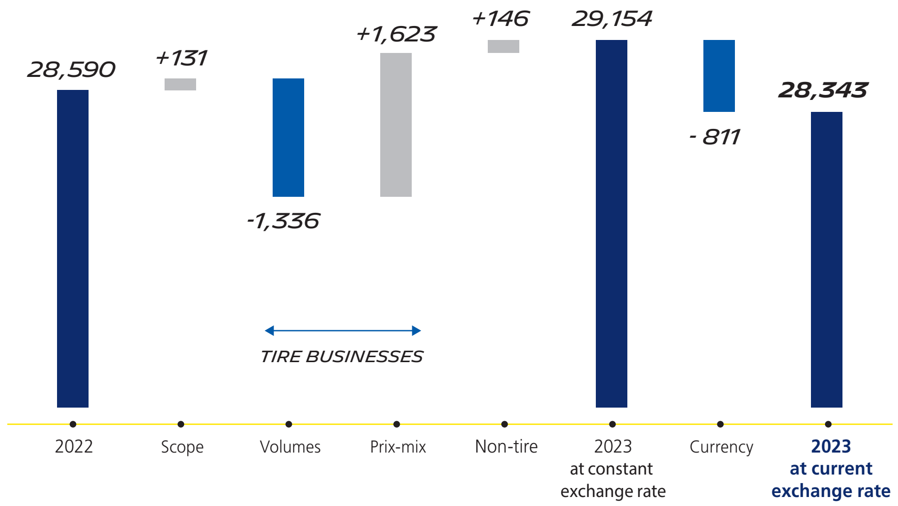
Two-wheel tires: Demand plunged in 2023, in both the motorcycle and bicycle tire segments, due to the sharp reduction in dealer inventories throughout the year. By year-end, inventories had returned to normal levels.

Aircraft tires: The market is expanding and has exceeded 2019 levels, led by an upturn in passenger traffic on regional flights, particularly in China.

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 flattened out as the economy cooled and inventories were reduced across the value chain.

1.2 Sales



Sales for the year amounted to €28,343 million, down a slight 0.9% from €28,590 million in 2022. Sales were up 2.0% at constant exchange rates.

The year-on-year change reflected the combined impact of the following factors:

- a 4.7% decline in tire volumes, stemming from extensive destocking across every segment and value chain as the uncertain economic environment and soaring interest rates prompted dealers and business customers alike to drastically draw down inventory and reduce their standard stock levels. The volume decline was partially offset by an increase in sales in the Group's proprietary dealership networks, reflecting more resilient sell-out demand;
- a 5.7% increase from the positive price-mix effect. The €1,286 million positive price effect, comprising €1,130 million in the first half and €156 million in the second, resulted from the full-year impact of the price increases introduced in 2022 and early 2023 to cover the full range of cost inflation factors (raw materials, freight, energy, payroll, etc.). The price effect remained positive over the second half, it declined compared to first half 2023 due to prior-year comparatives and, to a lesser extent, the deferred impact on certain activities of raw materials-based and other indexation clauses. The highly positive €337 million mix effect reflected the priority focus on the MICHELIN brand and on high value-added products and services, as well as growth in sales of 18-inch and larger Passenger car tires;

- a 2.9% decrease from the negative currency effect, due in particular to the decline in the US dollar, as well as the Chinese yuan and the Turkish lira, against the euro;
- a 0.5% increase from changes in the scope of consolidation, led by the inclusion of FCG on September 26, 2023, of CPS in Australia, acquired in July 2022, and of US-based Blacksmith, following the acquisition of all its outstanding shares in April 2023.

Sales from the non-tire businesses (particularly conveyors, fine dining and travel services, and fleet connected mobility solutions) rose by 10% over the year, adding 0.5% to consolidated 2023 sales growth.

(in € millions and %)	2023	Second-half 2023	Fourth-quarter 2023	Third-quarter 2023	First-half 2023	Second-quarter 2023	First-quarter 2023
SALES	28,343	14,264	7,191	7,073	14,079	7,118	6,961
Change, year-on-year	**-247**	**-1,037**	**-667**	**-370**	**+790**	**+310**	**+480**
Volumes	-1,336	-839	-585	-254	-497	-68	-429
Price-mix	+1,623	+369	+120	+249	+1,254	+457	+797
Currency effect	-811	-679	-266	-413	-132	-186	+54
Scope of consolidation	+131	+77	+52	+25	+54	+42	+12
Non-tire sales	+146	+35	+12	+23	+111	+65	+46
Change, year-on-year	**-0.9%**	**-6.8%**	**-8.5%**	**-5.0%**	**+5.9%**	**+4.6%**	**+7.4%**
Volumes	-4.7%	-5.5%	-7.4%	-3.4%	-3.7%	-1.0%	-6.6%
Price-mix	+5.7%	+2.4%	+1.5%	+3.3%	+9.4%	+6.7%	+12.3%
Currency effect	-2.9%	-4.4%	-3.4%	-5.6%	-1.0%	-2.7%	+0.8%
Scope of consolidation	+0.5%	+0.5%	+0.7%	+0.3%	+0.4%	+0.6%	+0.2%
Non-tire sales	+0.5%	+0.2%	+0.2%	+0.3%	+0.8%	+1.0%	+0.7%

1.2.1 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 High-Tech Materials activities. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

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)	2023	Second-half 2023	Fourth-quarter 2023	Third-quarter 2023	First-half 2023	Second-quarter 2023	First-quarter 2023
GROUP	**28,343**	**14,264**	**7,191**	**7,073**	**14,079**	**7,118**	**6,961**
Automotive and related distribution	14,339	7,315	3,728	3,587	7,024	3,567	3,457
Road transportation and related distribution	6,975	3,578	1,802	1,776	3,397	1,701	1,696
Specialty businesses and related distribution	7,029	3,371	1,661	1,710	3,658	1,850	1,808
Change, year-on-year	**-0.9%**	**-6.8%**	**-8.5%**	**-5.0%**	**+5.9%**	**+4.6%**	**+7.4%**
Automotive and related distribution	+1.4%	-3.0%	-4.4%	-1.4%	+6.4%	+6.6%	+6.2%
Road transportation and related distribution	-6.5%	-10.4%	-12.5%	-8.2%	-2.1%	-5.2%	+1.3%
Specialty businesses and related distribution	+0.6%	-10.6%	-12.5%	-8.6%	+13.6%	+10.9%	+16.4%

1.2.2 Automotive and related distribution – Analysis of sales

Sales in the Automotive and related distribution segment rose by 1.4% year-on-year to €14,339 million in 2023.

Volumes sold declined by 1.9% over the period, reflecting an increase in Original Equipment sales and a contraction in Replacement sales, which were impacted by extensive dealer inventory drawdowns through to the final quarter.

In the midst of this steady return to standard stock levels, spurred by higher interest rates, the Group focused on the most value-accretive market segments, by continuing to broaden its product portfolio and growing its sales of premium 18-inch and larger tires. As a result, the reporting segment enjoyed a very positive mix over the year, with the product and geographic mixes amply offsetting the unfavorable OE/Replacement mix.

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

Original Equipment volumes sold rose over the period, lifted by the return to normal conditions in automotive supply chains, particularly for semiconductors. This helped to drive gains in every operating region except China, where the reduction in government incentives weighed on local demand. In addition, sales continued to be lifted by growth in the electric vehicle segment. Backed by its technological leadership, the Group is targeting the premium segments of the EV market, and continues to enjoy significantly higher market share in electric vehicle tires than in internal combustion vehicle tires.

In the **Replacement** segment, sales volumes declined year-on-year, at a time of economic uncertainty and extensive dealer inventory drawdowns. The geographic mix had a positive impact, reflecting more favorable dynamics in the most profitable regions, with sales holding firm in North America, growing in China and declining in Europe. The percentage of 18-inch and larger tires in the sales mix continued to rise sharply over the period, led by a fast growing market in which the Group maintained its positions.

The sustained success of the MICHELIN Cross Climate 2 attests to the Group's leadership in the all-season segment.

The Group continued to roll out its distribution strategy by (i) expanding its presence in online channels, as seen in the development of Allopneus in France and BlackCircles in the UK; (ii) pursuing franchising programs in several countries (Canada, Egypt and South Africa); and (iii) acquiring, in late 2023, online tire retailer Tyroola in Australia and New Zealand.

In **Europe**, sales declined as dealers steadily drew down inventory all year long, with Southern Europe (France, Spain and Italy) proving more resilient than the other operating regions. Thanks to a significant improvement in its customer service performance, the Group gained market share in the 18-inch and larger segment in the second half.

In the intermediate or "Tier 2" segment, Kléber brand sales enjoyed robust growth and continued to move upmarket.

Sales volumes held firm in **North America**, reflecting resilient demand and kilometers traveled, particularly in the second half when MICHELIN-branded sales rose year-on-year despite inventory drawdowns that continued through to year-end.

In **South America**, where fast-growing demand is being driven by imports, the Group further enhanced its mix and gained new market share in the 18-inch and larger segment, particularly in Brazil.

Group sales in **China** rose from favorable prior-year comparatives, which were impacted by the lockdowns that dampened demand in spring and autumn 2022. The Group continued to support the market's move up the value chain, stabilizing its overall share and increasing its penetration of the 18-inch and larger segment.

In a **Southeast Asian** market that was down year-on-year, largely due to reduced demand in Japan and Australia, the Group increased its share and enjoyed a favorable mix, reflecting the stronger market share gains in the 18-inch and larger tire segment.

In the highly competitive **Africa/India/Middle East** markets, Group sales were impacted by extensive inventory drawdowns, but sell-out market share rose in the 18-inch and larger segment in the most profitable countries (the United Arab Emirates, South Africa and Egypt). In India, the sales are very strongly held back by drastic restrictions in imports, the volumes sold by the Group in the country have dropped 90% over the last three years.

Michelin Lifestyle (formerly **Michelin Experiences**) reported robust sales growth for the year, primarily in the fine dining, hospitality and travel markets. Michelin Lifestyle remains an unrivaled vehicle for promoting the MICHELIN brand and its premium positioning.

1.2.3 Road transportation and related distribution – Analysis of sales

Sales in the Road transportation and related distribution segment totaled €6,975 million in 2023, down 6.5% from the prior year.

After two post-Covid years shaped by very strong overland freight demand and highly constricted supply conditions across every value chain, the Road transportation business contracted sharply in 2023, particularly in Europe.

Volumes sold declined by 8.5% over the year, reflecting both unfavorable comparatives, particularly in the second half, and the massive fleet and dealer destocking that continued through to year-end in every geography. In this environment, the Group pursued its selective marketing strategy with a sharper focus on the MICHELIN brand and the highest value-creating regions.

In the **Original Equipment** segment, OEM output continued to trend upwards during the year and the Group increased its market share, especially in the higher value-creating North American market. Environmental standards aimed at reducing CO_2 emissions and difficulties in hiring truck drivers in Europe and North America are prompting trucking companies to upgrade their fleets, offering the Group an opportunity to demonstrate its technological leadership, its knowledge of usage practices and the energy efficiency of its products. In addition, Group sales were supported by local price adjustments designed to capture the full value of this technological leadership.

In the **Replacement** segment, worldwide new tire demand (excluding China) fell a steep 5% during the year due to extensive inventory drawdowns by dealers and fleets. In this challenging environment, the Group focused on its value-added offerings, led by the MICHELIN brand and retreading solutions. The portfolio of connected mobility service solutions was further broadened during 2023, notably in November when the Group presented Michelin Connected Mobility, a comprehensive solution combining end-to-end tire management (fitting, maintenance, end-of-life management) with a suite of digital support services. In the passenger transportation segment, the Group reaffirmed its leadership for example in the highly profitable subway tire segment, especially in emerging markets. Lastly, the growth in online shopping, while somewhat slower than in the post-Covid years, continued to underpin demand in the last-mile delivery segment, where the MICHELIN Agilis 3 tire remained a best seller.

In the **European market**, in a market with high transport overcapacity which is readjusting downward, marked by a strong increase in imports of Asian tires, the Group sales declined during the year, albeit to a lesser extent overall in Southern Europe. The Group is pursuing its value-driven strategy and optimizing its retreading solutions to support customers in their commitment to increasingly sustainable trucking.

In **North America**, stronger economic growth kept business more buoyant than in the other operating regions. The Group is gaining market share thanks to its geographic coverage and its network of fleet service centers.

The **South American** market remained buoyant, but growth was held back by economic conditions in Argentina and high inflation in Colombia, Chile and many other countries in the region. In addition, the mix moved downmarket due to the significant upsurge in imports from Asia, particularly in Brazil. The Group strengthened its positions in the premium segment by prioritizing its MICHELIN brand sales, again particularly in Brazil.

Sascar's fleet management solutions remained on a growth trajectory, with a steady upmarket shift in the portfolio and a significant increase in the number of vehicles under contract.

In **Asia (excluding China)**, where the economy was more lackluster during the year, the Group stepped up its value-driven approach to targeting market segments that appreciate MICHELIN solutions for their technological content.

The Group consolidated its positions in the **Africa/India/Middle-East** region. In India, the ongoing shift to radials, a segment where the Group can capitalize on its technological advantage, helped to drive market share gains. The Group also locally raised prices to offset adverse currency movements, particularly in Nigeria.

1.2.4 Specialty businesses and related distribution – Analysis of sales

Surface mining tires: In an ore market still positioned for long-term growth impelled by rising demand for metals, in particular to support the energy transition, Group sales experienced two very different half-year periods in 2023. After rising quickly in the first six months, led by restored operating efficiency and a significant improvement in maritime shipping capacity, sales were hurt in the second half by inventory drawdowns at certain mining companies. In addition, with sales hitting all-time highs in several months of second-half 2022, prior-year comparatives were particularly unfavorable. Despite a slight reduction in indexed prices on July 1 due to the decline in commodity prices in 2022, prices still had a favorable impact over the year, led by the increases introduced in 2022 and first-half 2023 to offset inflation factors unrelated to raw materials, especially energy costs and payroll costs. Digital tire management services continued to deliver sustained growth. This was particularly the case for the Michelin Earthmover Monitoring System (MEMS) connected tire, which offers major competitive advantages in the areas of safety and operational productivity.

Beyond-road tires: In the Original Equipment markets, which trended upwards over the year, particularly in the first half, Group sales were lifted by market share gains in the premium Agricultural tire segment in Europe and North America, as well as in the Materials Handling segment.

On the Replacement side, where demand contracted in 2023, the Group pursued its value-driven approach by targeting the higher value-added segments.

The agricultural tracks business, where margins are high and the Group is market leader, maintained its strong growth momentum in the United States, Brazil and other parts of the Americas.

Two-wheel tires: Group sales declined from unfavorable comparatives and in a highly competitive environment, dragged down by massive destocking in both the motorcycle and bicycle tire segments. The drawdowns followed on from two post-Covid years of very brisk demand and favorable financing conditions, which had pushed dealers to maintain high levels of inventory.

Sales were nevertheless supported by a favorable price effect.

Aircraft tires: As overall air traffic rose above its 2019 levels, both in number of flights and in passenger load factors, the Commercial segment rebounded sharply over the year.

Overall, Group sales volumes rose significantly and exceeded 2019 levels. Sales revenue was also lifted by a favorable price effect, reflecting the market value of the Group's technological superiority and capacity for innovation, as illustrated by the introduction of the new MICHELIN Air X Sky Light tire.

The **High-Tech Materials** business reported growth for the year, driven in particular by the Conveyors business. Momentum was very strong in the first half, but slowed in the second six months due to the extensive inventory drawdowns across the value chain. FCG, which has been consolidated since September 26, 2023, contributed around €50 million to segment sales.

In all, sales by the Specialty businesses reporting segment increased by 0.6% year-on-year, to €7,029 million. Exchange rate movements, particularly the decline in the US dollar against the euro, had an unfavorable impact on the segment's sales.

1.2.5 Changes in exchange rates for the main operating currencies

At current exchange rates, consolidated sales ended 2023 down 0.9%.

The reported decline included the 2.9% (€811 million) negative impact of the decrease against the euro during the year in a large number of currencies, such as the US dollar, which accounts for 40% of consolidated sales, the Chinese yuan and the Turkish lira.

Average exchange rate	2023	2022	Change
Euro/USD	1.082	1.054	+2.6%
Euro/CNY	7.656	7.081	+8.1%
Euro/AUD	1.627	1.516	+7.3%
Euro/GBP	0.870	0.852	+2.2%
Euro/BRL	5.401	5.435	-0.6%
Euro/CAD	1.460	1.370	+6.5%
Euro/JPY	151.564	137.587	+10.2%
Euro/MXN	19.177	21.206	-9.6%
Euro/THB	37.617	36.874	+2.0%
Euro/TRY	24.899	17.209	+44.7%

Sales break down as follows by currency:

Currency	%	Currency	%
USD	40%	TRY	1%
EUR	31%	THB	1%
CNY	6%	Other	6%
BRL	4%		
GBP	3%		
AUD	3%		
CAD	3%		
JPY	1%		
MXN	1%		
TOTAL			**100%**

1.2.6 Sales by region

(in € millions)	2023	2023/2022	Second-half 2023	First-half 2023
GROUP	**28,343**	**-0.9%**	**14,264**	**14,079**
Europe	9,891	-2.5%	4,990	4,901
of which France	*2,502*	*+0.7%*	*1,282*	*1,220*
North America (incl. Mexico)	11,098	+1.6%	5,685	5,413
Other regions	7,354	-2.3%	3,589	3,765

(in € millions)	2023	% of total	2022	% of total
GROUP	**28,343**		**28,590**	
Europe	9,891	34.9%	10,140	35.5%
of which France	2,502	8.8%	2,484	8.7%
North America (incl. Mexico)	11,098	39.2%	10,920	38.2%
Other regions	7,354	25.9%	7,530	26.3%

Consolidated sales rose in North America, but declined in Europe and the other operating regions.

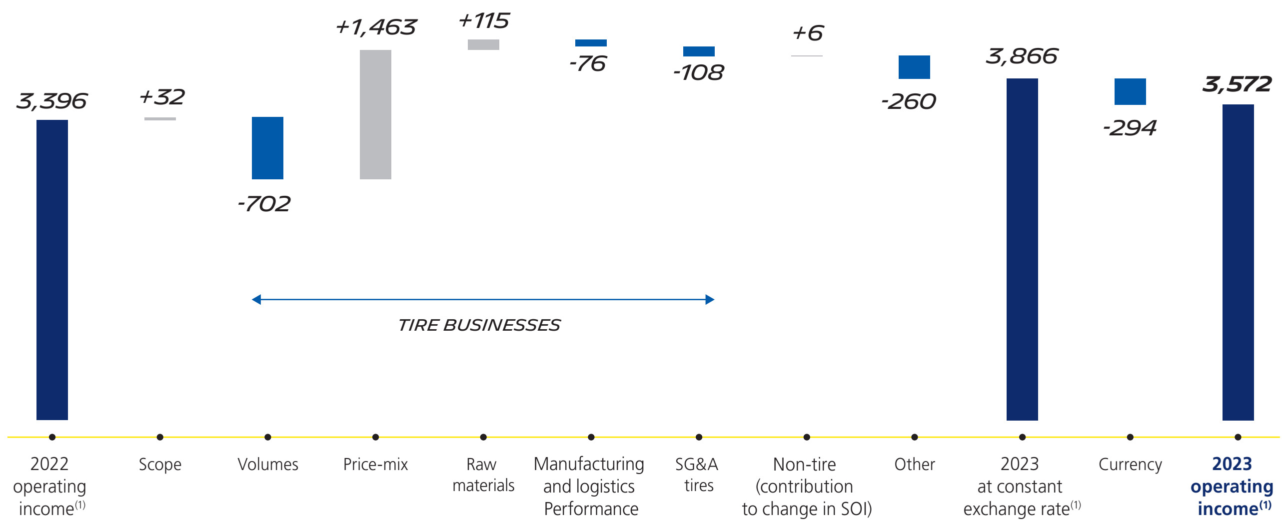
Around 65% of consolidated sales were generated outside Europe and more than 90% outside France.

1.3 Consolidated income statement review

(in € millions, except per share data)	2023	2022	2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Sales	**28,343**	28,590	**-0.9%**		
Cost of sales	(20,395)	(21,052)	-3.1%	72.0%	73.6%
GROSS INCOME	**7,948**	**7,538**	**+5.4%**	**28.0%**	**26.4%**
Sales and marketing expenses	(1,210)	(1,174)	+3.1%	4.3%	4.1%
Research and development expenses	(756)	(698)	+8.3%	2.7%	2.4%
General and administrative expenses	(2,336)	(2,244)	+4.1%	8.2%	7.8%
Segment other income and expenses	(74)	(26)	+184.6%	0.3%	0.1%
SEGMENT OPERATING INCOME	**3,572**	**3,396**	**+5.2%**	**12.6%**	**11.9%**
Other operating income and expenses	(920)	(375)	**+145.3%**	3.2%	1.3%
OPERATING INCOME	**2,652**	**3,021**	**-12.2%**	**9.4%**	**10.6%**
Cost of net debt	(198)	(239)	-17.2%	0.7%	0.8%
Other financial income and expenses	2	(22)	-109.1%	0.0%	0.1%
Net interest on employee benefit obligations	(94)	(45)	+108.9%	0.3%	0.2%
Share of profit/(loss) from equity-accounted companies	128	(59)	-316.9%	0.5%	0.2%
INCOME BEFORE TAXES	**2,490**	**2,656**	**-6.3%**	**8.8%**	**9.3%**
Income tax	(507)	(647)	-21.6%	1.8%	2.3%
NET INCOME	**1,983**	**2,009**	**-1.3%**	**7.0%**	**7.0%**
• Attributable to the shareholders of the Company	1,983	2,001	-0.9%	7.0%	7.0%
• Attributable to the non-controlling interests	0	8	-100.0%		
EARNINGS PER SHARE *(in €)*					
• Basic	2.77	2.81	-1.2%		
• Diluted	2.75	2.79	-1.3%		

1.3.1 Analysis of segment operating income

(in € millions)



(1) Segment operating income.

Segment operating income amounted to €3,572 million or 12.6% of sales for the year ended December 31, 2023, compared with €3,396 million and 11.9% in 2022.

The €176 million improvement reflected the net impact of the following factors:

- a €32 million increase from changes in the scope of consolidation, primarily in the non-tire businesses, most notably the acquisition of Flex Composite Group in late September 2023;
- a €702 million decrease reflecting:
  - the decline in volumes sold;
  - the fixed cost shortfall resulting from the decline in output and the general under-utilization of production capacity;
- a €1,463 million increase from the highly favorable price-mix effect, led by:
  - the full-year impact of the price increases introduced in 2022 and early 2023 in response to sharply rising costs. A significant proportion of these increases helped to offset the steep decline in certain very high inflation or hyperinflation currencies,
  - a mix enhanced by the sustained growth in sales of 18-inch and larger tires in the Passenger car segment, offsetting a market mix impacted by robust gains in Original Equipment sales across every business;
- a €115 million increase from the decline in the cost of raw materials used in production from their peak in 2022;
- a slight €76 million decrease from the rise in manufacturing and logistics costs, as the reduction in finished product shipping costs did not fully offset the increase in payroll and other manufacturing costs;
- a €108 million decrease from the year-on-year growth in SG&A expenses (including research and development outlays) in the Tire operations, reflecting the impact of inflation, particularly on payroll costs;
- a €260 million decrease from other unfavorable cost factors, primarily comprising an adjustment in the variable compensation paid in respect to 2023;
- a €294 million decrease from exchange rate movements, led by the highly unfavorable impact of the increase in the euro against the US dollar, the Turkish lira, the Argentine peso and most other operating currencies.

Other operating income and expenses unallocated to the operating segments represented a net expense of €920 million in 2023 versus a net expense of €375 million in 2022. The €545 million increase was mainly attributable to the impact of industrial restructuring projects in Germany and the United States.

Other operating income and expenses are described in more detail in note 9 to the consolidated financial statements.

1.3.2 Segment operating income

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

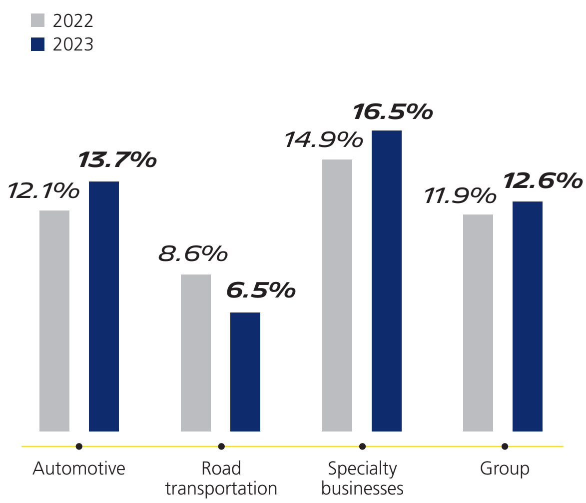
- automotive and related distribution;
- road transportation and related distribution;
- specialty businesses and related distribution.

The Specialty businesses include the Mining, Beyond-road, Two-wheel and Aircraft tire activities as well as the High-Tech Materials activities. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

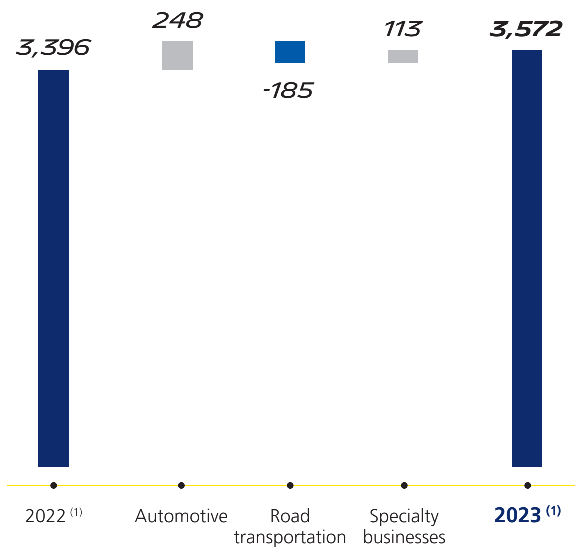
Operating segment performance is measured primarily on the basis of sales and segment operating income, according to the same measurement principles used in the consolidated income statement.

(in € millions)	2023	2022	Second-half 2023	First-half 2023
AUTOMOTIVE AND RELATED DISTRIBUTION				
Sales	14,339	14,138	7,315	7,024
Segment operating income	1,959	1,711	1,093	866
Segment operating margin	**13.7%**	**12.1%**	**14.9%**	**12.3%**
ROAD TRANSPORTATION AND RELATED DISTRIBUTION				
Sales	6,975	7,462	3,578	3,397
Segment operating income	456	641	288	168
Segment operating margin	**6.5%**	**8.6%**	**8.0%**	**5.0%**
SPECIALTY BUSINESSES AND RELATED DISTRIBUTION				
Sales	7,029	6,990	3,371	3,658
Segment operating income	1,157	1,044	487	670
Segment operating margin	**16.5%**	**14.9%**	**14.5%**	**18.3%**
GROUP				
Sales	28,343	28,590	14,264	14,079
Segment operating income	3,572	3,396	1,868	1,704
Segment operating margin	**12.6%**	**11.9%**	**13.1%**	**12.1%**

Segment operating margin



(in € millions)



(1) Segment operating income.

Automotive and related distribution – Analysis of segment operating income

Automotive and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	14,339	14,138	+1.4%	50%	50%
Change in volumes	-1.9%				
Segment operating income	1,959	1,711	+14.5%	55%	50%
Segment operating margin	13.7%	12.1%	+1.6 pts		

Automotive segment operating income amounted to €1,959 million or 13.7% of sales, versus €1,711 million and 12.1% in 2022.

Despite the 1.9% decline in volumes sold and an unfavorable market mix, the segment delivered excellent results, led primarily by the very robust mix effect. Prices were lifted by the full-year impact of the 2022 increases and the policy of targeted price adjustments, while the mix was improved by sustained growth in sales of 18-inch and larger tires and the solid results achieved in the most profitable regions, in both the Original Equipment and Replacement segments.

Distribution operations contributed positively to segment operating income, with a significant year-on-year gain driven by growth in the service activities.

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

Road transportation and related distribution – Analysis of segment operating income

Road transportation and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	6,975	7,462	-6.5%	25%	26%
Change in volumes	-8.5%				
Segment operating income	456	641	-28.9%	13%	19%
Segment operating margin	6.5%	8.6%	-2.1 pts		

Road transportation segment operating income totaled €456 million or 6.5% of sales, versus €641 million and 8.6% in 2022.

At a time of steeply falling tire demand, shaped by massive inventory destocking across the entire value chain, volumes sold contracted by 8.5% over the year, resulting in a slowdown in production plant output that in turn had a highly unfavorable impact on fixed costs absorption.

In addition, the mix was adversely affected by fast growth in Original Equipment demand, spurred by buying ahead of the introduction of new environmental standards in North America.

On the other hand, the decline in raw material costs helped to maintain a favorable economic equation.

The Services & Solutions operations, now combined under the Michelin Connected Fleet brand, continued to expand in 2023 and delivered higher year-on-year operating income, thanks in particular to more appropriate pricing for their solutions.

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

Specialty businesses and related distribution – Analysis of segment operating income

Specialty businesses and related distribution *(in € millions)*	2023	2022	2023/2022	2023 (% of consolidated total)	2022 (% of consolidated total)
Sales	7,029	6,990	+0.6%	25%	24%
Change in volumes	-4.6%				
Segment operating income	1,157	1,044	+10.8%	32%	31%
Segment operating margin	16.5%	14.9%	+1.6 pts		

Segment operating income from the Specialty businesses amounted to €1,157 million or 16.5% of sales, versus €1,044 million and 14.9% the year before.

Mining tires: Volumes edged down over the year after second-half performance was dampened by unfavorable comparatives and inventory drawdowns at certain customers. However, with a large percentage of the mining operator contracts covered by raw material and shipping cost indexation clauses, 2023 segment operating income was lifted by favorable prior-year comparatives, particularly in the first half.

Beyond Road tires: Excluding the currency effect, segment operating income held firm thanks to a highly selective marketing strategy that supported favorable pricing, which offset the lower volumes and the adverse market mix caused by the fast growth in Original Equipment sales.

Two-wheel tires: Extensive inventory drawdowns weighed on volumes sold, which declined year-on-year. This was particularly the case in the bicycle tire segment, which has emerged from its post-Covid bubble.

Aircraft tires: In a favorable environment shaped by a recovery in air traffic, volumes sold turned in a very good performance and exceeded pre-Covid levels, helping to boost segment operating income.

The Conveyor Belt business enjoyed relatively sustained demand over the year, particularly in the first half.

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

1.3.3 Other income statement items

Raw materials

The cost of **raw materials** reported in cost of sales has been estimated at €5.9 billion in 2023 versus €6.7 billion in 2022.

It is calculated on the basis of:

- the price and mix of the Group's raw materials purchases;
- sales and production volumes, which fell sharply in 2023, spurred by the steep reductions in inventory;
- 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 local currency purchasing costs into the consolidation currency; and (ii) a residual currency effect resulting from the difference between the purchasing companies' local currency and the currency used to purchase their raw materials.

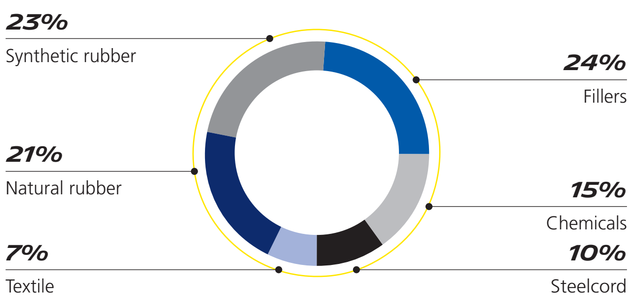
In 2023, the raw materials costs and the related transportation costs recognized in cost of sales included a €115 million favorable price impact, including a residual exchange rate effect.

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

Based on estimated 2023 production volumes, the sensitivity of cash purchasing outlays to fluctuations in natural rubber and oil prices is as follows:

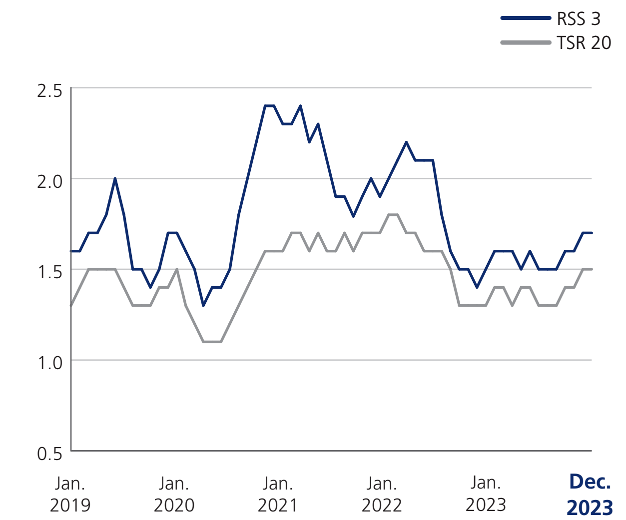
- a $0.10 per kg decrease in natural rubber prices would feed through to around an $111 million reduction in full-year purchasing costs;
- a $1.00 per barrel decline in oil prices would feed through to a $7 million decrease in full-year purchasing costs.

RAW MATERIALS RECOGNIZED IN 2023 COST OF SALES (€5.9 BILLION)

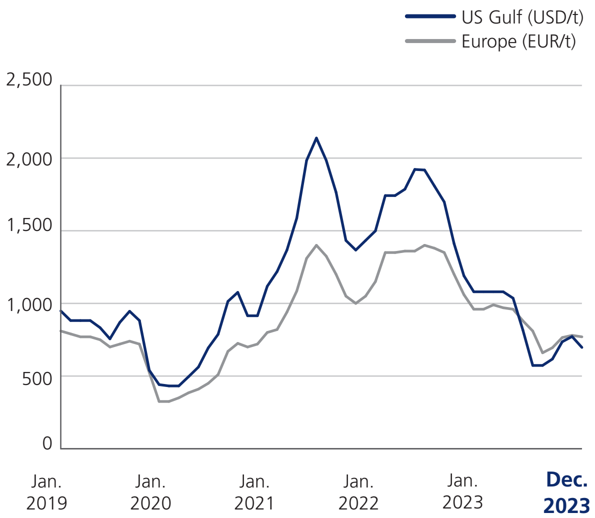


NATURAL RUBBER PRICES (SICOM)

(USD/kg)



BUTADIENE PRICES



Employee benefit costs and number of employees

Employee benefit costs came to €7,401 million or 26.1% of sales, up €451 million year-on-year, reflecting, in particular, adjustments in the compensation policy in response to high inflation. The 1.8-point year-on-year increase as a percentage of sales was also due to the time lag between the price increases (most of which were introduced prior to 2023) and the ongoing impact of inflation on payroll costs in 2023. Nevertheless, the rate remains slightly lower than in 2019.

The relative year-on-year stability in headcount may be attributed to the efforts to streamline and reorganize the Group's corporate operations, which offset the slight increase from the acquisition of Flex Composite Group in September 2023.[1]

In 2023, €7,397 million in expenses were recognized in segment operating income and €4 million in other operating income and expenses (see notes 6 and 9 to the consolidated financial statements).

(in € millions and number of people)	2023	2022	Change
Total employee benefit costs	7,401	6,950	+6.5%
As a % of sales	26.1%	24.3%	+1.8 pts
Employees on payroll at December 31	132,500	132,200	+0.2%
Number of full-time equivalent employees at December 31	125,000	124,900	+0.1%
Average number of full-time equivalent employees	125,000	121,700	+2.7%

Depreciation and amortization

(in € millions)	2023	2022	Change
Total depreciation and amortization	2,008	1,944	+3.3%
As a % of sales	7.1%	6.8%	

Depreciation and amortization charges rose by €64 million to €2,008 million for the year. The modest increase stemmed from the slight uptick in capital expenditure, which returned to suitable levels after several years shaped by the Covid-19 crisis and its impact on the global economy.

Of the total, €1,917 million was recognized in segment operating income and €91 million in other operating income and expenses (see notes 6 and 9 to the consolidated financial statements).

(1) See note 4.1.1 to the consolidated financial statements.

Transportation costs

(in € millions)	2023	2022	Change
Transportation costs	1,485	2,056	-27.8%
As a % of sales	5.2%	7.2%	

Transportation costs came to €1,485 million in 2023, down 28% on 2022. The steep reduction was driven by a number of factors, including (i) the decline in volumes sold; (ii) the fall in maritime shipping costs since late 2022, which fed fully through to logistics costs in 2023; and (iii) the Group's performance in raising supply chain productivity, curtailing the use of air freight and rationalizing finished product delivery modes by improving the tonnes carried/tonnes sold ratio.

In addition, the shipping market is mainly denominated in US dollars, so the decline in the dollar against the euro over the year contributed to the decrease in transportation costs.

Sales and marketing expenses

Sales and marketing expenses represented 4.3% of sales in 2023, versus 4.1% in 2022. In value and on a like-for-like basis, they rose by €36 million year-on-year, primarily due to cost inflation. Nevertheless, they remained lower than in 2019.

The year-on-year increase as a percentage of sales primarily reflected the time lag between price increases and the impact of inflation on payroll.

Research and development expenses

(in € millions)	2023	2022	Change
Research and development expenses	756	698	+8.2%
As a % of sales	2.7%	2.4%	

Research and development expenses rose by €58 million year-on-year to €756 million. This increase attested both to the Group's commitment to maintaining its technological leadership in delivering performance and sustainability in its products and services, and to the impact of inflation on research and development expenses.

They represented 2.7% of sales for the year, versus 2.4% in 2022 and more or less on a par with 2019.

General and administrative expenses

General and administrative expenses amounted to €2,336 million, a €92 million year-on-year increase that was primarily attributable to inflation.

They represented 8.2% of sales for the year, up 0.4 points compared with 2022.

Segment other income and expenses

Segment other income and expenses represented a net expense of €74 million in 2023, up from a net expense of €26 million in 2022.

Other operating income and expenses

Other operating income and expenses correspond to items that are not taken into account by Management when measuring the performance of the operating segments due to their nature or their significant, unusual or abnormal characteristics.

Other operating income and expenses represented a net expense of €920 million in 2023, versus a net expense of €375 million in 2022.

The €545 million increase mainly corresponded to the recognition of provisions for restructuring, following the Group's announcements in October and November 2023 that it intended to terminate certain production operations in, respectively, the United States and Germany. To a lesser extent, the depreciation of a number of rubber cropland plots in Indonesia also increased net expense for the year.

Other operating income and expenses are described in more detail in note 9 to the consolidated financial statements.

Cost of net debt

(in € millions)	2023	2022	Change
Cost of net debt	198	239	-41

At €198 million, the **cost of net debt** was down €41 million compared with 2022, mainly as a result of the following factors:

- a significant €123 million reduction in net interest expense to €172 million, reflecting the net impact of:
  - relatively stable interest expense, due to the lack of any material change in either average debt or the interest rates on it, the majority of which have been fixed in recent years
  - a sharp increase in interest income, to €118 million, as higher interest rates lifted the return on cash investments, most of which are euro-denominated and variable rate;
- an €89 million decline in the impact of exchange rate derivatives, due mainly to the drop in US dollar interest rates over the course of 2023 (compared with an increase in rates in 2022);
- an aggregate €7 million decrease from movements in other factors.

Other financial income and expenses

(in € millions)	2023	2022	Change
Other financial income and expenses	2	(22)	+24

Despite net exchange losses, due in part to unhedged currencies, **other financial income and expenses** represented a gain of €2 million in 2023, up €24 million on 2022, thanks to net income from financial assets, whose return was also improved by higher interest rates, and other financial items, whose favorable impact primarily stemmed from the treatment of hyperinflation in Argentina.

Income tax

(in € millions)	2023	2022	Change
Income before taxes	2,490	2,656	-166
Income tax	**(507)**	**(647)**	**+140**
Current tax	(816)	(586)	-230
Withholding tax	(33)	(39)	+6
Deferred tax	342	(22)	+364

Income tax amounted to €507 million in 2023, a €140 million year-on-year decrease. However, current tax rose by €224 million to €849 million for the year. The difference reflected the increase in deferred taxes, due in large part to the restructuring provisions recognized in 2023.

The effective tax rate for 2023 stood at 20.4%, versus 24.4% the year before. The four-point difference stemmed from the non-recurring impact in 2023 of the share of profit from equity-accounted companies, in particular the TBC joint venture (see note 17 to the consolidated financial statements). Restated for this non-recurring income, the year-on-year increase in the tax rate was 2.3 points.

Consolidated net income and earnings per share

(in € millions)	2023	2022	Change
Net income	1,983	2,009	-26
As a % of sales	7.0%	7.0%	0.0 pts
• Attributable to the shareholders of the Company	1,983	2,001	-18
• Attributable to the non-controlling interests	0	8	-8
Earnings per share (in €)			
• Basic	2.77	2.81	-0.04
• Diluted	2.75	2.79	-0.04

Net income came to €1,983 million for the year, or 7.0% of sales, compared with €2,009 million and also 7.0% of sales in 2022.

The €26 million decline reflected the following factors:

- favorable factors:
  - the €176 million increase in segment operating income,
  - the €187 million increase in profit from equity-accounted companies, corresponding mainly to disposal gains realized by two joint ventures, TBC (disposal of retail operations) and Symbio (sale of a one-third equity stake),
  - the €140 million decrease in income tax expense,
  - the €41 million reduction in the cost of net debt;
- unfavorable factors:
  - the €545 million increase in other operating expenses unallocated to the operating segments, corresponding primarily to provisions for restructuring operations in Germany and the United States.

1.4 Consolidated balance sheet review

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

Assets

(in € millions)	December 31, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Goodwill	2,982	2,430	+552	-46	+598
Intangible assets	1,794	1,803	-9	0	-9
Property, plant and equipment	12,260	12,136	+124	-154	+278
Right-of-use assets	1,082	1,010	+72	-23	+95
Non-current financial assets and other non-current assets	1,605	1,161	+444	-15	+459
Investments in equity-accounted companies	871	1,102	-231	-29	-202
Deferred tax assets	932	630	+302	-7	+309
Non-current assets	**21,526**	**20,272**	**+1,254**	**-273**	**+1,527**
Inventories[1]	5,447	6,318	-871	-154	-717
Trade receivables	3,850	4,205	-355	-110	-245
Current financial assets	512	652	-140	-3	-137
Other current assets	1,345	1,315	+30	+87	-57
Cash and cash equivalents	2,515	2,584	-69	-90	+21
Current assets	**13,669**	**15,074**	**-1,405**	**-269**	**-1,136**
TOTAL ASSETS	**35,195**	**35,346**	**-151**	**-542**	**+391**

Equity and liabilities

(in € millions)	December 31, 2023	December 31, 2022	Total change	Translation adjustments	Movement
Share capital	357	357	0		0
Share premiums	2,702	2,702	0		0
Reserves	14,896	14,051	+845	-316	+1,161
Non-controlling interests	3	6	-3	0	-3
Total equity	**17,958**	**17,116**	**+842**	**-316**	**+1,158**
Non-current financial liabilities	4,672	4,705	-33	-16	-17
Non-current lease liabilities	738	690	+48	-13	+61
Provisions for employee benefit obligations	2,726	2,561	+165	-34	+199
Provisions and other non-current liabilities	860	695	+165	-8	+173
Deferred tax liabilities	497	541	-44	-6	-38
Non-current liabilities	**9,493**	**9,192**	**+301**	**-77**	**+378**
Current financial liabilities	591	1,826	-1,235	-32	-1,203
Current lease liabilities	241	233	+8	-4	+12
Trade payables	3,075	3,416	-341	-58	-283
Trade payables under reverse factoring agreements	530	595	-65	-16	-49
Provisions and other current liabilities[1]	3,307	2,968	+339	-61	+400
Current liabilities	**7,744**	**9,038**	**-1,294**	**-171**	**-1,123**
TOTAL EQUITY AND LIABILITIES	35,195	35,346	-151	-564	+413

1.4.1 Goodwill

Goodwill before translation adjustments rose by €598 million in the year to December 31, 2023, primarily due to the following factors:

- the recognition of €576 million in provisional goodwill following the Group's acquisition on September 26, 2023 of Flex Composite Group, Europe's leading manufacturer of high-tech fabrics and films;
- the recognition of €18 million in goodwill following the Group's acquisition on January 31, 2023 of EGC Enterprises, Inc. a US manufacturer of graphite-based sealing products[1].

1.4.2 Intangible assets

Intangible assets stood at €1,794 million for the year, a €9 million decrease from December 31, 2022 before translation adjustments. The stability reflected the fact that additions to intangible assets were more or less in line with amortization charges for the year, particularly for software.

1.4.3 Property, plant and equipment

Property, plant and equipment stood at €12,260 million at December 31, 2023, up €278 million before translation adjustments. The carefully managed increase reflected the Group's commitment to pursuing the steady upturn in capital expenditure underway since 2022, following the period of slower growth caused by the Covid-19 crisis.

Additions to property, plant and equipment amounted to €2,004 million for the year, compared with €1,919 million in 2022. Three quarters of total outlays were committed to production equipment and facilities.

In addition, the acquisition of Flex Composite Group and completion of the purchase price allocation for RLU led to an increase in the property, plant and equipment base.

(1) See notes 4.1.1 and 4.1.2 to the consolidated financial statements.

1.4.4 Right-of-use assets

Right-of-use assets, which are recognized separately from property, plant and equipment, came to €1,082 million at December 31, 2023, up €95 million year-on-year before translation adjustments. New leases on land and buildings exceeded depreciation on prior-year leases.

1.4.5 Non-current financial assets and other non-current assets

Non-current financial assets and other non-current assets stood at €1,605 million at year-end, a €459 million increase (before translation adjustments) that was largely attributable to the net increase in loans due to mainly two factors:

- a €254 million loan contracted to fund pension obligations in the United Kingdom;
- the recognition of a $200 million receivable corresponding to an installment of the special $375 million dividend paid by the North American dealership joint venture TBC to each co-shareholder. Conversely, a long-standing $100 million loan granted in 2018 when the joint venture was set up was repaid during the year.

1.4.6 Investments in equity-accounted companies

Excluding translation adjustments, **investments in equity-accounted companies** declined by €202 million over the year to €871 million. The decrease stemmed mainly from dividend payments, particularly those by the TBC joint venture mentioned above.

1.4.7 Deferred tax

At December 31, 2023, the Group held a **net deferred tax asset** of €435 million, representing a year-on-year increase of €347 million before translation adjustments. The increase was led by the recognition of tax loss carryforwards and the rise in employee benefit obligations following a reduction in the discount rates.

1.4.8 Trade working capital

(in € millions)	December 31, 2023	December 31, 2022	Change	2023 (as a % of sales)	2022 (as a % of sales)
Inventories	5,447	6,318	-871	19.2%	22.1%
Trade receivables	3,850	4,205	-355	13.6%	14.7%
Trade payables	(3,075)	(3,416)	+341	-10.8%	-11.9%
Trade payables under reverse factoring agreements	(530)	(595)	+65	-1.9%	-2.1%
TRADE WORKING CAPITAL	**5,692**	**6,512**	**-820**	**20.1%**	**22.8%**

Trade working capital requirement declined by €820 million over the year, primarily due to the reduced level of inventories.

Representing 19.2% of sales at end-2023, **inventories** fell by €871 million year-on-year to come in at €5,447 million. The decrease was mainly attributable to:

- a €154 million favorable currency effect;
- efficient inventory management, which reduced volumes from end-2022 levels, particularly for raw materials and semi-finished products;
- lower average raw material costs in 2023, which fed through to a favorable price effect across every inventory class.

Trade receivables stood at €3,850 million or 13.6% of sales, a year-on-year decrease of €355 million, of which around a third, or €110 million, resulted from translation adjustments. The decline was primarily due to the decrease in volumes sold over the year and, to a lesser extent, the disposal of certain receivables following the introduction of off-balance sheet factoring programs.

Trade payables, including those covered by **reverse factoring contracts**, declined by €406 million year-on-year to €3,605 million, representing 12.7% of sales. The decrease was driven by reduction in purchased inputs, both by volume (due to decline in output) and by value (due to lower raw materials costs).

1.4.9 Cash and cash equivalents

Cash and cash equivalents were relatively stable at €2,515 million, down a slight €69 million year-on-year (excluding translation adjustments) as a result of the following main factors:

- increases from:
  - the exceptionally favorable €2,343 million in free cash flow,
  - €28 million in various favorable items;
- decreases from:
  - a €1,455 million reduction in debt, stemming mainly from the redemption of a non-dilutive convertible bond issue in November 2023 for €553 million, the decline in commercial paper drawdowns for €355 million, and the repayment of bank loans in Thailand, Indonesia and other countries, for €211 million,
  - the payment of €896 million in dividends and other distributions.

1.4.10 Total equity

Including the €316 million unfavorable change in translation adjustments, **total equity** rose by €842 million over the year to represent €17,958 million at December 31, 2023.

The €1,158 million increase excluding translation adjustments was primarily due to the following factors:

- the €2,024 million increase in comprehensive income for the year, including:
  - €1,983 million in net income,
  - the €50 million unfavorable impact from post-employment benefit obligations,
  - an €18 million favorable tax impact relating to those obligations,
  - a €57 million increase from the reversal of translation adjustments on company disposals, mainly in Russia,
  - €16 million in other favorable items;
- the €896 million impact from dividends and other payments;
- the €30 million favorable impact from service costs on performance share plans.

As a result, at December 31, 2023, the **share capital** of Compagnie Générale des Établissements Michelin stood at €357,479,113, comprising 714,958,226 shares outstanding corresponding to 990,275,053 voting rights.

1.4.11 Net debt

Net debt stood at €3,281 million at December 31, 2023, down €1,039 million from December 31, 2022, mainly as a result of the following factors:

- the positive €2,343 million in free cash flow;
- €896 million in distributions, of which €893 million in dividends;
- the absence of any share buybacks and employee share ownership plans, compared with a €196 million impact in 2022;
- a €363 million increase from the recognition of new leases;
- a €23 million increase arising on changes in the scope of consolidation;
- a €25 million increase from translation adjustments.

CHANGES IN NET DEBT

(in € millions)	December 31, 2023	December 31, 2022
At January 1	**4,320**	2,789
Free cash flow[1] before M&A and financing of joint ventures and associates	-2,804	+67
Investments in new ventures	+666	+76
Net financing of joint ventures and associates	-205	+37
Free cash flow[1]	**-2,343**	**+180**
Distributions and other	+896	+809
Share buybacks	0	+120
Employee share issue – Bib'Action	0	+76
New leases	+363	+198
Changes in scope of consolidation	+23	+193
Translation adjustments	+25	+77
Other	-3	-122
AT DECEMBER 31	**+3,281**	**+4,320**
CHANGE	**-1,039**	**+1,531**

(1) See definition in section 1.5.3.

Gearing

Gearing declined to 18.3% at December 31, 2023 from 25.2% at end-2022, primarily due to the year-on-year reduction in net debt with the sharp improvement in free cash flow, even as equity rose more slowly over the period.

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
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 January 17, 2024.

1.4.12 Provisions

Provisions and other non-current liabilities rose by €165 million over the year as reported, to €860 million from €695 million at December 31, 2022. Excluding the negative €8 million in translation adjustments, the €173 million increase was attributable to the recognition in 2023 of new provisions for the restructuring programs announced late in the year, which mainly concerned the United States and Germany. At the same time, payments out of restructuring provisions set aside in prior years, in particular for the French simplification and competitiveness plan, were lower than the new provisions written in 2023.

1.4.13 Employee benefit obligations

CHANGE IN THE FAIR VALUE OF THE NET DEFINED BENEFIT OBLIGATION

(in € millions)	Pension plans	Other plans	2023	2022
At January 1	1,005	1,325	**2,330**	3,030
Contributions paid to the funds	(11)	-	(11)	(19)
Benefits paid directly to the beneficiaries	(39)	(57)	(96)	(102)
Other movements	-	3	3	2
ITEMS RECOGNIZED IN OPERATING INCOME				
Current service cost	18	52	70	107
Actuarial (gains) or losses recognized on other long-term benefit plans	-	1	1	(8)
Effect of plan amendments, curtailments or settlements	(13)	12	(1)	(116)
Other items	18	-	18	9
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME				
Net interest on employee benefit obligations	37	58	95	39
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME				
Translation adjustments	(15)	(23)	(38)	60
Actuarial (gains) or losses	20	38	58	(655)
Unrecognized assets due to the effect of the asset ceiling	(7)	(1)	(8)	(17)
AT DECEMBER 31	**1,013**	**1,408**	**2,421**	**2,330**

The net defined benefit obligation recognized at December 31, 2023 stood at €2,421 million, a year-on-year increase of €91 million as reported and of €129 million excluding translation adjustments.

The increase reflected the following main factors:

- the total €107 million in contributions and benefits paid in 2023 (2022: €121 million), of which:
  - €11 million in contributions paid to fund management institutions (2022: €19 million),
  - €96 million in benefits paid directly to employees (2022: €102 million);
- a €70 million expense recognized in operating income in 2023 (2022: €107 million), which resulted from the cost of defined benefit plans;
- a €1 million gain recognized in operating income (2022: €116 million, of which €118 million stemming from the French simplification and competitiveness plan announced on January 6, 2021);
- the €95 million in net interest expense on the net defined benefit obligation, recognized outside of operating income (2022: €39 million);
- the €58 million in actuarial losses recorded in 2023 (2022: actuarial gains of €655 million), which corresponded to:
  - €93 million in actuarial losses on defined benefit obligations, resulting mainly from decreases in discount rates,
  - €35 million in actuarial gains on plan assets, due to the fact that the actual rate of return on plan assets was higher than the discount rate.

In addition, contributions paid by the Group to defined contribution plans amounted to €256 million in 2023, up €3 million on 2022.

1.5 Consolidated cash flow statement review

1.5.1 Cash flows from operating activities

(in € millions)	2023	2022	Change
Segment EBITDA	5,489	5,262	+227
Change in net inventories	775	-1,055	+1,830
Change in net trade receivables	254	-746	+1,000
Change in net trade payables	-276	+9	-285
Restructuring cash costs	-188	-181	-7
Other changes in provisions	-30	-53	+23
Interest and other financial income and expenses received and paid, net	-193	-323	+130
Income tax paid	-776	-697	-79
Other	+232	-285	+517
NET CASH FROM OPERATING ACTIVITIES	5,287	1,931	+3,356

At €5,489 million, or 19.4% of sales, segment **EBITDA** was up €227 million compared with 2022 (18.4% of sales), lifted by the €176 million increase in segment operating income over the year.

Cash flows from operating activities rose by a very robust €3,356 million over the year, to €5,287 million with, in addition to the increase in EBITDA:

- a highly positive impact from the €2,545 million improvement in trade working capital, led by the reduction in both net inventories (due to their disciplined management and decline in value) and trade receivables (primarily due to the fall-off in volumes sold at year-end);
- a €517 million increase from the change in other receivables and payables;
- a €130 million increase from the reduction in net interest paid;
- a €79 million decrease from the increase in income tax paid;
- an aggregate €16 million increase from other factors.

Restructuring-related outlays rose by just €7 million over the year.

1.5.2 Capital expenditure

(in € millions)	2023	2022	2023/2022	2023 (as a % of sales)	2022 (as a % of sales)
Additions to intangible assets and PP&E	2,236	2,141	+95	7.9%	7.5%
Investment grants received and change in capital expenditure payables	32	(100)	+132	0.1%	(0.3)%
Proceeds from sales of intangible assets and PP&E	(47)	(33)	-14	(0.2)%	(0.1)%
NET ADDITIONS TO INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT	2,221	2,008	+213	7.8%	7.0%

Additions to intangible assets and property, plant and equipment amounted to €2,236 million in 2023, compared with €2,141 million in 2022.

Capital expenditure committed during the year rose somewhat versus 2022 and returned to suitable levels after several years shaped by the Covid-19 crisis and its impact on the global economy.

By Business Line, the main capital projects completed during the year or still underway as part of competitiveness, product line renewal and growth investment programs are as follows:

Automotive tires:

- in Mexico, North America and China;

Road transportation tires:

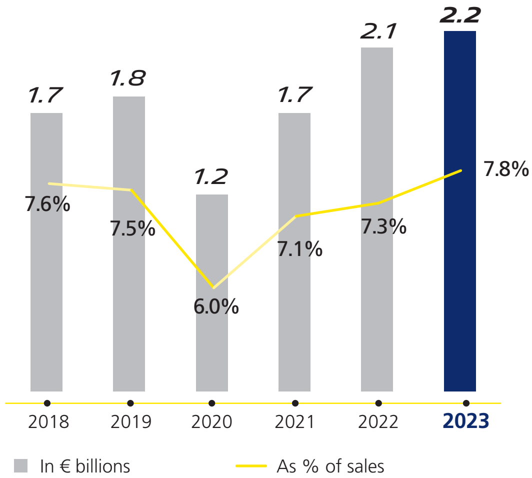
- in Romania and North America;

Specialty products:

- Mining tires;
- Beyond-road tires, with a focus on tread production in North America.

All these capital projects were supported by the commitments presented below.

CAPITAL EXPENDITURE
(in € billions)



"Investment grants received and change in capital expenditure payables" corresponds mainly to changes in capital expenditure payables.

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.

(in € millions)	2023	2022	Change
Net cash from operating activities	**5,287**	**1,931**	**+3,356**
Routine capital expenditure (maintenance, IT, dealerships, etc.)	(933)	(744)	-189
Competitiveness and growth investments	(1,108)	(1,202)	+94
Investments in new ventures	(195)	(194)	-1
Other	(42)	105	-147
FREE CASH FLOW BEFORE ACQUISITIONS	**3,009**	**(104)**	**+3,113**
Acquisitions	(666)	(76)	-590
FREE CASH FLOW AFTER ACQUISITIONS	**2,343**	**(180)**	**+2,523**

Free cash flow before acquisitions ended 2023 at a positive €3,009 million, compared to a negative €104 million a year earlier. This was after €2,236 million in capital expenditure and investments, of which €1,108 million was earmarked for competitiveness and growth projects.

Free cash flow after acquisitions stood at a positive €2,343 million. The net €666 million in net acquisition outlays primarily corresponded to the acquisition of Flex Composite Group in September 2023 and the sale of a partial stake in Symbio in July.

1.6 Return on capital employed (ROCE)

The return on capital employed by the Group is measured by dividing net operating profit after tax (NOPAT) by the average economic assets employed during the year.

In calculating NOPAT, amortization of acquired intangible assets and the Group's share of profit/(loss) from equity-accounted companies are added to segment operating income.

For 2023, the theoretical tax liability was calculated at the same 25% standard rate as in prior years, which corresponds to the Group's normal average effective tax rate.

Non-euro currencies are translated at year-end rates for balance sheet items and average rates for income statement items.

If ROCE is greater than the weighted average cost of capital (WACC) for the year, then the Group has created value during the period.

Based on a theoretical balance between equity and debt, depending on the financed assets, the Group's weighted average cost of capital (WACC) was estimated at 9%, which is in line with external benchmarks. The rates used are determined (i) for equity capital, based on the yield on Michelin shares expected by the stock markets; and (ii) for debt capital, on the market risk-free rate plus the risk premium applied to Michelin by the markets, as adjusted for the tax effect.

ROCE rose to 11.4% in 2023, a 0.6-point year-on-year gain led by growth in segment operating income and the share of profit from equity-accounted companies, which was improved in particular by active asset portfolio management during the year.

(in € millions)	2023	2022
Segment operating income restated for ROCE calculation	3,608	3,258
Average standard income tax rate used for ROCE calculation	25%	25%
Segment operating income after tax (NOPAT)	**2,706**	**2,444**
Economic assets at December 31	23,585	24,087
Average economic assets	**23,836**	**22,621**
Consolidated ROCE	**11.4%**	**10.8%**

1.7 Trend information

Outlook

In 2024, tire markets are expected to remain stable overall compared with 2023 in each of the three reporting segments (Automotive, Road Transportation and Specialties).

In this market environment, the Group expects volumes sold to end the year between -2% and 0% compared to 2023.

Based on this scenario, Michelin's objectives are to deliver full-year segment operating income in excess of €3.5 billion at constant exchange rates and a reported Free cash flow before acquisitions of more than €1.5 billion.

This outlook has been established and prepared on a basis comparable to historical financial information and in accordance with the accounting methods described following this chapter.

Recent events

Michelin is one of the European tire manufacturers under investigation by the European Commission. The Group reaffirms that it scrupulously complies with antitrust legislation in every host country. As a result, it categorically denies the existence of any anticompetitive practices, as alleged by the European Commission in its January 30, 2024 press release, much less any price coordination.

No impact has been recognized in the 2023 financial statements.

1.8 Highlights

January 5-8, 2023 [High-Tech Materials] – 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 [High-Tech Materials] – CDI Energy Products, which is part of the High-Tech Materials Division and an industry leader in the custom manufacturing of high-performance polymer products, announced the acquisition of EGC Enterprises, Inc. a leading manufacturer of graphite-based sealing products located in Ohio and North Carolina. The acquisition reflects the assertive deployment of the Group's growth strategy in high-tech materials.

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 [Lifestyle] – 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 is named Excellence Awardee in the Manufacturing category at Canada's Safest Employers Awards 2022. This marks the sixth year that the Pictou County 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 [High-Tech Materials] – 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] – Mercedes-AMG has launched its first fully electric SUV, the Mercedes AMG EQE, fitted with Michelin tires as original equipment. As noted in the Mercedes-AMG press release, "Among other suppliers, the MICHELIN Pilot Sport EV MO1 tire specifically designed for electric-drive performance vehicles is worth mentioning. Available in 21- or 22-inch sizes, it features low rolling resistance and superior grip on wet and dry roads."

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 for 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 [High-Tech Materials] – 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 savings compared with 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 most 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 [High-Tech Materials] – 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 Connected Mobility Solutions] – 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.

July 26, 2023 [Group] – Michelin delivered sales growth of 5.9% and increased segment operating income by 11.4% in the first half of 2023, in adverse markets. Free cash flow before M&A reached €922 million. Guidance has been revised upwards.

July 28, 2023 [High-Tech Materials] – Michelin confirms the sale to Stellantis of part of its shareholding in Symbio, its hydrogen joint-venture with Forvia. Stellantis now owns an equal 33.33% of the venture, a leading fuel cell mobility enabler, on a par with Michelin and Forvia. The new ownership structure will enable Symbio to step up its expansion in Europe and the United States.

September 13, 2023 [Lifestyle] – Colorado joins the MICHELIN Guides family with 44 restaurants, including five starred establishments. The latest selection illustrates the Group's commitment to expanding the MICHELIN Guide internationally.

September 19, 2023 [Group] – Michelin is partnering with the biggest eSports event ever organized in France, the KCorp Xperience: KCX3–Karmine Corp vs. The World. In this way, the Group is reaffirming its commitment to raising its profile and enhancing its image across a broad audience. Its engagement with the gaming community is consistent with its capabilities in simulation, virtual design and other core competencies.

September 23, 2023 [High-Tech Materials] – Michelin announces a new phase in the development of its innovative WISAMO wind propulsion solution, which will help to decarbonize maritime shipping. The 100 sq.m inflatable wing-sail is being tested in real-world conditions on the ro-ro vessel Pelican, operated by Brittany Ferries (Compagnie Maritime Nantaise) on the Poole, UK – Bilbao, Spain route. Feedback from this latest phase will support the design of an 800 sq.m wing that will be brought to market in 2026.

September 26, 2023 [Group] – For the ninth year in a row (except for second-quarter 2022), Michelin once again retains its first place in the Posternak Ifop Barometer, a survey that tracks the image of leading French corporations.

September 27, 2023 [High-Tech Materials] – Michelin completes the acquisition of Flex Composite Group, creating a leader in high-tech engineered fabrics and films. In line with the Michelin in Motion 2030 strategy, the acquisition marks a significant step forward in the development of the Group's polymer composites activities. It will increase sales of the Group's High-Tech Materials business by around 20%.

September 29, 2023 [People] – The Group has issued its new Health and Safety Declaration, reaffirming that respect for people has always been one of its fundamental values. With the new Declaration, applicable in every host country, the Group is expressing a commitment, defining a framework and deploying resources to enable everyone to safeguard and manage their health and safety over time, both in the workplace and in their personal lives.

September 30, 2023 [Tires] – The Michelin UPTIS wins the Engineering Award at EQUIP AUTO's International Awards for Automotive Innovation. Presented by a panel of international journalists and experts, the Award recognizes Michelin's technological leadership, as the only tiremaker in the world to operate an airless tire in real-life conditions.

October 4, 2023 [High-Tech Materials] – Michelin and its AirCaptif subsidiary launch the MICHELIN Inflatable Lab, an inflatable clean room structure that provides a secure environment where medical or protective operations may be performed while controlling the purity of the air within. Through the MICHELIN Inflatable Lab, Michelin is reaffirming its commitment to expanding its activities in the field of inflatable solutions and demonstrating its expertise in high-tech materials.

October 5, 2023 [Lifestyle] – The MICHELIN Guide has created the MICHELIN Key, a special distinction celebrating the hotels offering the most remarkable guest experiences in the world. The MICHELIN Guide selection teams will unveil the first MICHELIN Key awards in the first half of 2024.

October 5, 2023 [High-Tech Materials] – In a world first in Toulouse, France, Michelin has tested an innovative inflatable shade sail system designed to cool urban heat islands whose configuration hinders the planting of trees and other vegetation. The prototype offers another compelling illustration of Michelin's expertise in high-tech materials.

October 12, 2023 [Group] – Sumitomo Rubber joins the RubberWay initiative alongside Michelin, Continental, Goodyear and Pirelli. Developed in 2017 by Michelin and software company Smag, the app helps to map social and environmental risks across the natural rubber procurement chain to drive faster, wider take-up of sustainable practices.

October 15, 2023 [Tires] – The Indonesian Moto Grand Prix witnessed a historic moment as Michelin celebrated both its 500th victory in the Queen class (500cc/MotoGP™) and its 50 years of innovation since its first win in 1973. Today, Michelin's commitment to motorsports is a powerful accelerator of sustainable innovation. This is particularly the case for MotoE™, a fully electric motorcycle championship held as part of MotoGP™, for which Michelin has developed rear tires containing 52% biosourced, renewable, recycled or otherwise sustainable materials.

October 23, 2023 [Planet] – The Gravanches production facility in Clermont-Ferrand has reduced its water withdrawals by 60%, or 10,000 cu.m of water a year, by installing a process supporting closed-loop water systems. The initiative has made the facility the Group's most water-efficient new tire production plant, while driving progress towards the target of reducing water use across the Group's production base by 33% in 2030 compared with 2019.

October 24, 2023 [Group] – Michelin reports a 2% increase in sales to €21.2 billion in the first nine months of the year, despite soft volumes and a forex headwind, supported by mix enhancement, the non-tire businesses and brand leadership.

October 26, 2023 [Group] – Michelin announces plans to wind down the tire production operations of its Ardmore production facility, in response to the shifting North American market. Around 1,400 people will be impacted by the wind-down, which should be completed by the end of 2025.

October 2023 [Lifestyle] – The MICHELIN Guide extends its international coverage by adding three new destinations, Atlanta in the United States, and Buenos Aires and Mendoza in Argentina. The latter are the first two Hispanic South American destinations to join the world leader in gourmet dining guides.

November 9, 2023 [Planet] – Michelin and Bridgestone have published a white paper to share the results of their joint initiative to increase the reuse in new tires of carbon black recovered from end-of-life tires, as part of their journey to material circularity. The paper follows on from the joint call to action around recovered carbon black at the 2021 Smithers rCB conference.

November 9, 2023 [Tires] – Michelin and Lilium have signed an agreement covering the design and serial production of tires for the Lilium all-electric vertical take-off and landing (eVTOL) jet. The partnership, which leverages Michelin's 100 plus years of experience working with the aerospace industry, is a perfect illustration of the Group's commitment to supporting the transformation of aviation to make it more sustainable.

November 16, 2023 [Connected Mobility Solutions] – At the 2023 Solutrans trade fair, Michelin presents its range of transportation-related mobility solutions, while demonstrating its commitment to enabling carbon-free mobility. The new MICHELIN Connected Mobility solution brings together all of Michelin's unique capabilities to ensure that fleet management operations are safer, more efficient and more sustainable. As well, Watèa by Michelin, a mobility operator specialized in the energy transition of professional fleets, has now integrated hydrogen vehicles into its offering.

November 28, 2023 [Group] – Michelin announces its decision to restructure operations in Germany, with the gradual shutdown of production operations at its Karlsruhe and Trier plants and of new tire and semi-finished product manufacturing in Homburg, and the transfer of the Customer Service Center from Karlsruhe to Poland. A total of 1,532 employees will be impacted by these operations, which are meant to be completed by the end of 2025.

December 5, 2023 [High-Tech Materials] – Symbio, an equally owned joint venture between Michelin, Forvia and Stellantis, inaugurates SymphonHy, comprising both the venture's first gigafactory and its center of technological and industrial excellence. Located in Saint-Fons, in the Auvergne-Rhône-Alpes region in France, SymphonHy will be the largest integrated fuel cell production site in Europe. Symbio has strengthened its technological and industrial leadership, while reaching a new milestone on the road to zero-emission mobility.

December 6, 2023 [Planet] – Michelin, the French national research institute CNRS and the University of Clermont Auvergne have combined their expertise as part of the new BioDLab joint research laboratory, dedicated to studying the degradation and biodegradation of tire wear particles resulting from contact between road and tire.

December 22, 2023 [Group] – Michelin marks its e-commerce presence in Australia and Asia Pacific with the acquisition of Tyroola, Australia's third largest online player for tires and fitting services. The acquisition will enable the Group to offer customers the best possible experience, from online information seeking to tire fitting.

January 16, 2024 [Planet] – The Group announces its intention to apply the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), in alignment with the targets defined at COP15 in Montreal. The announcement expands on Michelin's commitments to biodiversity already expressed in 2018 through the act4nature international initiative.

January 20-25, 2024 [People] – The Michelin Volunteers program encourages employees to get involved in local community engagement initiatives addressing a broad array of issues, including health, education, emergency relief, safe mobility, the environment, diversity and inclusion. In 2023, 15.7% of Group employees, or 19,700 people, took part in a volunteer program, with a target of 20% set for 2030. Their engagement is helping to support the Group's deeply held social responsibility commitment to acting in the common good.

January 19, 2024 [Group] – Michelin, IFPEN and Axens inaugurate the first industrial-scale demonstrator unit capable of producing bio-based butadiene, representing a major milestone in the creation of a new industry. Built on the Michelin site in Bassens, France, the demonstrator is part of the BioButterfly project, which aims to develop and bring to market butadiene using ethanol derived from plant biomass to replace butadiene made from petrochemical feedstocks.

Fourth-quarter 2023 [Planet] – To test the Science-Based Targets for Nature (SBTN) methodology, which enables companies to identify biodiversity issues and prioritize their initiatives, Michelin joined the Natural Capital Lab initiative founded by WWF France and the Environmental Accounting Chair at AgroParisTech in 2020. In 2024, three Group facilities will pilot the methodology in assessing their water use.

Fourth-quarter 2023 [People] – Through the Michelin One Care program being gradually rolled out worldwide through 2025, the Group is committed to offering social protection benefits to every employee at important moments in their lives. In 2023, for example, paternity leave was extended, death coverage was improved and healthcare support was broadened in a number of countries. In all, 92% of Group employees benefit from healthcare insurance in compliance with defined standards.

Fourth-quarter 2023 [People] – In 2023, Michelin stepped up deployment of its Diversity and Inclusion process, significantly improving the percentage of women employees and the recognition of all forms of diversity. Michelin measures the program's progress using a composite indicator tracking five metrics: gender diversity, identity, multi-national management, disability and equal opportunity in promotions. In 2023 the indicator improved by two points from the prior year, and now stands at 72, with a target of 80 in 2030.

1.9 Information concerning payment terms

Trade receivables	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	Article D. 441-I-2°: invoices issued and past due at December 31, 2023					
(A) Breakdown of past due payments:						
Number of invoices		2	7		11	20
Total amount of invoices (including tax)		188	-923		11,094	10,360
Percentage of total sales for the period (including tax)		0.01 %	-0.05 %		0.60 %	0.56 %
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						-
Number of invoices excluded						-
Total amount of invoices excluded						-
(C) Reference payment terms used (contractual or statutory pursuant to Article L. 441-6 or L. 443-1 of the French Commercial Code)						30
Reference payment terms used to calculate past due payments	Contractual terms agreed at initial recognition of the trade receivable					30

Trade payables	0 day	1 to 30 days	31 to 60 days	61 to 90 days	More than 90 days	Total
	Article D. 441-I-1°: invoices received and past due at December 31, 2023					
(A) Breakdown of past due payments:						
Number of invoices		29	73	5	36	143
Total amount of invoices (including tax)		-1,681	82	5	-4,453	-6,047
Percentage of total purchases for the period (including tax)		-0.10 %	0.00 %	0.00 %	-0.26 %	-0.35 %
(B) Invoices excluded from (A) relating to disputed or unrecognized payables and receivables						
Number of invoices excluded						-
TOTAL AMOUNT OF INVOICES EXCLUDED (INCLUDING TAX)						**-**

1.10 Five-year summary of consolidated key figures and ratios

(in € millions)	2023	2022	2021	2020	2019
Sales	28,343	28,590	23,795	20,469	24,135
% change	-0.9%	+20.2%	+16.3%	-15.2%	+9.6%
Total employee benefit costs	7,401	6,950	6,445	5,996	6,365
As a % of sales	26.1%	24.3%	27.1%	29.3%	26.4%
Number of full-time equivalent employees at period-end	125,000	124,900	118,400	117,500	121,300
Research and development expenses	756	698	682	646	687
As a % of sales	2.7%	2.4%	2.9%	3.2%	2.8%
SEGMENT EBITDA(1)	**5,489**	**5,262**	**4,700**	**3,631**	**4,763**
Segment operating income	3,572	3,396	2,966	1,878	3,009
Segment operating margin	12.6%	11.9%	12.5%	9.2%	12.5%
Operating income	2,652	3,021	2,777	1,403	2,691
Operating margin	9.4%	10.6%	11.7%	6.9%	11.1%
Cost of net debt	198	239	192	242	330
Other financial income and expenses	2	(22)	(4)	(14)	(5)
Income before taxes	2,490	2,656	2,471	979	2,236
Income tax	507	647	626	354	506
Effective tax rate	20.4%	24.4%	25.3%	36.2%	22.6%
Net income	1,983	2,009	1,845	625	1,730
As a % of sales	7.0%	7.0%	7.8%	3.1%	7.2%
Dividends	893	803	410	357	666
Net cash from operating activities	**5,287**	**1,931**	**2,906**	**3,366**	**3,321**
As a % of sales	18.7%	6.8%	12.2%	16.4%	13.8%
Gross purchases of intangible assets and PP&E	2,236	2,141	1,705	1,221	1,801
As a % of sales	7.9%	7.5%	7.2%	6.0%	7.5%
Net debt(2)	3,281	4,320	2,789	3,531	5,184
Total equity	17,958	17,116	14,971	12,631	13,229
Gearing	18.3%	25.2%	18.6%	28.0%	39.2%
Net debt(2)/segment EBITDA(1)	0.60	0.82	0.59	0.97	1.09
Segment operating income/net interest expense(3)	20.8	11.5	13.7	7.9	10.1
Free cash flow(4)	2,343	(180)	1,357	2,004	1,142
ROE(5)	11.3%	12.5%	13.4%	4.8%	13.6%
Operating ROCE(6)	11.4%	10.8%	10.3%	6.0%	10.0%
PER-SHARE DATA* *(in €)*					
Net assets per share(7)	25.1	24.0	20.9	17.7	18.5
Basic earnings per share	2.77	2.81	2.58	0.88	2.42
Diluted earnings per share	2.75	2.79	2.56	3.51	9.66
Price-earnings ratio(8)	11.7	9.3	14.0	29.8	11.3
Dividend for the year(9)	1.35	1.25	1.125	0.575	0.50
Payout ratio(10)	49%	44%	44%	65%	21%
Yield(11)	4.2%	4.8%	3.1%	2.2%	1.8%

(1) As defined in note 3.7.2 to the consolidated financial statements.
(2) Net debt: financial liabilities less cash and cash equivalents (excluding cash flows from cash management assets and borrowing collaterals) plus/less derivative assets, as defined in note 26 to the consolidated financial statements.
(3) Net interest expense: interest financing expenses less interest income from cash and equivalents.
(4) Free cash flow: 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), as defined in section 1.5.3.
(5) ROE: as from 2022, return on equity is defined as net income divided by average equity for the year (calculated as the average of year-end equity and prior year-end equity) instead of net income divided by equity at December 31. The 2019 to 2021 figures have been restated for comparison purposes.
(6) Operating ROCE: based on the method in use since 2021 as explained in section 1.6. Full-year 2019 and 2020 ROCE has been remeasured using this method.
(7) Net assets per share: net assets divided by the number of shares outstanding at period-end.
(8) Price-earnings ratio: share price at period-end divided by basic earnings per share.
(9) Subject to approval by the Annual Meeting of May 17, 2024.
(10) Payout ratio: dividend divided by net income.
(11) Yield: dividend per share divided by the share price at December 31.
** The 2019 to 2021 per-share data have been restated to reflect the four-for-one stock split on June 16, 2022.*

1.11 Share information

1.11.1 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.

Indices

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

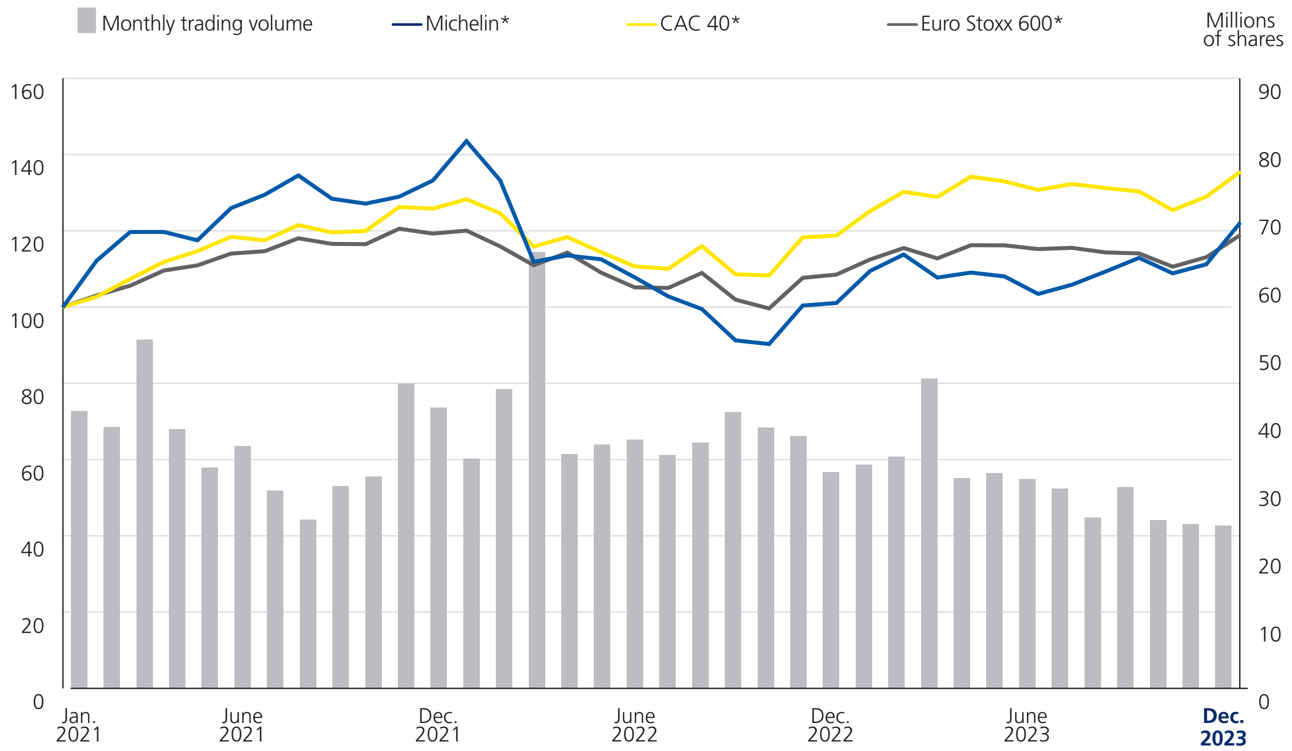
- CAC 40: 1.34% of the index at December 31, 2023;
- Euronext 100: 0.65% of the index at December 31, 2023.

Michelin is also included in the main Socially Responsible Investing (SRI) indices *(non-exhaustive list):*

- Ethibel Excellence Europe and Global; Euronext Vigeo-Eiris France 20, Europe 120, Eurozone 120 and World 120; FTSE4Good; and CAC 40 ESG.

MICHELIN SHARE PERFORMANCE AND TRADING VOLUMES

According to statistical data collected by Euronext Paris.



* *Standardized monthly averages (base 100 = January 1, 2021).*

1.11.2 Detailed share data

According to statistical data collected by Euronext Paris.

Share price (in €)	2023	2022	2021[1] (restated)	2021 (reported)	2020	2019
Session high	32.65	38.93	36.50	146.00	112.80	119.50
Session low	25.60	21.99	25.83	103.30	68.00	83.74
High/low ratio	1.28	1.77	1.41	1.41	1.66	1.43
Closing price, end of period	32.46	25.99	36.04	144.15	104.95	109.10
Average closing price over the period	28.87	28.53	32.44	129.75	95.49	104.36
Change in the Michelin share price over the period	24.92%	-27.89%	37.35%	37.35%	-3.80%	25.84%
Change in the CAC 40 index over the period	16.52%	-9.50%	28.85%	28.85%	-7.14%	26.37%
Change in the Stoxx Europe 600 index over the period	12.73%	-12.90%	22.25%	22.25%	-4.04%	-
Market capitalization (at period-end, in € billions)	**23.21**	**18.56**	**25.74**	**25.74**	**18.72**	**19.49**
Average daily trading volume over the period [2]	1,419,300	1,844,574	1,743,820	435,955	548,883	577,545
Average number of shares outstanding	714,258,055	713,400,033	713,512,772	178,378,193	178,497,159	179,669,608
Volume of shares traded over the period	366,179,447	475,900,118	449,905,428	112,476,357	141,062,953	147,273,882

(1) Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022.
(2) Volumes traded on the Euronext platform.

1.11.3 Per-share data

(in € per share, except ratios)	2023	2022	2021 (restated)	2021 (reported)	2020	2019
Net asset value per share	25.1	24.0	20.9	83.9	70.8	74.1
Basic earnings per share	2.77	2.81	2.58	10.31	3.52	9.69
Diluted earnings per share[1]	2.75	2.79	2.56	10.24	3.51	9.66
PRICE-EARNINGS RATIO	**11.7**	**9.3**	**14.0**	**14.0**	**29.8**	**11.3**
Dividend per share[2]	1.35	1.25	1.125	4.50	2.30	2.00
Payout ratio	49%	44%	44%	44%	65%	21%
Yield[3]	4.2%	4.8%	3.1%	3.1%	2.2%	1.8%

(1) Earnings per share adjusted for the impact of the exercise of outstanding dilutive instruments on net income and average shares outstanding.
(2) Subject to approval by the Annual Shareholders Meeting on May 17, 2024. Only the 2021 share data have been restated ("2021 restated") to reflect the four-for-one stock split on June 16, 2022. Prior-year figures correspond to the reported dividend.
(3) Dividend divided by the share price at December 31.

1.11.4 Capital and ownership structure

At December 31, 2023, Michelin's share capital amounted to €357,479,113.

	At December 31, 2023			At December 31, 2022			At December 31, 2021		
	Number of shareholders	Shares outstanding	Voting rights outstanding	Number of shareholders	Shares outstanding	Voting rights outstanding	Number of shareholders	Shares outstanding	Voting rights outstanding
French institutional investors		20.4%	23.96%		22.8%	25.7%		23.6%	27.3%
Non-resident institutional investors	4,497	67.0%	61.75%	4,509	64.7%	59.7%	4,123	65.5%	59.2%
Individual shareholders	170,391	10.5%	10.60%	156,694	10.3%	12.1%	139,099	9.2%	11.5%
Employee share ownership plan	71,621	2.1%	3.69%	77,557	2.2%	2.5%	62,118	1.7%	2.0%
TOTAL	**246,509**	**714,958,226 SHARES(1)**	**990,275,053 VOTING RIGHTS**	**238,760**	**714,117,414 SHARES(1)**	**978,544,459 VOTING RIGHTS**	**205,340**	**714,121,800 SHARES**	**952,588,184 VOTING RIGHTS**

(1) All fully paid up.

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

Due to the 161 Company shares held in treasury, the number of theoretical voting rights outstanding at December 31, 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.


FENDT

2 CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2023 consolidated financial statements

Consolidated income statement

(in € millions, except per-share data)	Note	2023	2022
Sales	5	28,343	28,590
Cost of sales		(20,395)	(21,052)
Gross income		**7,948**	**7,538**
Sales and marketing expenses		(1,210)	(1,174)
Research and development expenses		(756)	(698)
General and administrative expenses		(2,336)	(2,244)
Segment other income and expenses	8	(74)	(26)
Segment operating income	**5**	**3,572**	**3,396**
Other operating income and expenses	9	(920)	(375)
Operating income		**2,652**	**3,021**
Cost of net debt	10	(198)	(239)
Other financial income and expenses	10	2	(22)
Net interest on employee benefit obligations	27.1	(94)	(45)
Share of profit/(loss) from equity-accounted companies	17	128	(59)
Income before taxes		**2,490**	**2,656**
Income tax	11	(507)	(647)
NET INCOME		**1,983**	**2,009**
Attributable to the shareholders of the Company		1,983	2,001
Attributable to the non-controlling interests		-	8
EARNINGS PER SHARE *(in €)*	12		
Basic		2.77	2.81
Diluted		2.75	2.79

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of comprehensive income

(in € millions)	Note	2023	2022
Net income		**1,983**	**2,009**
Post-employment benefits	27.1	(50)	672
Tax effect – Post-employment benefits	18	18	(132)
Equity instruments at fair value through OCI – changes in fair value	15.1	2	57
Tax effect – equity instruments at fair value through OCI	18	2	(10)
Other		-	4
Other comprehensive income/(loss) that will not be reclassified to the income statement		***(28)***	***591***
Cash flow hedges – changes in fair value		2	(10)
Currency translation differences		(316)	386
Other		67	(1)
Other comprehensive income/(loss) that may be reclassified to the income statement		***(247)***	***375***
Other comprehensive income/(loss)		**(275)**	**966**
TOTAL COMPREHENSIVE INCOME		**1,708**	**2,975**
Attributable to the shareholders of the Company		1,708	2,968
Attributable to the non-controlling interests		-	7

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of financial position

(in € millions)	Note	December 31, 2023	December 31, 2022
Goodwill	13	2,982	2,430
Intangible assets	13	1,794	1,803
Property, plant and equipment (PP&E)	14.1	12,260	12,136
Right-of-use assets	14.2	1,082	1,010
Non-current financial assets and other non-current assets	15	1,605	1,161
Investments in equity-accounted companies	17	871	1,102
Deferred tax assets	18	932	630
Non-current assets		**21,526**	**20,272**
Inventories	19	5,447	6,318
Trade receivables	20	3,850	4,205
Current financial assets	21	512	652
Other current assets	22	1,345	1,315
Cash and cash equivalents	23	2,515	2,584
Current assets		**13,669**	**15,074**
TOTAL ASSETS		**35,195**	**35,346**
Share capital	24	357	357
Share premiums	24	2,702	2,702
Reserves	25	14,896	14,051
Non-controlling interests		3	6
Total equity		**17,958**	**17,116**
Non-current financial liabilities	26	4,672	4,705
Non-current lease liabilities	26	738	690
Provisions for employee benefit obligations	27.1	2,726	2,561
Provisions and other non-current liabilities	29	860	695
Deferred tax liabilities	18	497	541
Non-current liabilities		**9,493**	**9,192**
Current financial liabilities	26	591	1,826
Current lease liabilities	26	241	233
Trade payables		3,075	3,416
Trade payables under reverse factoring agreements	3.26	530	595
Provisions and other current liabilities	30	3,307	2,968
Current liabilities		**7,744**	**9,038**
TOTAL EQUITY AND LIABILITIES		**35,195**	**35,346**

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

(in € millions)	Share capital (note 24)	Share premiums (note 24)	Reserves (note 25)	Non-controlling interests	Total equity
At January 1, 2022	**357**	**2,746**	**11,871**	**(3)**	**14,971**
Net income	-	-	2,001	8	2,009
Other comprehensive income/(loss)	-	-	967	(1)	966
Total comprehensive income	**-**	**-**	**2,968**	**7**	**2,975**
Issuance of shares	2	74	-	-	76
Share buybacks	-	-	(120)	-	(120)
Cancellation of shares	(2)	(118)	120	-	-
Dividends and other appropriations	-	-	(808)	(1)	(809)
Share-based payments – current service cost	-	-	20	-	20
Sales of treasury shares	-	-	-	-	-
Other	-	-	-	3	3
At December 31, 2022	**357**	**2,702**	**14,051**	**6**	**17,116**
Net income	-	-	1,983	-	1,983
Other comprehensive income/(loss)	-	-	(275)	-	(275)
Total comprehensive income	-	**-**	**1,708**	**-**	**1,708**
Issuance of shares	-	-	-	-	-
Share buybacks	-	-	-	-	-
Cancellation of shares	-	-	-	-	-
Dividends and other appropriations	-	-	(894)	(2)	(896)
Share-based payments – current service cost	-	-	30	-	30
Sales of treasury shares	-	-	-	-	-
Other	-	-	1	(1)	-
AT DECEMBER 31, 2023	**357**	**2,702**	**14,896**	**3**	**17,958**

Notes 1 to 37 are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

(in € millions)	Note	2023	2022
Net income		1,983	2,009
Adjustments			
• Cost of net debt	10	198	239
• Other financial income and expenses	10	(2)	22
• Net interest on employee benefit obligations	27.1	94	45
• Income tax	11	507	647
• Amortization and depreciation of intangible assets and PP&E	6	1,917	1,866
• Other operating income and expenses	9	920	375
• Share of loss/(profit) from equity-accounted companies	17	(128)	59
Segment EBITDA	**3.7.2**	**5,489**	**5,262**
Other operating income and expenses (cash) and changes in provisions	31	(218)	(234)
Interest and other financial income and expenses received and paid, net	31	(193)	(323)
Income tax paid	18.2	(776)	(697)
Change in working capital, net of impairment	31	985	(2,077)
Net cash from operating activities		**5,287**	**1,931**
Purchases of intangible assets and PP&E	31	(2,268)	(2,041)
Proceeds from sales of intangible assets and PP&E		47	33
Equity investments in consolidated companies, net of cash acquired		(793)	(124)
Disposals of equity investments in consolidated companies, net of cash sold		142	65
Purchases of equity instruments at fair value		(15)	(18)
Disposals of equity instruments at fair value		-	-
Cash flows relating to other financial assets	31	(43)	140
Net cash from/(used in) investing activities		**(2,930)**	**(1,945)**
Proceeds from issuance of shares	24	-	76
Dividends paid to the shareholders of the Company	24	(893)	(803)
Cash flows relating to financial liabilities	31	(1,455)	(951)
Share buybacks	24	-	(120)
Other		12	(62)
Net cash from/(used in) financing activities		**(2,336)**	**(1,860)**
Effect of changes in exchange rates		**(90)**	**(24)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(69)**	**(1,898)**
Cash and cash equivalents at January 1		2,584	4,482
Cash and cash equivalents at December 31	23	2,515	2,584

Notes 1 to 37 are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

DETAILED SUMMARY OF THE NOTES TO THE 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 consolidated financial statements were authorized for issue by the Managing Chairman on February 12, 2024.

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

Note 2. BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements:

- have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union as of the reporting date and applicable to the period then ended;
- also comply with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB); and
- have been prepared using the historical cost convention, with the exception of unconsolidated equity investments and financial assets and liabilities (including derivatives), which are measured at fair value through profit and loss or other comprehensive income.

2.2 Accounting policies

The accounting policies applied in the preparation of the Group's consolidated financial statements are set out in note 3 "Accounting policies". Aside from the exceptions described in section 2.3 below, these policies have been consistently applied to all the years presented.

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

The following new standards and 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, including the amendments published in June 2020 and December 2021, specifies 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

The amendment limits 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.

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

On December 14, 2022, the European Union adopted a directive implementing the OECD's Pillar Two reform. France voted for the transposition of this directive into domestic law as part of the Finance Bill for 2024. The Pillar Two rules therefore apply to all entities effectively controlled by Compagnie Générale des Etablissements Michelin.

In May 2023, the IASB published an amendment to IAS 12 which includes a mandatory temporary exception for 2023 to the application of IAS 12 to Pillar Two calculations. This amendment was formally adopted by the European Union in November 2023 and is therefore fully applicable. The Group has not recorded any deferred taxes arising from the jurisdictional implementation of the Pillar Two model in its financial statements.

At this stage of its work, the Group considers that although it will probably be subject to Pillar Two rules in certain jurisdictions from January 1, 2024, it does not expect this to have any significant tax effect on the financial statements.

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

The following new IFRS standards, amendments and interpretations, which were not applicable at December 31, 2023, are not expected to have a material impact on the consolidated financial statements at their application date:

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 – Presentation of Financial Statements – Reverse Factoring – Supplier Finance Arrangements

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

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current – Non-current Liabilities with Covenants

The first amendment clarifies the principles to be applied to classify liabilities as current or non-current. The second amendment specifies that covenants to be complied with after the reporting date do not affect the classification between current and non-current liabilities at the reporting date. It also aims to improve disclosures on long-term debt with covenants.

Amendment to IAS 21 – Lack of Exchangeability

The amendment specifies how to assess whether a currency is exchangeable and how to determine a spot exchange rate if it is not. It will be applicable for accounting periods beginning on or after January 1, 2025.

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

2.5 Climate risk

Climate risk and the Group's stated ambitions in this area have been taken into account for the preparation of the financial statements.

Concerning the energy transition, the Group will eliminate the use of coal as an energy source by 2030. The number of sites still using coal is limited and the assets concerned are largely depreciated. The investments required over the period covered by the five-year strategic plan are estimated at €60 million (2022: €60 million).

To optimize its energy use, in 2020 the Group launched a program to electrify its tire curing presses. Capital expenditure on the program over the period covered by the Group's five-year strategic plan is estimated at around €120 million. This expenditure has been taken into account in the cash flow forecasts used as a basis for impairment testing (note 13.1 "Goodwill"). Beyond the period covered by the strategic plan, the rate at which the program is implemented will depend on the actual energy performance of the initial investments.

The effects of climate risks on cash flows beyond the period covered by the five-year strategic plan is difficult to predict. They could arise, for example, from business interruption at sites exposed to natural disasters, or from regulatory compliance costs in certain countries (taxes or other) related to initiatives to encourage the energy transition. Given the difficulty of preparing reliable cash flow projections taking these risks into account, a simulated impairment test was carried out, limiting estimates of future cash flows to the next 20 years based on constant cash flows after the fifth year (note 13.1).

Concerning measures to adapt to climate change, in 2023 around 100 manufacturing sites and office facilities were analyzed to assess the medium- and long-term risks of extreme climate phenomena (intense heat, floods, etc.). The analysis will be completed in 2024 by an assessment of the preventive measures to be put in place, so that the cost of these measures can be taken into account in the Group's capital expenditure and operating expense forecasts.

Additional costs of regulatory compliance are taken into account in the future cash flows used as a basis for impairment testing (note 13.1), to the extent that the regulations affecting the cash flows are known. This mainly concerns the CO_2 emission allowances to be acquired by the Group in compliance with European Union regulations (Emissions Trading Scheme – ETS). Emissions from sites subject to these European regulations represent around one-tenth of the Group's Scope 1 and 2 emissions. The accounting policies applied to ETS emission allowances are described in note 3.15.1, and the balance sheet amounts at the reporting date are shown in note 13.2.4.

The interest rate on the Group's €2,500 million syndicated line of credit (€2,500 million in 2022, see note 33.2.1) depends on its performance in relation to its environmental objectives (CO_2 emissions and an industrial environmental performance indicator).

2.6 Critical accounting estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires that management use 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 business combinations and the assets' estimated useful lives, the definition of the enforceable period of a lease and the effect on revenue recognition of deferred customer discounts.

2.6.1 Impairment of non-financial assets

The cash generating units' (CGU) future cash flows used to calculate value in use (note 3.17) are derived mainly from forecasts set out in the Group's five-year business plan. The forecasts are prepared by the Business Departments and Business Lines based on the strategic objectives validated by the Managers. The process requires using critical estimates and judgments, especially to determine market trends, raw material costs and pricing policies. Consequently, actual cash flows may differ from the estimates used to calculate the CGUs' value in use (see in particular the comments in note 2.5 concerning the recognition of climate risk).

Quantitative information is provided in note 13.1.

2.6.2 Employee benefit obligations

The Group uses defined contribution plans which generally require, on top of the portion financed by the Group, a contribution from each salaried employee, defined as a percentage of their compensation.

Some subsidiaries also recognize liabilities for pension plans, jubilees and other post-employment benefits linked to rights acquired by the employees through plans specific to these subsidiaries or resulting from certain legal obligations.

The valuation of these benefits is carried out annually with the assistance of independent actuaries. The actuarial method used is the projected unit credit method.

In accordance with this method, statistical information and various assumptions are used in calculating the expenses, liabilities and assets related to the benefit plans. Assumptions mainly include the discount rate, the inflation rate, the long-term salary increase rate and the expected rate of growth in future medical costs. Statistical information is mainly related to demographic assumptions such as mortality, employee turnover, disability and retirement age.

Assumptions and statistical information are determined based on internal guidelines, in consultation with the actuaries.

Discount rates are determined with the assistance of independent actuaries based on the same maturities as the liabilities.

The rate of salary increases is determined by each country based on a long-term salary policy and takes into consideration all of the relevant factors including market practices, as well as career development, promotion and seniority, among other inputs.

The inflation rates, calculated over standard durations, are determined using several methods:

- by using actuarial models based on target rates published by central banks, forecasts from Consensus Economics and inflation swap curves;
- by taking the spread between inflation-linked bonds and conventional securities. The rates are then adjusted with a spread which represents the liquidity and risk premium embedded in the inflation-linked bonds;
- based on historical averages.

The other assumptions (retirement age, employee turnover, healthcare cost trend, mortality and disability) reflect the demographic and economic situation of the countries and subsidiaries in which the plans are in force.

The actual data (such as inflation, mortality and real return on assets) may differ from the long-term actuarial assumptions used. The resulting difference is recognized as a gain or loss in other comprehensive income.

Quantitative information is provided in note 27.

2.6.3 Income tax

Judgments and estimates are required to determine the amount of the deferred tax assets resulting from tax loss carryforwards or deductible temporary differences.

The expected reversal of tax losses is based on the forecast of future results validated by the local management and reviewed by the Group Tax and Accounting Departments. Analyses are also performed in order to ensure the consistency of the forecasts with the Group's strategic plans validated by management. Analyses to support the deferred tax positions are performed periodically, at a date as close as possible to the reporting date.

The period over which tax loss carryforwards are reversed is based on a reasonable time horizon, taking into account the specific circumstances of each Group company, such as:

- the origin of the historical tax losses (generally exceptional and non-recurring: restructuring, significant increases in production capacity, etc.);
- forecast future results;
- confirmed reorganization projects that will eliminate sources of losses;
- the time limit for recovering historical tax losses; and
- the maximum utilization rate of tax loss carryforwards in a given year.

Quantitative information is provided in notes 11 and 18.

The companies that make up the Group operate in different, and sometimes uncertain, legal and regulatory environments, including tax environments. They may be involved, in the normal course of business, in various types of litigation, disputes or other proceedings.

Each of the known disputes or ongoing proceedings in which the Group or one of the Group companies is involved was examined at the reporting date, where appropriate with the assistance of external consultants, and provisions have, if necessary, been booked to cover the estimated risks.

2.6.4 Goodwill, intangible assets acquired in business combinations and their estimated remaining useful life

As part of its acquisitions, the Group identifies, measures and recognizes intangible assets (trademarks and customer relationships, for example) and determines their residual useful lives. The difference between the fair value of assets acquired and liabilities assumed, on the one hand, and the consideration transferred, on the other, represents goodwill, which is allocated to the CGUs or to the groups of CGUs benefiting from the synergies expected from the business combination. In order to perform the purchase price allocation, the Group takes into account the various strategic and operational objectives underlying the acquisition and relies on the expertise of valuation firms.

The value of assets and liabilities recognized on business combinations may be impacted in the future if judgments, estimates and key assumptions made at the time of the acquisition, such as revenue growth rate, operating margin or discount rates, should differ from reality.

2.6.5 Enforceable period of a lease

When the Group enters into a lease, it determines the enforceable period by taking into account all the economic facts and circumstances, as well as the options to extend and terminate the lease. This information is used to determine the most economically relevant end date for the lease.

For certain categories of leased assets (mainly vehicles), the Group considers that there is no reasonably certain extension option. Consequently, the duration is selected to coincide with the initial term of the lease. For real estate leases, the Group defines the reasonable end date of the lease, based on the enforceable period, in line with the asset's expected period of use. Accordingly, for leases with a residual term of more than ten years, the first enforceable exit option is chosen unless specific information and economic circumstances lead the Group to define a longer period.

Note 3. ACCOUNTING POLICIES

3.1 Consolidation

The Group's consolidated financial statements include all subsidiaries, joint ventures and associates of Compagnie Générale des Établissements Michelin.

The Group treats transactions with non-controlling interests, as long as they do not result in a change of control over the entities in question (no loss nor gain of control), as equity transactions having no impact on comprehensive income. Expenses relating to these transactions are directly accounted for in equity. At the date the Group gains control of an entity, the carrying amount of previously held non-controlling interests, if any, is adjusted to fair value and the difference is recognized in the income statement. All other related items previously recognized in other comprehensive income are reclassified to the income statement. When the Group loses control over an entity but keeps some non-controlling interests in the entity, the transaction is analyzed as an exchange, i.e., the disposal of a controlling interest and the acquisition of a non-controlling interest.

Shareholdings in companies which are not subsidiaries, joint ventures or associates are not consolidated. They are accounted for as non-derivative financial assets (note 3.18).

3.1.1 Subsidiaries

The Group controls an entity when it has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions and balances, as well as unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless an impairment loss on the transferred asset arises on the transaction.

Group accounting policies are applied consistently by all subsidiaries.

3.1.2 Joint ventures and associates

Joint ventures are joint arrangements (arrangements over which the Group has joint control with one or more other parties) in which the Group has rights to the net assets. Joint control is defined as the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Generally, associates are entities in which the Group has a shareholding representing between 20% and 50% of the voting rights.

Investments in joint ventures and associates are initially recognized at their acquisition cost and are subsequently accounted for using the equity method. The Group's investments in joint ventures and associates include goodwill identified at the acquisition date and are presented net of any accumulated impairment losses.

From the acquisition date to the date that significant influence ceases, the Group's share of its joint ventures' and associates' profits and losses is recognized in the income statement, and its share of movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in a joint venture or associate equals or exceeds its interest in the investee, the Group recognizes its share of the investee's negative net worth and, where appropriate, the carrying amount of any loans to the joint venture or associate is reduced by the amount of that negative net worth.

Unrealized gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's interest in the investee. Unrealized losses are also eliminated unless an impairment loss on the transferred asset arises on the transaction.

The profit resulting from downstream transactions carried out with a joint venture or an associate is deducted from the Group's proportionate share in profit of equity-accounted company.

In the consolidated income statement, the line "Share of profit/(loss) from equity-accounted companies" also includes the impact of other transactions relating to equity-accounted companies, such as the recognition of a gain or loss resulting from a reduction in the Group's percentage interest in the investee, or an impairment loss on securities and loans.

3.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Management.

The Managing Chairman regularly examines segment operating income to assess segment performance. He has therefore been identified as the chief operating decision maker of the Group.

3.3 Foreign currency

3.3.1 Presentation and functional currency

The financial statements of the Group entities are measured using their functional currency, which is the currency of the primary economic environment in which they operate and corresponds for most of them to their local currency.

The consolidated financial statements are presented in euros (presentation currency), which is the Company's functional currency.

3.3.2 Transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the revaluation at closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Exchange differences on unconsolidated equity investments are included in other comprehensive income until the investment is sold.

3.3.3 Translation

The financial statements of the Group entities whose functional currency is different from the Group's presentation currency are translated into euros as follows: assets and liabilities are translated at the closing rate at the date of the consolidated statement of financial position, income and expenses are translated at the average rate for the period (as it is considered a reasonable approximation to actual rates at the transaction date), and all resulting exchange differences are recognized in other comprehensive income.

Cash flows are also translated at the average rate for the period. When an entity is disposed of, the translation differences accumulated in other comprehensive income are recycled to the income statement as part of the gain or loss on disposal.

On the acquisition of an entity, goodwill and fair value adjustments recognized are treated as assets and liabilities of the acquired entity and translated at the spot rate on the transaction date.

3.3.4 Exchange rates of major currencies

	Closing rates		Average rates	
Against the euro (EUR):	**2023**	**2022**	**2023**	**2022**
US dollar (USD)	1.111	1.062	1.082	1.054
Canadian dollar (CAD)	1.466	1.443	1.460	1.370
Mexican peso (MXN)	18.787	20.611	19.177	21.206
Brazilian real (BRL)	5.364	5.592	5.401	5.435
Pound sterling (GBP)	0.868	0.883	0.870	0.852
Chinese yuan (CNY)	7.899	7.393	7.656	7.081
Indian rupee (INR)	92.508	87.902	89.331	82.732
Thai baht (THB)	37.950	36.754	37.617	36.874

3.4 Derivative instruments

Derivative instruments are used to manage financial exposures.

All derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged (see hedging policy below).

All changes in fair value of derivatives not qualifying as hedges are recorded as financial income or expense in the period in which they arise.

The fair values of listed instruments are based on their market values.

For unlisted instruments, fair values are determined using mathematical models, such as option pricing models, or methods based on discounted future cash flows. These models take into account market data.

Embedded derivatives are recognized separately if they are not closely related to the host contract.

3.5 Hedging

Some derivative instruments are eligible for hedge accounting and are therefore designated as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges);
- hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, the Group documents the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategies. The Group also documents its assessment, both at inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of derivatives are accounted for differently depending on the type of hedge.

3.5.1 Fair value hedges

Changes in fair value of derivatives are recorded in financial income and expenses, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

3.5.2 Cash flow hedges

The effective portion of changes in the fair value of derivatives is recognized in other reserves. The ineffective portion of the gain or loss is recognized immediately in the income statement, in operating income (commodity price hedges) or financial income and expenses (interest rate hedges).

When options are used to hedge future transactions, only the changes in the options' intrinsic value are designated as hedging instruments. Changes in the intrinsic value and the time value in relation to the hedged item ("aligned time value") are recorded in other reserves.

For forward contracts used to hedge future transactions, the Group designates all the changes in fair value (including the forward points) as hedging instruments. These changes in fair value are recorded in other reserves.

Amounts accumulated in other reserves are recognized in the income statement over the period during which the hedged item affects the profit and loss, as follows:

- when the hedged item is a non-financial asset (for example, a consolidated investment or an inventory), deferred gains or losses, as well as deferred gains or losses on the time value of the option or contract forward points are included in the initial cost of the asset;
- the gains or losses resulting from the interest rate hedge are recognized in financial income at the same time as the interest on the loans that are hedged.

When a hedging instrument is sold or expires, or when a hedging instrument no longer meets the criteria required to qualify for hedge accounting, the amount accumulated in other reserves at that date is immediately recognized in profit or loss.

3.5.3 Derivatives not qualifying for hedge accounting

Certain other derivative instruments, while offering effective economic hedging in terms of the Group's financial policy, do not meet the criteria for hedge accounting or have not been treated as hedging instruments (refer to the policy relating to derivative instruments, above). Changes in the market value of these derivatives must therefore be recognized in financial income and expenses. For example, foreign exchange derivatives used to hedge the currency exposure of financial assets and liabilities recognized in the consolidated statement of financial position are not designated as hedging instruments.

3.6 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. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is *the current bid price.* 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). The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value these instruments are observable, these instruments, essentially cash management financial assets and 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.

Specific valuation techniques used to value, generally internally, financial instruments include:

- quoted market prices or dealer quotes for similar instruments (level 1);
- the fair value of interest rate swaps calculated internally as the present value of the estimated future cash flows based on observable yield curves (level 2);
- the fair value of forward foreign exchange contracts determined internally using spot exchange rates at the date of the consolidated statement of financial position, applied to discounted future cash flows (level 2).

Other techniques, such as discounted cash flow analysis, are used internally to determine fair value for the remaining financial instruments (level 3).

When observable yield curves include negative interest rates, those are used without adjustment to determine the fair value of derivatives.

The Group assesses the counterparty risk included in the fair value of its over-the-counter derivatives for which there is no exchange of collateral. The Group includes the effect of its exposure to the credit risk of the counterparty or the counterparty's exposure to the credit risk of the Group. The valuation for long-term derivatives with no exchange of collateral is based on discounted cash flows using a rate including the counterparty credit risk.

3.7 Definition of certain indicators presented in the consolidated financial statements

3.7.1 Net debt

Net debt is made up of current and non-current financial liabilities (including lease liabilities), as they appear on the consolidated statement of financial position, less:

- cash and cash equivalents as they appear on the consolidated statement of financial position;
- derivative instruments included in "Current financial assets and Non-current financial assets" on the consolidated statement of financial position;
- cash management financial assets included in "Current financial assets" on the consolidated statement of financial position (these assets are highly liquid, little affected by interest rate risk and foreign currency risk); and
- borrowing collateral included in "Current financial assets and Non-current financial assets" on the consolidated statement of financial position.

3.7.2 Segment EBITDA

The Group defines Segment EBITDA as segment operating income less depreciation of property, plant and equipment, right-of-use assets and amortization of intangible assets allocated to segments.

3.8 Revenue recognition

The sale of tires, in the original equipment or replacement market, constitutes the majority of Group income. In the replacement market, tires are sold to distributors (wholesalers, specialist dealers, etc.) who are customers of the Group. These distributors have the full and complete possibility to use the tires for their own benefit, or to market them, and in this case, to fix the resale price. Furthermore, they carry the inventory risk.

The terms of sale offered by Group companies, in line with normal market practice, vary according to the customer category and the country in which the sales are made. They provide however, that the payment for the goods sold will be made in a period appreciably less than one year and there is therefore no reason to adjust the amount of consideration received from customers to take into account the effects of a financing component.

Each delivery of tires, either in the original equipment market with car manufacturers or in the replacement market, represents a distinct and separate performance obligation to be fulfilled at a point in time and which corresponds to the loading of goods or their delivery, in accordance with the underlying contract.

The warranties offered to the buyers cover design or manufacturing defects, which may appear as irregular or excessive tire wear under normal conditions of use. These warranties, which do not provide the customer with any supplementary guarantee, apart from the fact that the tire is exempt from defects, continue to be accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities, and Contingent Assets”.

The Group agrees, under certain conditions, to give trade concessions or to reimburse unsatisfied customers. Occasionally and under special circumstances, it also grants the right to return products already sold. This right gives rise to the recognition of a liability and a reduction in income, as well as an asset representing the Group's right to recover the goods that customers will return. In addition, the amount that the Group effectively receives for the tires delivered, as well as the revenue from sales recognized in the income statement, can vary as a result of deferred rebates stipulated in contractual agreements and/or at the start of marketing campaigns, which will be paid to the customers at the end of the reference period and depending on the achievement of qualitative or quantitative objectives set for that period. Their value is determined using the expected value method. The Group relies on the analysis of historical data and its accumulated experience to estimate the probable amount of rebates and discounts to be given to customers. Income from ordinary activities is therefore recognized taking into account the uncertainty surrounding the different components of variable consideration and to the extent that it is highly probable that the outcome of this uncertainty will not give rise to a significant reduction in the amount of sales already recognized, once the uncertainty is resolved. The difference between the amounts invoiced to the customers and the level of income recorded from ordinary activities results in the recognition of a liability in respect of the future reimbursement under “Other current liabilities” in the consolidated statement of financial position.

The other sales categories essentially comprise the management of tires for commercial fleets and the supply of telematics services, where the main objective is greater fuel economy and fleet efficiency. The services supplied under these contracts consist of a single performance obligation satisfied over time for which the sales revenue is recognized according to the stage of completion, measured on the basis of the work performed and the costs incurred.

The Group may enter into multi-year agreements with customers, which include a commitment regarding its capacity to supply the products, in exchange for a specific amount of consideration. This is to be paid in advance of fulfillment of the obligations to supply the products, which will be spread over the duration of the contract. As such, this commitment is considered to be linked to the supply of the products and will be recognized as revenue as and when the supply obligations are fulfilled. When the payment is received, a contract liability is recognized and split between the line items “Provisions and other non-current liabilities” and “Provisions and other current liabilities” in the consolidated statement of financial position, depending on the date the performance obligations are fulfilled.

3.9 Cost of sales

Cost of sales for the Group's manufacturing activities comprises the costs of manufacturing products and the cost of goods purchased for resale.

It includes the purchase cost of raw materials, production costs directly related to the manufactured products and all production overheads, based on the normal capacity of manufacturing facilities.

Production overheads include depreciation of property, plant and equipment, amortization of intangible assets relating to production and write-downs of inventories.

Cost of sales also includes a relevant portion of general overheads to the extent that they are directly attributable to bringing the manufactured products to their present location and condition.

For non-manufacturing activities, especially customer services, cost of sales includes all the costs incurred to produce, administer or execute a service delivered in the distribution network. Cost of sales for these activities mainly comprises employee benefits expense, depreciation of facilities and equipment, energy costs and the cost of acquiring and processing the data needed to produce the service.

3.10 Research and development expenses

Research costs cannot be capitalized. Development costs are capitalized as intangible assets when the conditions relating to the commercial and technical feasibility of the project, the ability to allocate the costs reliably and the probability of generating future economic benefits are fulfilled.

Development costs are reviewed annually in order to determine whether the criteria for recognition as intangible assets are met.

3.11 Segment operating income

Segment operating income measures the performance of the operating segments and is one of the Group's management indicators.

3.12 Other operating income and expenses

"Other operating income and expenses" records items that are not taken into account by management when measuring the performance of the operating segments due to their nature or their significant, unusual or abnormal characteristics. They include, in particular, the costs related to the reorganization and adaptation of activities and those related to major litigation (and the adjustments in the corresponding provisions), as well as impairment of goodwill and acquisition-related costs. The amortization of trademarks and customer relationships recognized as part of a business combination is also included in "Other operating income and expenses". They also include gains and losses on disposals and changes in impairment of property, plant and equipment and intangible assets, acquisition price adjustments, as well as gains and losses related to changes in post-employment benefits. These items are described in more detail in note 9.

3.13 Income tax

Current and deferred taxes, plus any withholding tax on royalties and on distributions of retained earnings within the Group, are recorded in the consolidated income statement except if they relate to items recognized either in other comprehensive income or directly in equity, in which case they are also recognized, respectively, in other comprehensive income or directly in equity.

Current tax is based on the results of Group companies and is calculated according to local rules, including any adjustments to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements, using enacted or substantially enacted tax rates that are expected to prevail when the temporary differences reverse.

A deferred tax asset or liability is recognized on initial recognition of transactions arising from business combinations and impacting the accounting or taxable profit or loss.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the tax loss carryforwards and the temporary differences can be offset.

Deferred tax is calculated on temporary differences arising from investments in subsidiaries, joint ventures, and associates: deferred tax assets are recognized if the reversal is under the entity's control and is also probable. Deferred tax liabilities are recognized unless their reversal is controlled and not probable.

Tax positions are analyzed periodically and, if any positions are considered unlikely to be accepted by the tax authorities, a provision is booked for the most probable amount in order to cover the risk. Assets/liabilities resulting from uncertain tax treatments are included in current or deferred tax assets or liabilities in the consolidated statement of financial position.

3.14 Business combinations and goodwill

When the Group obtains control of an entity, the business combination is valued and accounted for by applying the acquisition method. Goodwill is calculated at the acquisition date as the difference between:

- the fair value of the consideration transferred including, if any, the fair value of any contingent consideration; and
- the fair value at the acquisition date of the identifiable acquired assets, the liabilities and contingent liabilities assumed.

The valuation period for a business combination does not exceed 12 months after the acquisition date.

Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination and that reflect the level at which the Group manages goodwill. Goodwill is tested for impairment annually.

3.15 Intangible assets

Intangible assets are recognized at cost. The cost of an intangible asset acquired as part of a business combination is its fair value at the acquisition date.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at least once a year. Those with finite useful lives are amortized on a straight-line basis over their estimated useful life:

- software: 3-7 years
- brands and trademarks: 5-20 years
- customer relationships: 5-20 years

3.15.1 CO_2 emission allowances

The Group participates in the European Union's Emissions Trading System (EU ETS). The emission allowances received or purchased are recognized as an intangible asset at their price on the transaction date. For emission allowances that are received rather than purchased, a government grant is recognized in liabilities for the same amount. The cost and liability corresponding to actual emissions and the income corresponding to the use of the government grant are accounted for using the price on the grant date.

3.16 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and, when necessary, impairment.

The gross carrying amount includes the cost of acquisition or production cost and other costs directly attributable to the acquisition or the construction of the asset (including borrowing costs). Investment grants are initially accounted for as deferred income and are subsequently recognized as income over the useful life of the related asset.

Repair and maintenance costs are expensed as incurred. Other subsequent expenditures are included in the asset's carrying amount or recognized as a separate asset if the recognition criteria are met.

Property, plant and equipment are depreciated on a straight-line basis, except land, which is not depreciated. Depreciation of property, plant and equipment reflects the pattern in which the asset's future economic benefits are expected to be consumed. Depreciation is allocated to cost of sales, sales and marketing expenses, research and development expenses or general and administrative expenses.

The following depreciation periods, based on the expected useful lives of the respective assets, are applied throughout the Group:

- buildings and general installations of land and buildings: 25 years
- petrochemical equipment: 25 years
- industrial and commercial equipment: 2-12 years
- computer and telecommunication equipment: 5 years
- vehicles: 5 years
- other: 5-12 years

The useful lives of the assets and their respective residual values are reviewed annually.

When assets are sold or otherwise disposed of, the difference between the net proceeds and the net carrying amounts of the assets is recognized in "Other operating income and expenses".

3.16.1 Leases

A contract is, or contains, a lease if it conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. The Group assesses whether a contract is or contains a lease on the inception of the lease, which is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Substantially all of the Group's leases are leases where the Group is the lessee. Leased assets are mainly real estate assets (points of sale for the Group's integrated distribution network, sales and administrative offices), passenger cars and forklifts.

Lease liabilities

Lease liabilities correspond to the present value of future lease payments, excluding variable lease payments that do not depend on an index or a rate.

For contracts that include a lease component and non-lease components (such as services), only the lease component is taken into account in calculating the present value.

The interest rate implicit in the lease is used as the discount rate if it can be readily determined. If the implicit rate cannot be readily determined, each Group entity uses its incremental borrowing rate reflecting its specific credit risk, the currency of the lease and the weighted average maturity of the outstanding lease liability.

Over the life of the contract, the interest expense increases the lease liability while the lease payments reduce it.

The carrying amount of the lease liability and the corresponding right-of-use asset is adjusted to reflect any change in the lease term, any change in the assessment of an option to purchase the underlying asset, any change in the amount that the lessee expects to have to pay to the lessor under the residual value guarantee or any change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Right-of-use assets

Right-of-use assets corresponding to leased property, plant and equipment are initially measured at cost, corresponding to the sum of the present value of the outstanding lease payments at the commencement date. Any lease payments made at or before the commencement date, any initial direct costs and an estimate of costs to be incurred by the Group in dismantling or restoring the underlying asset, are included in the value of the right-of-use asset, less any lease incentives.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the leased asset if the transfer of ownership of the leased asset is uncertain or is not provided for in the contract.

Enforceable period

The enforceable period of a lease is determined by taking into account all the economic facts and circumstances (such as contractual terms and conditions for the optional periods compared with market rates, significant leasehold improvements, costs relating to the termination of the lease, such as negotiation costs, relocation costs, costs associated with returning the underlying asset in a contractually specified condition or to a contractually specified location), and contractual options to extend or terminate the lease. Consequently, for leases that are automatically renewable and the 3/6/9-year commercial leases that are common in France, the enforceable period can be longer than the period to the contractual end date. This information is used to determine the most economically relevant end date for the lease. For certain categories of leased assets (mainly vehicles), the Group considers that there is no reasonably certain extension option. Consequently, the duration is selected to coincide with the initial term of the lease. For real estate leases, the Group defines the reasonable end date of the lease, based on the enforceable period, in line with the asset's expected period of use. Accordingly, for leases with a residual term of more than ten years, the first enforceable exit option is chosen unless specific information and economic circumstances lead the Group to define a longer period.

Exceptions

Leases with a term not exceeding 12 months or concerning low-value assets (mainly computers, printers and tools) are not recognized in the consolidated statement of financial position.

The payments related to these leases are expensed on a straight-line basis over the duration of the contracts. Variable lease payments are expensed in the period in which the triggering event or situation occurs.

3.17 Impairment of non-financial assets

When there is any indication that the recoverable amount of an asset (goodwill, intangible assets or property, plant and equipment) may be lower than its carrying amount, the recoverable amount of the asset is measured and if needed, an impairment is recognized. Whether there is an indication of impairment or not, an annual impairment test is performed for goodwill, intangible assets with an indefinite useful life and intangible assets not ready for use, by comparing their carrying amount with their recoverable amount.

At individual asset level, indications of impairment generally relate to a fall in market value, technical obsolescence or an anticipated change of use. The recoverable amount is usually based on the market value.

At Group level, non-financial assets (including right-of-use assets, note 3.16.1) are combined for impairment testing purposes in the smallest identifiable group of assets that generates cash flows that are largely independent of cash flows from other assets or groups of assets (cash-generating units – CGUs).

For the tire business, CGUs are based on industrial asset groups, generally production plants, working together to manufacture and provide product offerings that meet the needs of customers with similar expectations in homogeneous markets or market segments.

CGUs related to non-tire businesses (Services and Solutions, Experiences, High-Technology Materials and Distribution) generally cover the scope of each of these activities.

CGUs to which goodwill has been allocated are tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment loss. For the purpose of impairment testing, goodwill is allocated to a CGU or group of CGUs on the same basis as that used by the Group's management to monitor the performance of the businesses and assess synergies deriving from business combinations.

CGUs to which no goodwill is allocated are tested for impairment only if there is an indication that they may be impaired. In assessing whether there is any indication that a CGU may be impaired, the Group has defined three indicators for the tire business CGUs. They measure respectively the trends (i) in the market served by the CGU, (ii) in financial performance through the cost of sales margin and (iii) in the use of the installed production capacity. For the non-tire business CGUs, as well as for the distribution CGUs, the indicator used to measure trends in financial performance serves as the triggering indicator for an impairment test.

Recoverable amount is the higher of value in use and fair value less costs of disposal.

For most CGUs, recoverable amount is based on value in use, which is equal to estimated future cash flows calculated using the weighted average cost of capital (WACC) as a discount rate. Future cash flows are mainly based on the CGUs' five-year cash flow forecasts plus a terminal value, measured by discounting projected cash flows using the WACC. The discount rate is based on the cost of equity capital derived from the market-expected return on the Company's shares, the cost of debt and a risk premium reflecting the risks associated with the countries where the assets are located. The gearing and the beta are based on data from comparable segments and take into account the specificities of certain activities.

The recoverable amount of the distribution CGUs is measured at fair value less costs of disposal. Since most of these assets are land and buildings, external appraisals or other real estate valuation techniques are applied to measure their fair value.

Any impairment loss is recognized first against goodwill, and any remaining amount is allocated among the other non-current assets, proportionally to their net carrying amounts at the closing date.

When the circumstances which previously caused non-financial assets to be impaired no longer apply, the impairment losses are reversed accordingly. However, goodwill impairment can never be reversed.

Changes in impairment losses, including any reversals, are recognized in "Other operating income and expenses".

3.18 Non-derivative financial assets

3.18.1 Asset categories

The Group classifies and measures its debt instruments in the following categories depending on their alignment with *"solely payment of principal and interest" (SPPI)* criteria and with its business model:

- amortized cost: financial assets held to maturity in order to collect repayments from principal and interest;
- fair value through profit or loss: financial assets that do not meet the criteria to be classified as amortized costs (SPPI and HTC).

The Group measures all its unconsolidated equity investments at their fair value. The Group chooses to use the irrevocable option to record fair value adjustments in other comprehensive income and the realized gains or losses on disposal are not recycled in the income statement. The impairment losses recognized on equity investments are not shown separately from the other changes in fair value.

3.18.2 Initial recognition and derecognition

Purchases and sales of non-derivative financial assets are recognized on the trade-date, i.e., the date on which the Group commits to purchase or sell the asset. Non-derivative financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Non-derivative financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.18.3 Measurement

Loans and receivables are measured at amortized cost using the effective interest rate method.

Financial assets at fair value are valued by direct reference to a price quoted in an active market or on the basis of market assumptions (note 3.6 "Fair value of financial instruments"). Gains and losses, realized or unrealized, arising from changes in the fair value of financial assets at fair value through profit or loss are recognized immediately in other operating income and expenses.

Gains and losses, realized or unrealized, arising from changes in the fair value of financial assets at fair value through comprehensive income are recorded in other comprehensive income and never impact the income statement.

3.18.4 Impairment

At each reporting date, the Group looks for any objective indication of impairment of financial assets recorded at amortized cost.

The model for calculating the expected credit loss is determined on the basis of the counterparty rating and the associated default probability. The impairment loss is calculated over a period of 12 months given the non-deterioration of the credit risk of the counterparties. It is recognized in the income statement.

When the credit risk of a financial asset at amortized cost increases significantly, the expected credit loss is calculated over the life of the asset.

If there is no longer a reasonable expectation to recover the value of a financial asset at amortized cost, the asset is derecognized from the consolidated statement of financial position and impacts the income statement.

3.19 Inventories

Inventories are carried at the lower of cost and net realizable value.

The cost of raw materials, supplies and purchased finished goods includes the purchase price and other costs directly attributable to the acquisition. The cost of work in progress and manufactured finished goods comprises direct labor costs, other direct costs and production overheads based on the normal capacity of production facilities. Borrowing costs are expensed as incurred. The measurement of inventories and cost of sales using the standard cost method put in place by the Group, taking variances into account, is close to what would be obtained using the actual cost method.

Net realizable value is the estimated selling price less the estimated costs of completion and sale.

An impairment loss is recognized when net realizable value is lower than cost and is reversed when it becomes apparent that the circumstances which previously caused inventories to be written down below cost no longer exist. Indications of impairment include physical damage, obsolescence, slow-moving items, and market changes.

3.20 Trade receivables

Trade receivables are initially recognized at the amount unconditionally due by the customer. The Group manages its trade receivables in order to collect the contractual cash flows and measures its receivables at amortized cost, according to the effective interest rate method, after deduction of any impairment losses.

When payment terms are less than one year, the initial fair value and the subsequent amortized cost are equal to the nominal amount to the extent that the receivable does not include a significant financial component.

The Group applies the simplified approach provided under IFRS 9, which consists of calculating the expected credit loss over the life of the trade receivable. This model makes it possible to determine a credit loss expected at maturity for all trade receivables, as soon as they are recognized.

Expected credit losses are based on customer payment patterns that have been observed over 36 months, and trade credit losses historically recorded during this period.

An impairment loss is also recognized whenever there are objective indications that the Group will not be able to recover all amounts due under the terms of the original transaction. Bankruptcies, the use of legal procedures to protect against creditors, cases of known insolvency or disappearance of the debtor, late payments of more than six months, economic or political risks in the country of residence of the debtor, as well as the deterioration of the latter's solvency are all indicators that suggest that a trade receivable must be impaired. The amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash inflows at the initial effective interest rate. Before recognizing an impairment loss, the quality of the guarantees potentially obtained must be assessed, as well as the capacity to implement them. The impairment loss is recognized in "Sales and marketing expenses".

When the receivable is irrecoverable, it is canceled by offsetting it against the previously recognized impairment loss. Any subsequent cash inflows corresponding to previously derecognized receivables are recorded by reducing "Sales and marketing expenses" in the income statement.

3.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with initial maturities not exceeding three months. Term deposits maturing in more than three months, but with early withdrawal terms of less than three months with guaranteed capital and negligible withdrawal costs are also classified as cash and cash equivalents.

3.22 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares are presented separately in reserves. The amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. When treasury shares are sold, the amount received is recognized as an increase in equity and the resulting surplus or deficit on the transaction is presented within retained earnings.

3.23 Non-derivative financial liabilities

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the consolidated statement of financial position date.

Non-derivative financial liabilities are recognized initially at fair value, net of transaction costs, and subsequently at amortized cost. Any difference between the issue proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest method.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability at amortized cost. The remainder of the proceeds (after deducting the debt component), representing the value of the conversion option, is recognized:

- in equity if the exercise of the option results in the delivery of a fixed amount of shares – the initial value of the option is not subsequently remeasured; or
- as a financial liability at fair value through profit or loss in cases where the conversion option does not meet the criteria for recognition in equity.

To the extent that borrowings are hedged by qualifying fair value hedges, the carrying amount of the hedged item is adjusted for the change in fair value attributable to the risk being hedged.

3.24 Employee benefit obligations

Wages, salaries, social security contributions, payments to defined contribution plans, annual leave and sick leave payments, bonuses and non-monetary benefits are recognized in the year in which the associated services are rendered by the employees.

Where employee benefits, such as certain pension plans, other post-employment benefits and other long-term benefits, are provided by the Group, a liability or an asset and the related costs are recognized.

3.24.1 Pension and other post-employment benefits

Post-employment benefits are benefits payable after employment ceases. The Group provides retirement benefits for most of its employees, either directly or by contributing to independently administered funds. The benefits provided by the Group vary according to the legal, tax and economic situation in each country and are usually based on one or more factors such as employees' compensation, age and years of service. The obligations relate both to current retirees and to the entitlements of future retirees.

The Group provides post-employment benefits under defined contribution plans and defined benefit plans.

In the case of defined contribution plans, the Group pays fixed contributions to fund managers or insurance companies. Once the contributions have been paid, the Group has no legal or constructive obligation to make further contributions if the fund does not hold sufficient assets to pay the benefits expected by the beneficiaries.

The regular contributions are recognized as an expense for the year in which they are due and, as such, are included in cost of sales, sales and marketing expenses, research and development expenses or general and administrative expenses.

Group management policies regarding post-employment benefits have led to the transformation of defined benefit plans into defined contribution benefit plans since the early 2000s. Nevertheless, a significant portion of the post-employment benefit plans provided by the Group are still defined benefit plans. They are either externally funded plans (mainly pension plans), for which the plan assets are held separately in independently administered funds, or unfunded plans such as healthcare plans and end-of-service benefit plans.

Post-employment benefit obligations, and the related current service cost, are measured using the projected unit credit method.

A defined benefit plan is a plan that defines an amount of benefits that the Group is committed to pay to current and former employees.

All defined benefit plans are subject to actuarial valuations carried out annually for the largest plans and on a regular basis for other plans. These actuarial valuations are carried out with the help of independent actuaries. Actuarial assumptions, primarily discount rates, projected salary increase rates, inflation rates and expected growth in healthcare costs are incorporated into the actuarial valuations and reviewed annually.

The liabilities or assets recognized in the consolidated statement of financial position in respect of defined benefit plans correspond to the present value of the defined benefit obligation at the reporting date, less the fair value of plan assets. They take into account any unrecognized assets not available in the form of refunds or a reduction in future contributions.

The present value of the defined benefit obligation corresponds to the estimated future cash outflows, calculated using a discount rate established by reference to a market rate based on interest rates of high-quality corporate bonds that have maturities approximating the duration of the related post-employment benefit obligation.

A net asset is recognized only to the extent that it represents a future economic benefit that is actually available to the Group in the form of refunds from the plan or reductions in future contributions.

When a defined benefit plan is subject to a minimum funding requirement (MFR), the Group determines whether paying these contributions may give rise to a surplus in that defined benefit plan. To the extent that the surplus in the plan exceeds the available economic benefits, the Group immediately recognizes a decrease in the defined benefit asset or an increase in the defined benefit liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they arise.

Past service costs may arise when new defined benefit plans are set up, when changes to benefits payable under an existing defined benefit plan are introduced or when curtailments occur. They are recognized immediately in the income statement.

The Group's net benefit plan cost recognized in the income statement includes the current service cost for the period, curtailment and settlement gains and losses, past service cost, as well as actuarial gains and losses arising under other long-term benefit plans. Net interest on the net defined benefit liability (asset) is recognized outside operating income.

3.24.2 Share-based payments

Share grants and performance share plans

The Group may adopt plans to grant free shares of the Company to certain employees or to its Managers.

The grant date is the date when the Managing Chairman decides on the list of plan beneficiaries and the number of performance shares granted to them.

The fair value of the performance shares granted corresponds to the Company's share price on the grant date less:

- the present value of dividends that will not be received by the grantees during the vesting period;
- the value of the stock market performance condition on the grant date, which depends on the probability of the condition being fulfilled.

The number of shares that will ultimately be issued at the end of the vesting period depends on the extent to which the service conditions and any Group-related performance conditions are met.

The total benefit cost is based on the fair value of the performance shares and the estimated number of shares that will ultimately be issued. This cost is recognized over the vesting period and is recognized in “Segment other income and expenses”.

Employee share ownership plan

The Group may offer most of its employees the opportunity to participate in a share ownership plan allowing them to purchase Company shares.

These shares, which are subject to certain restrictions relating to their sale or transfer, may be purchased by the employees at a subscription price based on the Michelin share price, less a discount. The benefit granted to the employees equals the difference between the shares’ fair value and their purchase price, multiplied by the number of shares acquired.

It is expensed immediately by the Group, as no vesting period applies, and is recognized under “Employee benefit costs – share-based payments”, within “Segment other income and expenses”.

3.25 Provisions

Provisions are recognized when a legal or constructive obligation has been incurred that will probably lead to an outflow of resources that can be reasonably estimated.

Provisions for reorganizations and adaptation of activities are recognized when the Group has a detailed formal plan that has been announced.

Provisions are recorded at the net present value of the estimated cash outflows.

3.26 Trade payables

Trade payables are recognized initially at fair value and are subsequently measured at amortized cost using the effective interest method.

The Group has put in place paying agent agreements with several financial institutions. Under these agreements, the financial institution acts as a paying agent with respect to invoices due to suppliers who have entered into a bilateral agreement with the financial institution in order to be in position to factor their trade receivables from the Group.

The agreements' classification in trade payables is supported by a multi-criteria analysis. In particular:

- the factoring transaction is completely independent from the commercial relationship;
- the supplier has full discretion to decide – on a case-by-case basis – whether to factor its receivables;
- the date of payment to the supplier or the bank, whichever is the case, corresponds to the payment date indicated on the invoice;
- the Group is not affected by the factoring cost because the discount is borne by the supplier and is paid directly to the bank.

Trade payables concerned by the program are presented separately in the consolidated statement of financial position under "Trade payables covered by reverse factoring contracts". In the consolidated statement of cash flows, these transactions are included in cash flows from operating or investing activities (note 31).

Note 4. CHANGES IN SCOPE OF CONSOLIDATION

4.1 Transactions in 2023

4.1.1 Flex Composite Group

On September 26, 2023, the Group completed the acquisition of all the outstanding shares of Flex Composite Group, Europe's leading manufacturer of high-tech fabrics and films, for an enterprise value of €700 million. This acquisition marks a significant step forward in developing the Group beyond mobility and positioning it as a player in polymer composite solutions.

The purchase price allocation process was launched during the period and provisional goodwill of €576 million was recognized at December 31, 2023, as shown in the following table:

(in € millions)	At the acquisition date
Fair value of consideration transferred	554
Consolidated net assets	22
PROVISIONAL GOODWILL	**576**

The identification and measurement of the identifiable assets acquired and the liabilities assumed at their fair value at the acquisition date began in the second half of 2023 and will be completed within 12 months of the acquisition date, i.e., no later than September 26, 2024. In the period from its acquisition and full consolidation to the reporting date, Flex Composite Group contributed €46 million to consolidated sales and €9 million to segment operating income.

4.1.2 EGC Entreprises

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, and the purchase price allocation was completed in the second half.

Following this allocation, goodwill of €18 million was recognized at December 31, 2023, as shown in the following table:

(in € millions)	At the acquisition date
Fair value of consideration transferred	49
Consolidated net assets	(31)
FINAL GOODWILL	**18**

EGC contributed €14 million to the Group's sales and €3 million to segment operating income for 2023.

4.1.3 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.

4.1.4 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.

On December 31, 2023 the Group sold all of Blacksmith's outstanding shares for €60 million, incurring a disposal loss of €5 million.

In 2023, Blacksmith was fully consolidated during the period in which it was controlled by the Group. During this period, it contributed €51 million to the Group's sales and €6 million to its segment operating income.

4.1.5 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 December 31, 2023, a further loss of €54 million was recorded under the same caption (note 9), corresponding for the most part to cumulative translation differences reclassified to profit or loss on disposal of the underlying net assets.

4.1.6 Other

During 2023, the Group completed several other investments and acquisitions that were individually not material, representing a total investment of €39 million. The companies and controlling interests acquired contributed €6 million to consolidated sales and €0.2 million to segment operating income for the period.

4.2 Transactions in 2022

4.2.1 Royal Lestari Utama (RLU)

The July 27, 2022 acquisition of RLU led to the recognition of provisional goodwill of €46 million.

The final purchase price allocation resulted in the recognition of goodwill in the amount of €38 million, as shown in the following table:

(in € millions)	Net assets
Fair value of consideration transferred	79
Fair value of net assets acquired	(41)
of which: value of land recognized in property, plant and equipment as part of the purchase price allocation	*(15)*
FINAL GOODWILL	**38**

4.2.2 Conveyor Products & Solutions

The final purchase price allocation resulted in the recognition of goodwill in the amount of €26 million at December 31, 2023, as shown in the following table:

(in € millions)	Net assets
Fair value of consideration transferred	50
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 2023, Conveyor Products & Solutions contributed €45 million to consolidated sales, €9 million to segment operating income and €4 million to net income.

Note 5. 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. The Services & Solutions businesses are included for the most part in the "Road transportation and related distribution" segment.

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

Segment assets consist of property, plant and equipment, right-of-use assets, goodwill, other intangible assets, finished product inventories and trade receivables. Corporate intangible assets and property, plant and equipment are allocated to each segment in proportion to the amount of their directly attributed assets. The amounts provided to the Group's management in respect of operating segment assets are measured in a manner consistent with the consolidated financial statements. Capital expenditure consists of additions of property, plant and equipment and intangible assets.

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

Segment information is as follows:

	2023				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
PROFIT AND LOSS INFORMATION								
Sales	14,339	6,975	7,029	28,343	14,138	7,462	6,990	28,590
Segment operating income	1,959	456	1,157	3,572	1,711	641	1,044	3,396
As a percentage of sales	*13.7%*	*6.5%*	*16.5%*	*12.6%*	*12.1%*	*8.6%*	*14.9%*	*11.9%*
SEGMENT ASSETS								
Goodwill, other intangible assets, PP&E and right-of-use assets	8,125	3,925	6,068	18,118	8,100	3,920	5,359	17,379
Finished product inventories	1,520	814	1,003	3,337	1,708	951	1,129	3,788
Trade receivables	1,867	1,096	887	3,850	1,789	1,328	1,088	4,205
Total segment assets	**11,512**	**5,835**	**7,958**	**25,305**	**11,597**	**6,199**	**7,576**	**25,372**
OTHER INFORMATION								
Capital expenditure	1,234	578	424	2,236	1,150	560	431	2,141

Sales recognized at the time when control of the goods or services is transferred to the customer represented 97.3% of Group sales in 2023 (2022: 97.5%). These sales totaled €27,565 million (2022: €27,873 million). They mainly include sales of tires for the original equipment market and the replacement market, as well as sales of Fenner conveyor belts.

In 2023, the amount recognized in sales for performance obligations satisfied over time stood at €778 million, representing 2.7% of total sales for the year (2022: €717 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.

Segment reporting assets are reconciled to total Group assets as follows:

(in € millions)	December 31, 2023	December 31, 2022
Total segment assets	**25,305**	**25,372**
Non-current financial assets and other non-current assets	1,605	1,161
Investments in equity-accounted companies	871	1,102
Deferred tax assets	932	630
Other net inventories (raw materials and supplies, work in progress)	2,110	2,530
Current financial assets	512	652
Other current assets	1,345	1,315
Cash and cash equivalents	2,515	2,584
TOTAL GROUP ASSETS	**35,195**	**35,346**

Information by region breaks down as follows:

	2023				2022			
(in € millions)	Europe	North America	Other	Total	Europe	North America	Other	Total
Sales	9,891	11,098	7,354	**28,343**	10,140	10,920	7,530	**28,590**
Goodwill, other intangible assets, PP&E and right-of-use assets	7,776	5,563	4,779	**18,118**	7,194	5,331	4,854	**17,379**
Capital expenditure	1,118	659	459	**2,236**	1,046	685	410	**2,141**

Europe includes the Western and Eastern European countries. North America includes Mexico. Asian, South American, Middle-Eastern, Oceanic and African countries are included in Other.

The Group sales information is based on the location of the customer.

Sales generated in France amounted to €2,502 million (2022: €2,484 million). The goodwill, intangible assets and PP&E located in France amounted to €3,200 million (2022: €2,564 million).

In 2023 and 2022, approximately 80% of North American sales were generated in the United States.

No single external customer accounted for 10% or more of the Group's sales in 2023 and 2022.

Note 6. EXPENSES BY NATURE

The following segment operating costs are allocated by function to the appropriate expense headings in the income statement:

(in € millions)	2023	2022
Raw materials and consumables used and changes in finished product inventories	(10,684)	(10,815)
Employee benefit costs	(7,397)	(6,938)
Transportation of goods	(1,485)	(2,056)
Depreciation and amortization[(1)]	(1,917)	(1,866)
Other expenses	(3,288)	(3,519)
EXPENSES BY NATURE	**(24,771)**	**(25,194)**

(1) Excluding amortization of trademarks and customer relationships acquired through business combinations.

Note 7. EMPLOYEE BENEFIT COSTS

Employee benefit costs are allocated by function to the appropriate expense headings in the income statement:

(in € millions)	2023	2022
Wages and salaries	(5,939)	(5,545)
Payroll taxes	(1,098)	(1,027)
Defined benefit plan costs (note 27.1)	(78)	(105)
Defined contribution plan costs (note 27.2)	(256)	(253)
Share-based payments – current service cost (note 25)	(30)	(20)
EMPLOYEE BENEFIT COSTS [1]	(7,401)	**(6,950)**

(1) Of which €7,397 million recognized in "Segment operating income" (note 6) and €4 million in "Other operating income and expenses" (note 9).

The average number of employees on payroll in 2023 was 132,276 (2022: 128,287).

Note 8. SEGMENT OTHER INCOME AND EXPENSES

Segment other income and expenses are recognized in the income statement as follows:

(in € millions)	2023	2022
Share-based payments – current service cost (note 28.1)	(30)	(20)
Employee share ownership plan cost (note 28.2)	-	(21)
Other income/(expenses)	(44)	15
SEGMENT OTHER INCOME AND EXPENSES	(74)	(26)

Note 9. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses are detailed in the table below:

(in € millions)	2023	2022
Amortization of acquired trademarks and customer relationships (note 9.1)	(91)	(78)
Reorganization and adaptation of activities (note 9.2)	(522)	(73)
Impairment of non-current assets (note 9.3)	(272)	(36)
Employee benefit obligations (note 9.4)	(4)	(12)
Other (note 9.5)	(31)	(176)
OTHER OPERATING INCOME AND EXPENSES	(920)	(375)

9.1 Amortization of acquired trademarks and customer relationships

Amortization of intangible assets recognized in the course of a business combination amounted to €91 million in 2023 (2022: €78 million):

- €39 million related to amortization of brands or trademarks (2022: €27 million);
- €52 million related to amortization of customer relationships (2022: €51 million).

9.2 Reorganizations and adaptation of activities

9.2.1 Year ended December 31, 2023

On October 26, the Group announced its intention to wind down passenger car tire production activities at its Ardmore plant in the United States. The wind-down, which impacts approximately 1,400 people, should be completed by the end of 2025.

At December 31, a provision expense of €194 million was recorded, primarily covering closure costs of €122 million and impairment losses of €72 million (Impairment of non-current assets presented in note 9.3).

On November 28, the Group announced its decision to cease production at the Karlsruhe and Trier sites, as well as the manufacture of new tires and semi-finished products at Homburg. The sites concerned mainly produce truck tires. Michelin will also transfer the Customer Contact Center from Karlsruhe to Poland. A total of 1,532 employees will be impacted by these operations, which should be completed by the end of 2025.

At December 31, a provision expense of €412 million was recorded, covering closure costs of €316 million and impairment losses of €96 million (Impairment of non-current assets presented in note 9.3).

9.2.2 Year ended December 31, 2022

The net amount set aside in provisions in 2022 for the competitiveness plan's third Collective Settlement Agreement (*Accord de Rupture Conventionnelle Collective 3*) in France amounted to €24 million. In addition, various provisions totaling €49 million were set aside to further improve the Group's manufacturing and service competitiveness in a number of countries, including the United States, Italy and Germany.

9.3 Impairment of non-current assets

9.3.1 Year ended December 31, 2023

Impairment losses of €168 million were recognized on assets concerned by the restructuring of the Ardmore production plant in the United States and the German plants (note 9.2.1).

In addition, impairment losses were recognized on:

- intangible assets, for €12 million ;
- property, plant and equipment, for €92 million, mainly on plantations.

9.3.2 Year ended December 31, 2022

This amount includes impairment losses on intangible assets for €21 million and on property, plant and equipment for €15 million.

9.4 Employee benefit obligations

No material events occurred in 2023 or 2022.

9.5 Other

9.5.1 Year ended December 31, 2023

The amount reported under this caption includes income of €68 million corresponding to the fair value adjustment of Watèa's net assets retained by the Group (note 4.1.3), a loss of €54 million corresponding to the additional loss recognized on disposal of the Group's operations in Russia and consisting for the most part of the translation reserve reclassified to the income statement (note 4.1.5), and a cost of €24 million relating to Group perimeter changes.

9.5.2 Year ended December 31, 2022

The amount of €176 million mainly included impairment losses and provisions related to the Group's operations in Russia, for €139 million (note 4.1.5) and a €13 million provision for the restructuring of Fenner's conveyor belt business in the United Kingdom which is heavily exposed to the Russian market.

Note 10. 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)	2023	2022
Interest expense	(259)	(276)
Interest expense on lease liabilities	(43)	(31)
Interest income on cash, cash equivalents and cash management financial assets	130	12
Interest rate derivatives	(29)	60
Fees on credit lines	(6)	(8)
Capitalized borrowing costs	9	4
COST OF NET DEBT	**(198)**	**(239)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	52	21
Currency remeasurement (including currency derivatives)	(87)	(59)
Other	37	16
OTHER FINANCIAL INCOME AND EXPENSES	**2**	**(22)**

10.1 Derivatives not accounted for using hedge accounting

As described in the financial risk management policy, the Group's financing activities are mostly centralized (note 33.1.2) and the interest rate risk is managed through the use of "plain vanilla" derivative instruments (note 33.1.4). As a consequence:

- most borrowings are denominated in euros (note 26);
- some of these borrowings are subsequently swapped into foreign currencies to finance the foreign subsidiaries; and
- derivatives are purchased to manage the interest rate risk in these currencies (note 16).

The process is described in the summary table in note 33.2.3.

Although these transactions provide effective economic hedges, they do not qualify for hedge accounting under IFRS and therefore they cannot be recognized as cash flow hedges as described in note 3.5. Fluctuations in the derivatives' fair values are therefore accounted for in the income statement. The decrease in fair value during the year due to changes in interest rates amounted to €29 million (2022: increase of €60 million) and is included in “Cost of net debt” under "Interest rate derivatives".

10.2 Ineffective hedges

The effectiveness of the hedge is determined at the beginning of the hedging relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument. A hedging relationship may become ineffective if the timing of the planned transaction changes from the original estimate. This ineffectiveness is not material.

Note 11. INCOME TAX

(in € millions)	2023	2022
Current tax expense (note 18.2)	(849)	(625)
Deferred tax benefit/(expense) (note 18.1)	342	(22)
INCOME TAX	(507)	**(647)**

Current tax includes €33 million of withholding tax on royalties and retained earnings distributed between Group companies (2022: €39 million). Current tax rose by €224 million in 2023.

The Group's tax proof is presented in the table below:

(in € millions)	2023	2022
Income before taxes	**2,490**	2,656
Tax calculated using domestic tax rates applicable to income in the respective countries	(472)	(556)
Tax effect of:		
• untaxed transactions	(13)	(52)
• deferred tax assets not recognized during the year	(41)	(47)
• net change in unrecognized deferred tax assets	11	43
• changes in tax rates	-	(5)
• taxes with no tax base (tax credits, withholding tax, etc.)	(2)	(20)
• other items	10	(10)
INCOME TAX	(507)	**(647)**
Effective tax rate	*20.4%*	*24.4%*

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.

In 2023, the effective tax rate stood at 20.4% (2022: 24.4%). The difference is due to unrecognized deferred tax assets in 2022 (primarily related to Russia) and the increase in profit from equity-accounted companies in 2023.

The difference between effective tax rates and theoretical rates (18.9%) is 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.

Note 12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing income attributable to the shareholders of the Company by the weighted average number of shares outstanding during the year, excluding shares bought back by the Group and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. At December 31, 2023, the only potentially dilutive financial instruments consisted of performance shares (note 28.1).

No share transactions affecting the weighted average number of shares used to calculate basic earnings per share and diluted earnings per share occurred after the end of the 2023 reporting period.

	2023	2022
Net income *(in € millions)*, excluding non-controlling interests	1,983	2,001
• Less, estimated General Partners' profit shares	(3)	(2)
Net income attributable to the shareholders of the Company used to calculate basic earnings per share	**1,980**	**1,999**
Weighted average number of shares outstanding *(thousands of shares)* **used to calculate basic earnings per share**	**714,188**	**712,364**
• Plus, adjustment for performance shares	5,450	4,886
Weighted average number of shares used to calculate diluted earnings per share	**719,638**	**717,250**
EARNINGS PER SHARE ***(in €)***		
• Basic	**2.77**	2.81
• Diluted	**2.75**	2.79

Note 13. GOODWILL AND INTANGIBLE ASSETS

Changes in goodwill and intangible assets are as follows:

(in € millions)	Goodwill	Intangible assets	Total
Gross carrying amounts at January 1, 2022	**2,393**	**4,125**	**6,518**
Translation adjustments	88	31	119
Additions (including new emission allowances: €56 million)	-	278	278
Disposals	-	(200)	(200)
Changes in scope of consolidation	107	34	141
Transfers and other	-	9	9
Gross carrying amounts at December 31, 2022	**2,588**	**4,277**	**6,865**
Translation adjustments	(50)	(17)	(67)
Additions (including new emission allowances: €44 million)	-	276	276
Disposals	-	(122)	(122)
Changes in scope of consolidation	601	47	648
Transfers and other	-	12	12
Gross carrying amounts at December 31, 2023	**3,139**	**4,473**	**7,612**
Amortization and impairment at January 1, 2022	**(107)**	**(2,314)**	**(2,421)**
Translation adjustments	1	(34)	(33)
Amortization	-	(286)	(286)
Net impairment	(52)	(15)	(67)
Disposals	-	174	174
Changes in scope of consolidation	-	3	3
Transfers and other	-	(2)	(2)
Amortization and impairment at December 31, 2022	**(158)**	**(2,474)**	**(2,632)**
Translation adjustments	3	17	20
Amortization	-	(304)	(304)
Net impairment	(11)	1	(10)
Disposals	-	82	82
Changes in scope of consolidation	9	3	12
Transfers and other	-	(4)	(4)
Amortization and impairment at December 31, 2023	**(157)**	**(2,679)**	**(2,836)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	2,982	1,794	4,776
Net carrying amounts at December 31, 2022	**2,430**	**1,803**	**4,233**

13.1 Goodwill

At December 31, 2023, goodwill allocated to the CGUs or groups of CGUs is as follows:

(in € millions)	December 31, 2023	December 31, 2022
Passenger car tires – global brands CGU group	435	429
Passenger car tires – regional brands CGU	165	172
Light truck and Truck tires CGU group	641	644
Mining CGU group	278	289
Two-wheel tires CGU	21	20
Beyond-road tires CGU	707	741
High-Tech Materials CGU group	159	135
Flex Composite Group*	576	-
GOODWILL	**2,982**	**2,430**

* *pending completion of the allocation*

Goodwill has been tested for impairment using the following two main assumptions:

- the terminal value takes into account an annual growth rate that depends on the type of business and the countries where the assets are located;
- the CGUs' future cash flows are discounted using the after-tax weighted average cost of capital (WACC) applied to after-tax cash flows. They are determined by geographical region taking into account the features of the business.

After-tax discount rates and perpetual growth rates used in 2023 for terminal value calculations are presented in the table below:

(%)	WACC	Perpetual growth rate
Passenger car tires – global brands CGU group	8.7	1.5
Passenger car tires – regional brands CGU	8.1	1.2
Light truck and Truck tires CGU group	9.1	1.1
Mining CGU group	10.1	1.5
Two-wheel tires CGU	9.0	1.4
Beyond-road tires CGU	8.5	1.8
High-Tech Materials CGU group	9.1	2.5

A 50-basis point increase in WACC combined with a 100-basis point decrease in the perpetual growth rate applied to the groups of CGUs would not lead the Group to recognize any significant amount of impairment.

Projected future cash flows used for impairment testing of fixed assets include capital expenditure to be made to fulfill the Group's energy transition ambitions (note 2.5).

Internal analyses of the effects of climate change have not led to the identification of any significant risk that could lead to an impairment in value of the Group's assets.

For CGUs or groups of CGUs to which goodwill has been allocated, a simulated impairment test has been carried out by limiting estimates of future cash flows to the next 20 years based on constant cash flows after the fifth year. Under this unfavorable scenario, total future cash flows would represent €170 million less than the value of the Group's assets.

To take into account the effect of applying IFRS 16, right-of-use assets have been included in the assets to be tested, the corresponding lease liabilities have been deducted from the value of the CGUs concerned and values in use include lease payments determined in accordance with IFRS 16.

13.2 Intangible assets

In 2023, additions to intangible assets, amounted to €276 million (2022: €278 million), breaking down as follows:

- software: €207 million;
- CO_2 emission allowances: €44 million;
- other: €25 million.

13.2.1 Software

The net carrying amount of software at December 31, 2023 was €704 million (2022: €692 million). Software is initially recognized at cost, including the cost of acquisition or production and other costs directly attributable to the acquisition or production of the software.

13.2.2 Brands and trademarks

At December 31, 2023 the net carrying amount of trademarks was €294 million (2022: €323 million), of which € 9 million related to trademarks with indefinite useful lives. These amounts correspond mainly to the value of brands and trademarks recognized as part of business combinations.

13.2.3 Customer relationships

At December 31, 2023, the net carrying amount of customer relationships in the consolidated statement of financial position was €602 million (2022: €612 million). These amounts correspond primarily to the value of customer lists recognized in connection with business combinations (mainly Fenner and Camso).

13.2.4 CO_2emission allowances (EU ETS)

At December 31, 2023 the net carrying amount of emission allowances was €105 million (2022: €89 million) for 2.1 million tonnes (2022: 2.2 million tonnes).

13.2.5 Development costs

No tire development costs were capitalized in 2023 or 2022 as the criteria for recognition as intangible assets were not met. To be recognized as an asset, the development costs incurred for a new product or a significant product renewal project must fulfill six criteria. One of these criteria requires the entity to demonstrate the existence of a market for the output of the intangible asset. The existence of a market is demonstrated only when the Group has obtained OEM approval and when the margin generated by the purchase volumes proposed by the manufacturers is in line with Group objectives. In practice, the corresponding development costs are incurred at a stage of the project which is prior to OEM approval.

Note 14. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

14.1 Property, plant and equipment

Changes in property, plant and equipment are as follows:

(in € millions)	Land and buildings	Plant and industrial equipment	Other equipment	Total
Gross carrying amounts at January 1, 2022	**7,067**	**21,439**	**1,537**	**30,043**
Translation adjustments	154	600	15	769
Acquisitions	377	1,415	127	1,919
Disposals	(77)	(463)	(47)	(587)
Changes in scope of consolidation	15	12	197	224
Transfers and other	41	(29)	1	13
Gross carrying amounts at December 31, 2022	**7,577**	**22,974**	**1,830**	**32,381**
Translation adjustments	(107)	(410)	(30)	(547)
Acquisitions	350	1,511	143	2,004
Disposals	(94)	(534)	(49)	(677)
Changes in scope of consolidation	(21)	(27)	5	(43)
Transfers and other	(33)	22	1	(10)
Gross carrying amounts at December 31, 2023	**7,672**	**23,536**	**1,900**	**33,108**
Depreciation and impairment at January 1, 2022	**(3,407)**	**(14,298)**	**(1,107)**	**(18,812)**
Translation adjustments	(59)	(376)	(20)	(455)
Depreciation	(201)	(1,132)	(85)	(1,418)
Net impairment	(14)	(16)	(6)	(36)
Disposals	56	418	38	512
Changes in scope of consolidation	(4)	(7)	(14)	(25)
Transfers and other	(14)	(6)	9	(11)
Depreciation and impairment at December 31, 2022	**(3,643)**	**(15,417)**	**(1,185)**	**(20,245)**
Translation adjustments	67	305	21	393
Depreciation	(205)	(1,160)	(91)	(1,456)
Net impairment	(30)	(150)	(78)	(258)
Disposals	48	521	45	614
Changes in scope of consolidation	40	49	11	100
Transfers and other	(4)	7	1	4
Depreciation and impairment at December 31, 2023	**(3,727)**	**(15,845)**	**(1,276)**	**(20,848)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	3,945	7,691	624	**12,260**
Net carrying amounts at December 31, 2022	3,934	7,557	645	12,136

PP&E in progress amounted to €2,589 million (2022: €2,433 million).

Accumulated impairment losses included in total "Depreciation and impairment" at December 31, 2023 amounted to €645 million (2022: €487 million).

14.2 Right-of-use assets

Right-of-use assets can be analyzed as follows:

(in € millions)	Right-of-use assets Land and buildings	Right-of-use assets Plant and industrial equipment	Right-of-use assets Other equipment	Total
Gross carrying amounts at January 1, 2022	**1,286**	**132**	**295**	**1,713**
Translation adjustments	22	5	6	33
New leases	150	9	39	198
Disposals	(58)	(28)	(26)	(112)
Changes in scope of consolidation	18	-	2	20
Transfers and other	(15)	(1)	(2)	(18)
Gross carrying amounts at December 31, 2022	**1,403**	**117**	**314**	**1,834**
Translation adjustments	(28)	(2)	(6)	(36)
New leases	270	27	66	363
Disposals	(84)	(27)	(24)	(135)
Changes in scope of consolidation	8	1	(11)	(2)
Transfers and other	(17)	(1)	(10)	(28)
Gross carrying amounts at December 31, 2023	**1,552**	**115**	**329**	**1,996**
Depreciation and impairment at January 1, 2022	**(484)**	**(61)**	**(134)**	**(679)**
Translation adjustments	(5)	(2)	(2)	(9)
Depreciation	(154)	(34)	(52)	(240)
Net impairment	(4)	-	(1)	(5)
Disposals	55	28	25	108
Changes in scope of consolidation	-	-	-	-
Transfers and other	(5)	4	2	1
Depreciation and impairment at December 31, 2022	**(597)**	**(65)**	**(162)**	**(824)**
Translation adjustments	10	1	3	14
Depreciation	(168)	(28)	(52)	(248)
Net impairment	(2)	-	-	(2)
Disposals	84	27	24	135
Changes in scope of consolidation	4	-	1	5
Transfers and other	(2)	-	8	6
Depreciation and impairment at December 31, 2023	**(671)**	**(65)**	**(178)**	**(914)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2023	881	50	151	1,082
Net carrying amounts at December 31, 2022	**806**	**52**	**152**	**1,010**

Some leases are recorded directly as an expense in the income statement on a straight-line basis over the life of the lease.

This is the case for:

- Short-term leases, representing an expense of €51 million in 2023 (2022: €51 million);
- leases of low-value assets, representing an expense of €49 million in 2023 (2022: €41 million);
- variable lease payments not taken into account to determine the lease liability, representing an expense of €14 million in 2023 (2022: €22 million).

Undiscounted future lease payments are analyzed by maturity in note 33.2.1.

Note 15. NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS

The carrying amount of the non-current financial assets and other non-current assets is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Equity investments (note 15.1)	412	387
Loans and deposits (note 15.2)	540	229
Solesis preferred shares	250	249
Derivative instruments (note 16.1)	83	55
Pension plan surpluses (note 27.1)	305	231
Other	15	10
NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS	**1,605**	**1,161**

15.1 Equity investments

Unconsolidated equity investments consist primarily of a portfolio of shares in unlisted companies (note 33.4).

Movements in the portfolio during the year are presented in the table below:

(in € millions)	2023	2022
At January 1	**387**	**279**
Translation adjustments	(5)	5
Acquisitions	28	46
Disposals	-	-
Changes in scope of consolidation	-	-
Fair value changes	2	57
AT DECEMBER 31	**412**	**387**

15.2 Loans and deposits

The carrying amount of loans and deposits is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Gross loans and deposits	618	274
Impairment	(78)	(45)
TOTAL	**540**	**229**

Loans and deposits mainly include loans to companies accounted for by the equity method and various loans to customers, pension funds and employees.

The increase in loans and deposits at December 31, 2023 primarily reflected a €254 million loan to the UK pension fund as part of the asset buyback project under the current plan.

Note 16. DERIVATIVE INSTRUMENTS

As mentioned in note 3.5, some derivatives, while complying with the Group's financial risk management policies, do not qualify or have not been designated as hedging instruments for hedge accounting purposes.

16.1 Derivatives recognized as assets

(in € millions)	December 31, 2023	December 31, 2022
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	-
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	83	54
• Interest rate derivatives	-	1
• Other derivatives(1)	-	-
Non-current derivative instruments (note 15)	**83**	**55**
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	118
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	34	33
• Interest rate derivatives	1	1
• Other derivatives(1)	-	1
Current derivative instruments (note 21)	**35**	**153**
TOTAL ASSETS	**118**	**208**

(1) The amount at December 31, 2022 corresponded primarily to the financial instruments acquired as hedges of the options embedded in convertible bonds (note 26.1).

The Group grants cash collateral to cover counterparties' credit risk on derivatives with a positive fair value. Collateral given at December 31, 2023 amounted to €43 million (2022: €57 million).

16.2 Derivatives recognized as liabilities

(in € millions)	December 31, 2023	December 31, 2022
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	-
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	4	12
• Interest rate derivatives	-	2
• Other derivatives(1)	-	-
Non-current derivative instruments (note 26)	**4**	**14**
Derivatives qualifying as fair value hedges	-	-
Derivatives qualifying as cash flow hedges		
• Currency derivatives	-	-
• Interest rate derivatives	-	-
• Other derivatives	-	-
Derivatives not qualifying for hedge accounting		
• Currency derivatives	16	98
• Interest rate derivatives	-	-
• Other derivatives(1)	-	2
Current derivative instruments (note 26)	**16**	**100**
TOTAL LIABILITIES	**20**	**114**

(1) The amount at December 31, 2022 corresponded to the options embedded in convertible bonds (note 26.1).

The Group holds cash collateral covering its credit risk on derivatives with a negative fair value. Collateral received at December 31, 2023 amounted to €51 million (2022: €110 million).

16.3 Contractual amounts of derivatives

The contractual amounts of derivative instruments are presented in the table below:

(in € millions)	December 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Currency derivatives	5,084	1,752	**6,836**	4,588	1,754	**6,342**
Interest rate derivatives	76	237	**313**	94	324	**418**
Other	-	-	**-**	1,130	-	**1,130**
Derivatives not qualifying for hedge accounting	**5,160**	**1,989**	**7,149**	**5,812**	**2,078**	**7,890**
Interest rate derivatives	-	-	**-**	-	-	**-**
Derivatives qualifying as fair value hedges	**-**	**-**	**-**	**-**	**-**	**-**
Currency derivatives	7	-	**7**	462	-	**462**
Interest rate derivatives	-	-	**-**	-	-	**-**
Other	3	1	**4**	7	1	**8**
Derivatives qualifying as cash flow hedges	**10**	**1**	**11**	**469**	**1**	**470**
TOTAL	**5,170**	**1,990**	**7,160**	**6,281**	**2,079**	**8,360**

At December 31, 2022, "Other" derivatives not qualifying for hedge accounting included options embedded in convertible bonds in USD (notes 16.1, 16.2 and 26).

16.4 Hedge accounting

Summarized financial data for hedging instruments are set out in the table below:

(in € millions)	Notional amount of the hedging instrument	Carrying amount of the hedging instrument in assets/(liabilities)	Cash flow hedge reserve	Amount recognized in profit or loss	Line item affected in profit or loss
DERIVATIVES QUALIFYING AS CASH FLOW HEDGES					
Forward foreign exchange contracts on bonds denominated in foreign currencies	-	-	-	(7)	Cost of net debt/Other financial income and expense
Commodity price risk – forward purchase contracts	4	-	-	(1)	Operating income
Interest rate swaps	-	-	(11)	(3)	Cost of net debt
Interest component of cross currency swaps	-	-	-	-	Cost of net debt
Forward foreign exchange contracts on forecast sales	4	-	-	1	Operating income
Hedges of currency risk on raw materials purchases	3	-	-	(1)	Operating income
CURRENT AND NON-CURRENT HEDGING INSTRUMENTS	**11**	**-**	**(11)**	**(11)**	

Gains and losses on cash flow hedges are included in equity, under "Other reserves" (note 25). These reserves are used to recognize the effective portion of derivatives that qualify for hedge accounting (note 3.5.2). The gains and losses accumulated in the reserve are subsequently reclassified as part of the initial cost of a non-financial asset or transferred to the income statement. Cash flow hedge reserves correspond mainly to advance hedging of interest rate risks on the August 2018 bond issues for a negative amount of €11 million (note 26.1). The gains and losses are reclassified to the income statement when the interest affects profit or loss.

Note 17. INVESTMENTS IN EQUITY-ACCOUNTED COMPANIES

Associates and joint ventures are listed in note 36 to the consolidated financial statements.

17.1 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	5	(10)	(5)
Impairment	-	(14)	(14)
Dividends	(3)	(8)	(11)
Changes in scope of consolidation and changes in percentage interest	(40)	31	(9)
Translation adjustments	(2)	43	41
Other	-	(3)	(3)
At December 31, 2022	**57**	**1,045**	**1,102**
Share of profit from equity-accounted companies	2	58	60
Impairment	-	-	-
Dividends	(1)	(364)	(365)
Changes in scope of consolidation and changes in percentage interest	6	81	87
Translation adjustments	(1)	(28)	(29)
Other	-	16	16
AT DECEMBER 31, 2023	**63**	**808**	**871**

The main equity-accounted companies are TBC (note 17.2) and Solesis (note 17.3). All of the other companies represent less significant investments.

Changes in 2023 mainly concern TBC and are described in note 17.2.

The effect of changes in the scope of consolidation in 2023 corresponds mainly to the €72 million effect of the loss of control over Watèa (note 4.1.3).

The share of profit/(loss) from equity-accounted companies also reflects the following:

- On July 27, 2023, the Group sold a third of its stake in Symbio to Stellantis. The transaction enabled Stellantis to acquire a stake alongside Michelin and Forvia in the leading company for fuel cell mobility, with each shareholder holding 33.33%. The sale of the 33.33% stake generated a gain of €121 million for Michelin. It had no effect on the accounting method used for the joint venture, which continues to be accounted for by the equity method.
- At December 31, 2023, a €51 million impairment loss was recognized on loans to the Addup joint venture.

17.2 TBC Joint Venture

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, net of tax, 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.

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

(in € millions)	December 31, 2023	December 31, 2022
Current assets	2,311	2,145
• *of which cash and cash equivalents*	*14*	*21*
Non-current assets	1,046	1,694
• *of which goodwill*	*135*	*141*
TOTAL ASSETS	**3,357**	**3,839**
Current liabilities	1,994	1,524
• *of which current financial liabilities*	*395*	*223*
Non-current liabilities	645	1,115
• *of which non-current financial liabilities*	*506*	*963*
Equity	718	1200
TOTAL LIABILITIES AND EQUITY	**3,357**	**3,839**

(in € millions)	2023	2022
Sales	4,403	5,291
Segment EBITDA	75	279
Other operating income and expenses	374	-
Interest income	4	4
Interest expense	(64)	(59)
Depreciation, amortization and impairment	(68)	(199)
Income tax	(80)	(2)
NET INCOME	**241**	**23**

(in € millions)	December 31, 2023	December 31, 2022
Net assets (including goodwill)	**718**	**1,200**
Share of net assets (including goodwill)	359	600
Elimination of profit from downstream transactions (net of tax)	(41)	(35)
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**318**	**565**

The equity-accounted share of TBC included in the Group's consolidated income statement (including elimination of downstream transactions, net of taxes, and the above-mentioned €152 million disposal gain) is a profit of €113 million in 2023 (2022: profit of €9 million).

17.3 Solesis joint venture

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

(in € millions)	December 31, 2023	December 31, 2022
Current assets	51	59
• *of which cash and cash equivalents*	*7*	*8*
Non-current assets	685	702
• *of which goodwill*	*199*	*225*
of which cash allocated to preferred stock	*250*	*251*
TOTAL ASSETS	**736**	**761**
Current liabilities	133	134
• *of which current financial liabilities*	*111*	*110*
Non-current liabilities	253	251
• *of which non-current financial liabilities*	*3*	*-*
• *of which preferred stock*	*250*	*251*
Equity	350	376
TOTAL LIABILITIES AND EQUITY	**736**	**761**

(in € millions)	2023	2022
Sales	105	97
Segment EBITDA	34	32
Other operating income and expenses	(7)	(11)
Interest income	-	-
Interest expense	(10)	(6)
Depreciation, amortization and impairment	(15)	(19)
Income tax	-	(1)
NET INCOME/(LOSS)	**2**	**(5)**

(in € millions)	December 31, 2023	December 31, 2022
Net assets (including goodwill)	**350**	376
CARRYING AMOUNT OF NET INTEREST IN THE JOINT VENTURE	**172**	**184**

The equity-accounted share of Solesis' results included in the Group's 2023 consolidated income statement represented a profit of €1 million (2022: €2 million loss).

17.4 Financial information about equity-accounted companies

The financial statements of equity-accounted companies other than TBC and Solesis, which are not material taken individually, include the following amounts (information presented on a 100% basis):

(in € millions)	2023	2022
Assets	3,103	2,758
Liabilities	2,328	1,881
Sales	2,727	2,953
Net income/(loss)	(104)	(10)

17.5 Transactions with equity-accounted companies (related parties)

Transactions and balances between the Group and its associates and joint ventures are presented in the table below:

(in € millions)	2023	2022
INCOME STATEMENT		
Income for the sale of goods or supply of services	608	556
Expenses for the purchase of products or supply of services	(248)	(299)
STATEMENT OF FINANCIAL POSITION		
Financial liabilities	(22)	(1)
Trade payables	(10)	(5)
Financial assets	479	497
Accounts receivable	242	328

Note 18. TAXES

18.1 Deferred tax

Deferred taxes in the consolidated statement of financial position are as follows:

(in € millions)	December 31, 2023	December 31, 2022
Deferred tax assets	932	630
Deferred tax liabilities	(497)	(541)
NET DEFERRED TAX ASSET	**435**	**89**

Deferred tax assets and liabilities at the end of the period, before netting, are as follows:

(in € millions)	December 31, 2023	December 31, 2022
Employee benefit obligations	438	375
Inventories	146	155
Financial instruments	(37)	(80)
Provisions	45	21
Unused tax losses	258	155
Unused tax credits	-	-
Goodwill and intangible assets	(223)	(229)
Lease liabilities	111	92
Right-of-use assets	(110)	(93)
Property, plant and equipment	(400)	(495)
Other	207	188
NET DEFERRED TAX ASSET	**435**	**89**

Deferred tax assets have been recognized for tax loss carryforwards to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized, taking into account the restrictions applicable in local tax jurisdictions. The probability that unused tax losses will be utilized is assessed according to the entity and its taxable profit projections. These projections are prepared using assumptions that are consistent with the short- and medium-term budgets prepared by Group entities.

The change in the net deferred tax asset over the period is as follows:

(in € millions)	2023	2022
At January 1	**89**	**248**
Translation adjustments	(1)	6
Deferred tax benefit/(expense) (note 11)	342	(22)
Tax recognized in other comprehensive income	20	(139)
Changes in scope of consolidation	(15)	(3)
Other	-	(1)
AT DECEMBER 31	**435**	89

In 2023, the increase in the net deferred tax asset was due mainly to the restructuring announced during the year and the increase in employee benefit obligations.

The deferred income tax recognized in other comprehensive income is as follows:

(in € millions)	December 31, 2023	December 31, 2022
Post-employment benefits	113	95
Unconsolidated equity investments and other financial instruments	(37)	(39)
Financial instruments	2	2
TOTAL DEFERRED TAX RECOGNIZED IN OTHER COMPREHENSIVE INCOME	**78**	**58**

In 2023, the change in deferred tax recognized in other comprehensive income primarily reflects increased pension benefit obligations.

Unrecognized deferred tax assets break down as follows:

(in € millions)	December 31, 2023	December 31, 2022
Deductible temporary differences	**111**	**55**
Tax losses:		
• of which expiring in less than one year	3	15
• of which expiring between one to five years	38	20
• of which expiring in more than five years	23	17
• of which evergreen	420	427
Total tax losses	**484**	**479**
Tax credits	**9**	**9**
TOTAL UNRECOGNIZED DEFERRED TAX ASSETS	604	**543**

Unrecognized deferred tax assets in the amount of €604 million mainly concern the tax losses of certain companies in the United Kingdom and India that are not certain of generating sufficient taxable profit in the coming years and that are subject to certain restrictions concerning the use of the losses:

- in the United Kingdom, tax losses can be carried forward indefinitely but only 50% of the loss can be set off against taxable profit in excess of £5 million;
- in India, operating tax loss carryforwards expire after eight years but there is no limit on the utilization of the remaining balance.

18.2 Current taxes

Current taxes in the consolidated statement of financial position are as follows:

(in € millions)	2023	2022
Taxes receivable (note 22)	347	304
Taxes payable (note 30)	(195)	(238)
Net total at January 1	**152**	**66**
Current tax expense (note 11)	(849)	(625)
Income tax paid	776	697
Changes in scope of consolidation	3	1
Translation adjustments and other	20	13
Total changes	**(50)**	**86**
Taxes receivable (note 22)	295	347
Taxes payable (note 30)	(193)	(195)
NET TOTAL AT DECEMBER 31	**102**	**152**

Note 19. INVENTORIES

Inventories include the following:

(in € millions)	December 31, 2023	December 31, 2022
Raw materials and work in progress	1,594	2,026
Supplies	567	553
Finished products	3,434	3,884
Total gross inventory	**5,595**	**6,463**
Impairment of raw materials and work in progress	(22)	(18)
Impairment of supplies	(28)	(31)
Impairment of finished products	(97)	(96)
Impairment	**(148)**	**(145)**
NET INVENTORIES	**5,447**	**6,318**

Changes in impairment losses on inventory are as follows:

(in € millions)	2023	2022
At January 1	**(145)**	**(120)**
Translation adjustments and other	5	(1)
Changes in scope of consolidation	11	-
Impairment of trade receivables recognized as an expense in the period	(69)	(63)
Impairment reversals	50	39
AT DECEMBER 31	**(148)**	**(145)**

Note 20. TRADE RECEIVABLES

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

(in € millions)	December 31, 2023	December 31, 2022
Gross trade receivables	3,939	4,299
Impairment	(89)	(94)
TRADE RECEIVABLES	**3,850**	**4,205**

All trade receivables are due within 12 months.

The following table presents an aging analysis of trade receivables at December 31, 2023:

(in € millions)	Gross	Impairment	Net
Trade receivables not yet due	**3,571**	**(17)**	**3,554**
Overdue			
• by less than three months	256	(6)	250
• between three and six months	33	(3)	30
• by more than six months	79	(63)	16
Overdue trade receivables	**368**	**(72)**	**296**
TRADE RECEIVABLES	**3,939**	**(89)**	**3,850**

Movements in impairment are analyzed in the table below:

(in € millions)	2023	2022
At January 1	**(94)**	**(102)**
Translation adjustments and other	2	(1)
Changes in scope of consolidation	5	-
Impairment of trade receivables recognized as an expense in the period	(21)	(23)
Impairment reversals	19	32
AT DECEMBER 31	**(89)**	**(94)**

Impairment reversals reflect the write-off of the receivables for €14 million (2022: €29 million).

Note 21. CURRENT FINANCIAL ASSETS

The carrying amount of current financial assets is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Loans and deposits	192	214
Cash management financial assets (note 26)	285	285
Derivative instruments (note 16.1)	35	153
CURRENT FINANCIAL ASSETS	**512**	**652**

Although cash management financial assets are highly liquid and have very limited exposure to interest rate risk they do not strictly fulfill the criteria for classification as cash and cash equivalents (note 3.21). Cash management financial assets are measured at amortized cost (note 3.18).

Loans and deposits include collateral exchanged with financial institutions of €43 million (2022: €57 million) that is not freely available.

Note 22. OTHER CURRENT ASSETS

The carrying amount of other current assets is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Prepayments to suppliers	128	161
Income tax payable	295	347
Other taxes receivable	539	494
Other	384	324
Impairment	(1)	(11)
OTHER CURRENT ASSETS	**1,345**	**1,315**

Other taxes receivable mainly concern VAT.

Note 23. CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Money-market funds	911	1,149
Bank deposits subject to up to a three-month notice period	1,233	991
Cash at bank and in hand	371	444
CASH AND CASH EQUIVALENTS	**2,515**	**2,584**

The average effective interest rate on cash and cash equivalents was 4.01% in 2023 (2022: 0.27%). Cash and cash equivalents are mainly held in euros (2023 and 2022: 82%).

Cash and cash equivalents include restricted cash of €159 million whose use is governed by prudential insurance regulations in Ireland (2022: €152 million).

Note 24. SHARE CAPITAL AND SHARE PREMIUMS

Changes in share capital and share premiums are analyzed in the table below:

(in € millions)	Share capital	Share premiums	Total
At January 1, 2022	**357**	**2,746**	**3,103**
Issuance of shares upon exercise of 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 performance share rights	-	-	-
Cancellation of shares	-	-	-
Other	-	-	-
AT DECEMBER 31, 2023	**357**	**2,702**	**3,059**

Changes in outstanding shares are analyzed in the table below:

(number of shares)	Shares issued	Treasury shares	Shares outstanding
At January 1, 2022(1)	**714,121,800**	**-**	**714,121,800**
Issuance of shares upon exercise of performance share rights	4,322,150	-	4,322,150
Share buybacks	-	(4,326,536)	(4,326,536)
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 performance share rights	840,651	-	840,651
Share buybacks	-	34,529	34,529
Sales of treasury shares	-	(34,368)	(34,368)
Cancellation of shares	-	-	-
Other	-	-	-
AT DECEMBER 31, 2023	**714,958,065**	**161**	**714,958,226**

(1) Data for January 1, 2022 have been restated to reflect the four-for-one stock split on June 16, 2022.

Pursuant to the Annual Shareholders Meeting of May 13, 2022, for each existing share with a par value of €2.00 held on June 16, 2022, shareholders received four new shares with a par value of €0.50 in exchange, and the total number of shares making up the capital was multiplied by four.

On June 16, 2022, the 178,530,462 outstanding shares were delisted and 714,121,848 new shares were created and listed on Euronext.

The 2022 dividend paid to shareholders in 2023 was €1.25 per share. The dividend was paid in full in cash for a net amount of €893 million (2022: €803 million).

The Managing Chairman will propose that shareholders approve the payment of a 2023 dividend in 2024 of €1.35 per share.

Note 25. 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 (notes 7 and 8)	-	-	-	20	20
Share buybacks	-	(120)	-	-	(120)
Sale/cancellation of shares	-	120	-	-	120
Other	-	-	-	-	-
Transactions with the shareholders of the Company	**-**	**-**	**-**	**(788)**	**(788)**
Net income attributable to the shareholders of the Company	-	-	-	2,001	2,001
Post-employment benefits	-	-	-	*672*	*672*
Tax effect – Post-employment benefits	-	-	-	*(132)*	*(132)*
Equity instruments at fair value through OCI – changes in fair value	-	-	*57*	-	*57*
Tax effect – equity instruments at fair value through OCI	-	-	*(10)*	-	*(10)*
Other	-	-	-	4	4
Other comprehensive income that will not be reclassified to the income statement	-	-	47	544	591
Cash flow hedges – changes in fair value	-	-	*(10)*	-	*(10)*
Currency translation differences	*386*	-	-	-	*386*
Other	*7*	-	*1*	*(8)*	-
Other comprehensive income/(loss) that may be reclassified to the income statement	393	-	(9)	(8)	376
Total comprehensive income	**393**	**-**	**38**	**2,537**	**2,968**
At December 31, 2022	**(262)**	**-**	**167**	**14,146**	**14,051**
Dividends and other appropriations	-	-	-	(894)	(894)
Share-based payments – current service cost (notes 7 and 8)	-	-	-	30	30
Share buybacks	-	-	-	-	-
Sale/cancellation of shares	-	-	-	-	-
Other	-	-	-	1	1
Transactions with the shareholders of the Company	-	-	-	**(863)**	**(863)**
Net income attributable to the shareholders of the Company	-	-	-	**1,983**	**1,983**
Post-employment benefits	-	-	-	*(50)*	*(50)*
Tax effect – post-employment benefits	-	-	-	*18*	*18*
Equity instruments at fair value through OCI – changes in fair value	-	-	*2*	-	*2*
Tax effect – equity instruments at fair value through OCI	-	-	*2*	-	*2*
Other	-	-	-	-	-
Other comprehensive income/(loss) that will not be reclassified to the income statement	**-**	**-**	**4**	**(32)**	**(28)**
Cash flow hedges – changes in fair value	-	-	*2*	-	*2*
Currency translation differences	*(316)*	-	-	-	*(316)*
Other	*57*	-	-	*10*	*67*
Other comprehensive income/(loss) that may be reclassified to the income statement	(259)	-	2	10	(247)
Total comprehensive income/(loss)	**(259)**	**-**	**6**	**1,961**	**1,708**
AT DECEMBER 31, 2023	**(521)**	**-**	**173**	**15,244**	**14,896**

In 2023, the Group bought back 34,529 shares for €1 million. The shares were immediately sold, with the exception of 161 shares.

Note 26. FINANCIAL LIABILITIES

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

(in € millions)	December 31, 2023	December 31, 2022
Bonds	4,591	4,587
Loans from financial institutions and other	77	104
Derivative instruments	4	14
Non-current financial liabilities excluding leases	**4,672**	**4,705**
Non-current lease liabilities	**738**	**690**
Bonds	-	554
Commercial paper	295	649
Loans from financial institutions and other	280	523
Derivative instruments	16	100
Current financial liabilities excluding leases	**591**	**1,826**
Current lease liabilities	**241**	**233**
FINANCIAL LIABILITIES	**6,242**	**7,454**

Group net debt is analyzed in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Financial liabilities	6,242	7,454
Derivatives recognized as assets (note 16.1)	(118)	(208)
Borrowing collaterals (note 32.3.2)	(43)	(57)
Cash management financial assets (note 21)	(285)	(285)
Cash and cash equivalents (note 23)	(2,515)	(2,584)
NET DEBT	**3,281**	**4,320**

The fair value of non-current financial liabilities, calculated in accordance with note 3.6 “Fair value of financial instruments”, is presented in the table below:

(in € millions)	December 31, 2023	December 31, 2022
Bonds	4,122	3,843
Loans from financial institutions and other	77	104
Lease liabilities	665	610
Derivative instruments	4	14
FAIR VALUE OF NON-CURRENT FINANCIAL LIABILITIES	**4,868**	**4,571**

Changes in financial liabilities and derivatives are detailed by flow in the table below:

(in € millions)	At January 1, 2023	Cash flows from financial liabilities	Non-cash movements: Conversions	Non-cash movements: Other	At December 31, 2023
Bonds, loans from financial institutions and other	4,691	(10)	(16)	3	4,668
Lease liabilities	690	-	(13)	61	738
Derivative instruments	14	(10)	-	-	4
Non-current financial liabilities	**5,395**	**(20)**	**(29)**	**64**	**5,410**
Bonds, loans from financial institutions and other	1,726	(1,134)	(32)	15	575
Lease liabilities	233	(279)	(4)	291	241
Derivative instruments	100	(3)	-	(81)	16
Current financial liabilities	**2,059**	**(1,416)**	**(36)**	**225**	**832**
TOTAL FINANCIAL LIABILITIES	**7,454**	**(1,436)**	**(65)**	**289**	**6,242**
Derivatives recognized as assets	(208)	(19)	-	109	(118)
Net impact in the consolidated statement of cash flows		**(1,455)**			

26.1 Bonds and commercial paper

The table below provides detailed information about the bonds and commercial paper issued by the Group:

(in € millions)	December 31, 2023 Current	December 31, 2023 Non-current	December 31, 2022 Current	December 31, 2022 Non-current
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €302 million • issued in September 2015 and September 2016 and due in September 2045 • nominal interest rate of 3.25% • effective interest rate of 3.02%	-	313	-	314
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €500 million • issued in October 2020 and due in November 2040 • nominal interest rate of 0.625% • effective interest rate of 0.68%	-	496	-	496
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €750 million • issued in August 2018 and due in September 2038 • nominal interest rate of 2.50% • effective interest rate of 2.56%	-	744	-	744
Bonds repayable by Campus SAS • nominal amount of €1.5 million • issued in June 2008 and due in June 2033 • nominal interest rate of 5.50% • effective interest rate of 5.50%	-	2	-	-
Bonds repayable by Compagnie Générale des Établissements Michelin • nominal amount of €500 million • issued in October 2020 and due in November 2032 • nominal interest rate of 0.25% • effective interest rate of 0.32%	-	497	-	496

(in € millions)	December 31, 2023 Current	December 31, 2023 Non-current	December 31, 2022 Current	December 31, 2022 Non-current
Bonds repayable by Compagnie Générale des Établissements Michelin				
• nominal amount of €1,000 million				
• issued in August 2018 and due in September 2030				
• nominal interest rate of 1.75%				
• effective interest rate of 1.84% (2.00% after hedging)	-	994	-	993
Bonds repayable by Compagnie Générale des Établissements Michelin				
• nominal amount of €500 million				
• issued in October 2020 and due in November 2028				
• nominal interest rate of 0.00%				
• effective interest rate of 0.06%	-	498	-	498
Bonds repayable by Compagnie Générale des Établissements Michelin				
• nominal amount of €300 million				
• issued in May 2015 and due in May 2027				
• nominal interest rate of 1.75%				
• effective interest rate of 1.86% (1.80% after hedging)	-	299	-	299
Bonds repayable by Compagnie Générale des Établissements Michelin				
• nominal amount of €750 million				
• issued in August 2018 and due in September 2025				
• nominal interest rate of 0.875%				
• effective interest rate of 1.04% (1.17% after hedging)	-	748	-	747
Debt component of convertible bonds repayable by Compagnie Générale des Établissements Michelin				
• nominal amount of $600 million				
• issued in January 2018 and due in November 2023				
• nominal interest rate of 0%				
• effective interest rate of 2.50% (0.16% after hedging)				
• conversion price at December 31, 2022 of €42.0367	-	-	554	-
Commercial paper repayable by Compagnie Générale des Établissements Michelin				-
• in $, euro-equivalent nominal amount: €45 million (2022: €71 million)				
• effective interest rate of 5.65% at December 31, 2023				
• in €, nominal amount: €250 million (2022: €580 million)				
• effective interest rate of 4.00% at December 31, 2023	295	-	649	-
TOTAL	**295**	**4,591**	**1,203**	**4,587**

At December 31, 2023, the weighted average nominal interest rate for bonds and commercial paper was 1.53% (1.58% after hedging).

The €554 million decrease in the current portion of bond debt was due to the redemption at maturity of the convertible bonds due in November 2023.

26.2 Loans from financial institutions and other

Loans from financial institutions and other consist mainly of drawdowns on the Group's credit lines.

At December 31, 2023, loans from financial institutions totaled €357 million (2022: €627 million). Most of the loans were denominated in EUR and USD, and most were at variable interest rates.

The contractual re-pricing of the interest rates of these loans is generally less than six months.

Note 27. PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

In accordance with the laws and regulations applicable in each country, and in application of its social responsibility policy, the Group takes part mainly in pension, death and disability, medical insurance and end-of-service benefit plans.

They are either defined benefit plans or defined contribution plans.

Since 2003, the Group has closed its defined benefit plans to new entrants and, in some cases, to future accruals, in order to reduce the risk on the Group's consolidated statement of financial position. New defined contribution plans have correspondingly been put in place or existing ones improved.

The Group has a governance body, the Global Employee Benefit Board, that monitors benefits. Its role is to define Group policies on employee benefits and ensure that local benefit programs comply with them (approval of amendments, introduction of new benefits, etc.). At the same time, it monitors asset returns and benchmarks, as well as the de-risking policies put in place by local boards or committees, and proposes an audit plan. The Committee is assisted by two teams, the Global Benefits Policy Team composed of members from the accounting, finance and human resources departments and the Global Benefits Investment Team composed of the chairs of the investment committees or Chief Investment Officers of the main funded pension plans and Group experts. In countries with substantial benefit obligations, a similar organization exists.

27.1 Defined benefit plans

The Group's defined benefit plans are retirement plans and retiree healthcare plans, the vast majority of which are now closed to new entrants, and in some cases to future accruals, as well as some minor plans such as long-service awards or end-of-service benefits.

Projected benefit obligations are measured with the assistance of independent actuaries who help the Group to determine demographic and financial assumptions according to a rigorous process.

The financial position of the main defined benefit plans is summarized below:

(in € millions)	Pension plans	Other plans	December 31, 2023	December 31, 2022
Present value of fully or partly funded obligations	5,092	27	5,119	5,533
Fair value of plan assets	(5,194)	(18)	(5,212)	(5,394)
Funded status deficit/(surplus)	**(102)**	**9**	**(93)**	**139**
Present value of unfunded obligations	1,039	1,396	2,435	2,107
Unrecognized assets due to the effect of the asset ceiling	76	3	79	84
NET DEFINED BENEFIT OBLIGATION	**1,013**	**1,408**	**2,421**	**2,330**
Amounts recognized in the statement of financial position:				
• As assets under non-current financial assets and other non-current assets (note 15)	(305)	-	(305)	(231)
• Provisions for employee benefit obligations	1318	1408	2,726	2,561
NET LIABILITY	**1,013**	**1,408**	**2,421**	**2,330**

At December 31, 2023, the present value of the defined benefit obligation comprised €2,170 million for active members (current employees), €839 million for members who have deferred their vested benefits and €4,545 million for retired members (2022: respectively €2,233 million, €863 million and €4,544 million).

Most pension plans are grandfathered, but most other plans are not.

The mortality tables used are official national tables that may be adapted to better reflect the populations concerned.

	December 31, 2023				December 31, 2022			
Main life expectancies by country:	**United States**	**Canada**	**United Kingdom**	**Germany**	**United States**	**Canada**	**United Kingdom**	**Germany**
Life expectancy for males at 65 at the end of the reporting period	18.5	21.9	20.6	20.2	18.4	21.8	21.1	20.2
Life expectancy for males at 65 (15 years after the end of the reporting period)	19.5	23.0	21.8	22.3	19.4	22.9	21.7	22.3
Life expectancy for females at 65 at the end of the reporting period	20.4	24.4	21.2	23.7	20.4	24.3	23.9	23.7
Life expectancy for females at 65 (15 years after the end of the reporting period)	21.4	25.4	22.5	25.4	21.4	25.3	25.0	25.4

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

(in € millions)	2023 Pension plans	2023 Other plans	2023 Total, defined benefit plans	2022 Pension plans	2022 Other plans	2022 Total, defined benefit plans
AT JANUARY 1	**1,005**	**1,325**	**2,330**	**1,256**	**1,774**	**3,030**
Contributions paid to the funds	**(11)**	**-**	**(11)**	(13)	(6)	(19)
Benefits paid to the beneficiaries	**(39)**	**(57)**	**(96)**	(38)	(64)	(102)
Other movements	**-**	**3**	**3**	-	2	2
ITEMS RECOGNIZED IN OPERATING INCOME						
Current service cost	*18*	*52*	*70*	*32*	*75*	*107*
Actuarial (gains) or losses	*-*	*1*	*1*	*-*	*(8)*	*(8)*
Plan modifications, curtailments or settlements	*(13)*	*12*	*(1)*	*(61)*	*(55)*	*(116)*
Other items	*18*	*-*	*18*	*9*	*-*	*9*
Total recognized in operating income	**23**	**65**	**88**	(20)	12	(8)
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME						
Net interest on employee benefit obligations	**37**	**58**	**95**	9	30	39
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME						
Translation adjustments	**(15)**	**(23)**	**(38)**	21	39	60
Actuarial (gains) or losses						
• *Due to changes in demographic assumptions:*						
– *Due to changes in assumptions*	(81)	(7)	(88)	*(10)*	*18*	*8*
– *Due to experience adjustments*	(82)	(13)	(95)	*8*	*(19)*	*(11)*
• *Due to changes in financial assumptions:*						
– *Due to changes in assumptions*	165	52	217	*(2,256)*	*(460)*	*(2,716)*
– *Due to experience adjustments*	18	6	24	*2,069*	*(5)*	*2,064*
Total actuarial (gains) or losses	**20**	**38**	**58**	(189)	(466)	(655)
Unrecognized assets due to the effect of the asset ceiling	**(7)**	**(1)**	**(8)**	(21)	4	(17)
AT DECEMBER 31	**1,013**	**1,408**	**2,421**	**1,005**	**1,325**	**2,330**

The Group's main pension plans are as follows:

United States

The defined benefit plan in the United States is the Michelin Retirement Plan (MRP).

The plan was closed to new entrants as of January 1, 2004. Accruals were frozen under the plan as of December 31, 2016. All employees are enrolled in a defined contribution plan.

The plan provides for a guaranteed monthly annuity at retirement based on a set formula that takes into consideration the years of plan membership and average pensionable earnings. Only employees who have voluntarily joined the defined contribution plan may receive a lump sum payment.

The plan includes a cost-of-living adjustment clause applicable to the pensions of employees hired before January 1, 1991.

The plan is funded solely by employer contributions.

Canada

There is one major defined benefit plan in Canada, the Pension Plan for the Employees of Michelin North America (Canada) Inc. and Participating Employers (MR Plan). Other minor defined benefit plans, which are closed to new entrants, are valued but not detailed further.

The MR Plan was closed to new entrants as from January 1, 2005. Accruals for most of the participants were frozen under the plan as of December 31, 2015. All employees are enrolled in a defined contribution plan.

The plan provides for a guaranteed monthly annuity at retirement based on a set formula that takes into consideration the years of plan membership and total pensionable earnings.

The plan includes an indexation clause applicable to the benefits, based on the increase in the Consumer Price Index less a deduction.

The plan is funded solely by employer contributions.

United Kingdom

The defined benefit retirement plan in the UK is the Michelin Pension and Life Assurance Plan.

This plan was closed to new entrants as from March 31, 2005. It was closed to all future accruals as of January 1, 2009 and has been replaced by a defined contribution plan.

Accruals up to December 31, 2008 are frozen but pensions are still linked to the average final salary at retirement.

The amount of the annual pension is based on the employee's pensionable earnings. Most employees opt to receive the maximum amount allowed by tax legislation in the form of a lump sum.

The amount of the pension benefit is indexed to a capped inflation rate for members who did not choose the pension increase exchange option.

The plan is funded solely by employer contributions.

Germany

The main defined benefit retirement plan in Germany is the "*Versorgungsordnung 1979*" (VO 1979).

The plan was closed to new entrants as from January 1, 2000. Since this date, new entrants have been enrolled in defined contribution plans.

The plan provides for a lifetime monthly annuity which is based on the employee's pensionable earnings.

There is a legal obligation to adjust the pension annuity every three years for inflation up to the average increase in the employees' salaries.

France

The main defined benefit pension plan is "*Régime de retraite supplémentaire MFPM*". Benefits are payable under this plan only if the beneficiary is still a Group employee or officer on retirement.

Benefits have been reduced gradually since January 1, 2013. In accordance with government order 201-697 dated July 3, 2019, this plan was closed to new members on July 3, 2019 and the vesting period was frozen at December 31, 2019. The plan has now been replaced by defined contribution plans.

The Group's other main defined benefit plans are as follows:

United States

Some retirees and their dependents are also covered by medical insurance.

For the most part, the retirees concerned were hired before January 1, 2004. This plan is not pre-funded.

Canada

Some retirees and their dependents are also covered by medical insurance.

This plan was closed to new entrants as from January 1, 2005. This plan is not pre-funded.

France

The main plan is a mandatory rubber division end-of-service benefit plan.

The plan provides for the payment of a lump sum to employees who are present at their retirement date. The normal retirement age is set at 65. The amount of the lump sum corresponds to a number of months of salary based on years of service at the time of retirement. This plan is not pre-funded.

The following table analyzes changes in the financial position of the Group's defined benefit plans:

	2023					2022				
	Pension plans					Pension plans				
(in € millions)	United Kingdom (UK)	Europe excluding UK	North America and Other	Other defined benefit plans	Total	United Kingdom (UK)	Europe excluding UK	North America and Other	Other defined benefit plans	Total
Obligations at the beginning of the year	**1,843**	**1,084**	**3,372**	**1,341**	**7,640**	3,044	1,630	4,001	1,774	10,449
Translation adjustments	32	2	(119)	(23)	**(108)**	(109)	3	213	39	**146**
Changes in scope of consolidation	-	-	-	3	**3**	-	-	2	-	**2**
Current service cost	-	16	2	52	**70**	1	28	3	75	**107**
Interest expense	89	38	163	58	**348**	50	13	117	30	**210**
Administrative costs and other	3	-	15	-	**18**	3	-	6	-	**9**
Plan modifications, curtailments or settlements	-	(17)	4	12	**(1)**	-	(61)	-	(55)	**(116)**
Benefits paid during the year	(120)	(37)	(298)	(59)	**(514)**	(135)	(47)	(303)	(70)	**(555)**
Other items	-	3	-	1	**4**	1	(24)	3	24	**4**
Actuarial (gains) or losses	(61)	68	49	38	**94**	(1,012)	(458)	(670)	(476)	**(2,616)**
Obligations at the end of the year (A)	**1,786**	**1,157**	**3,188**	**1,423**	**7,554**	1,843	1,084	3,372	1,341	7,640
Fair value of plan assets at the beginning of the year	**2,074**	**132**	**3,168**	**20**	**5,394**	3,376	183	3,957	-	7,516
Translation adjustments	34	3	(107)	-	**(70)**	(122)	2	207	-	**87**
Changes in scope of consolidation	-	-	-	-	**-**	-	-	-	-	**-**
Interest income	101	4	151	1	**257**	55	1	117	-	**173**
Contributions paid to the funds	3	8	-	-	**11**	6	6	1	6	**19**
Benefits paid by the plans	(120)	(1)	(296)	(1)	**(418)**	(135)	(12)	(300)	(6)	**(453)**
Other items	-	3	1	(1)	**3**	1	(21)	3	22	**5**
Actuarial gains or (losses)	(2)	(6)	44	(1)	**35**	(1,107)	(27)	(817)	(2)	**(1,953)**
Fair value of plan assets at the end of the year (B)	**2,090**	**143**	**2,961**	**18**	**5,212**	2,074	132	3,168	20	5,394
Deficit/(surplus) (A-B)	**(304)**	**1,014**	**227**	**1,405**	**2,342**	(231)	952	204	1,321	2,246
Deferred items at the beginning of the year	-	-	(80)	(4)	**(84)**	-	-	(97)	-	**(97)**
Translation adjustments	-	-	1	-	**1**	-	-	(1)	-	**(1)**
Unrecognized assets	-	-	3	1	**4**	-	-	18	(4)	**14**
Deferred items at the end of the year	**-**	**-**	**(76)**	**(3)**	**(79)**	-	-	(80)	(4)	(84)
NET LIABILITY/(ASSET) AT THE END OF THE YEAR	**(304)**	**1,014**	**303**	**1,408**	**2,421**	**(231)**	**952**	**284**	**1,325**	**2,330**

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".

In France, the voluntary early retirement and outplacement measures provided for in the third Collective Settlement Agreement (*Accord de Rupture Conventionnelle Collective 3*, see note 9.2.2) had the effect of reducing the Group's pension obligations by €62 million and its other post-employment benefit obligations by €56 million in 2022.

For Canadian pension plans, the Group does not have any rights to a refund of the plan surplus. The available economic benefits are measured as the present value of the future service cost.

These pension plans are subject to a minimum funding requirement. The surplus recognized as an asset is the sum of:

- any prepaid amount that would reduce the future minimum funding requirement; and
- the estimated future service cost in each period less the estimated minimum funding requirement contributions that would be required for future service.

Any amount exceeding this limit is immediately recognized within other comprehensive income.

In 2023, an amount of €5 million was recognized on application of the asset ceiling.

The main actuarial weighted average assumptions used to measure projected benefit obligations are as follows:

	December 31, 2023			December 31, 2022		
	United Kingdom (UK)	Europe excluding UK	North America	United Kingdom (UK)	Europe excluding UK	North America
Discount rate	4.65%	3.20%	4.76%	4.95%	3.66%	5.01%
Inflation rate	3.15%	2.02%	2.18%	3.35%	2.22%	2.37%
Rate of salary increases*	3.23%	3.12%	3.50%	3.43%	3.10%	3.50%
Weighted average duration of the defined benefit obligation	11.2	13	9.1	12.8	13.5	9.7

* *North America: only the Canadian pension plan is concerned by this assumption, for a non-material group of members.*

Assumptions concerning healthcare cost trends are as follows:

	December 31, 2023		December 31, 2022	
	United States	Canada	United States	Canada
Expected growth in healthcare costs in the first year	7.95%	4.91%	7.85%	4.69%
Minimum long-term rate of annual growth in healthcare costs	4.50%	4.05%	4.50%	4.05%
Year in which the minimum growth rate will be achieved	2033	2040	2030	2040

Regarding the sensitivity of the fair market value of plan assets due to interest rate movements, it is considered that the entire yield curve moves up or down by 0.5 point and that only the values of the bonds are impacted, with the values of all other assets remaining unchanged. The level of sensitivity indicated corresponds to the change in the total value of the portfolio due to the change in interest rates.

A 0.5-point change in these rates compared with those used for 2023, all else being equal, would have the following effect:

(in € millions)	0.5-point increase	0.5-point decrease
Change in consolidated statement of financial position		
Discount rate on the defined benefit obligation (DBO)	(380)	404
Inflation rate on the defined benefit obligation (DBO)	241	(230)
Salary increase rate on the defined benefit obligation (DBO)	86	(78)
Healthcare cost trend rate on the healthcare defined benefit obligation (DBO)	5	(5)
Interest rates on the fair market value of plan assets	(241)	258
Impact on consolidated income statement		
Discount rate on the aggregate of current service cost and interest cost on the obligation	13	(16)
Inflation rate on the aggregate of current service cost and interest cost on the obligation	14	(14)
Salary increase rate on the aggregate of current service cost and interest cost on the obligation	8	(7)
Healthcare cost trend rate on the aggregate of the current service cost and interest cost on the healthcare plan obligation	-	-

The asset allocation of fully and partly funded pension plans is as follows:

	December 31, 2023					December 31, 2022				
	Canada	United States	United Kingdom	Other	Total	Canada	United States	United Kingdom	Other	Total
Equities	4%	10%	0%	0%	**4%**	4%	6%	0%	0%	**3%**
Government bonds	66%	29%	34%	19%	**37%**	64%	34%	32%	19%	**38%**
Investment-grade corporate bonds	12%	45%	32%	0%	**32%**	12%	41%	24%	0%	**28%**
Other bonds, credit and cash	10%	4%	13%	3%	**9%**	11%	5%	24%	2%	**13%**
Funds managed by insurance companies	0%	0%	7%	78%	**6%**	0%	0%	0%	79%	**3%**
Real assets	7%	7%	1%	0%	**4%**	7%	8%	5%	0%	**7%**
Alternatives	2%	5%	14%	0%	**8%**	2%	6%	15%	0%	**8%**
TOTAL	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Duration in years of bonds and cash	**11.9**	**12.1**	**14.2**	**11.2**	**12.9**	**11.6**	**11.7**	**15.9**	**10.1**	**13.3**

In the above allocation, "Equities" may include local and global listed equities and private equities; "Alternatives" may include hedge funds, mezzanine and distressed private debts; "Government bonds" may include government-like bonds as well as derivatives used to hedge interest rates and/or inflation; "Investment grade corporate bonds" correspond solely to those corporate bonds also used to hedge interest rates; "Other bonds, credit and cash" includes all other bonds such as high yield, senior private debt, etc. and cash; "Real assets" include investments in real estate or infrastructure funds as well as direct investments in infrastructure; "Funds managed by insurance companies" may include multi-employer funds. Each manager's assets are assigned in their entirety to one of the available categories which represents its main investment/mandate.

An internal group of experts, composed of the chairs or Chief Investment Officers of the main investment committees and Group specialists, has issued investment guidelines for the local investment committees presenting investment best practices. In particular, the guidelines state that direct investments should not be made in Michelin securities or properties used by the Group. Fund managers are not subject to such restrictions. The Group has not invested material amounts in its own securities. Michelin does not occupy or use any of the real estate assets included in the various portfolios. The Group is not in possession of comprehensive information on the underlying assets held in insurance funds or alternative investments.

In most countries, assets are managed by local independent boards, in accordance with local pension laws. The boards are required by their bylaws as well as by law to act in the best interest of the fund and all relevant stakeholders, i.e., current and future beneficiaries as well as employers.

Asset allocation analyses are performed periodically, generally every three to five years, by an independent fiduciary body (Investment Board, Board of Trustees) based on recommendations made by independent advisors (actuaries, consultants, banks or investment management firms). The asset allocation takes into account the structure of employee-related liabilities and their terms. In the event of a sharp increase in the funding ratio, an asset allocation analysis should be performed to ensure the target allocation is still appropriate.

Government and investment-grade corporate bonds are used to hedge the interest rate risk as well as, in some cases, the credit spread and inflation risks. The larger plans also use completion managers to implement custom solutions in order to hedge key rates in accordance with the policy set by each pension fund. These assets are in the “Government bonds” category.

Foreign exchange risks may be hedged when the exposure to a foreign currency is considered to be non-negligible.

The liability-driven investment strategy used by the United Kingdom pension plans was disrupted by the interest rate volatility triggered by the publication of the Government's mini-budget in September 2022, leading the Michelin Pensions Trust Ltd to temporarily scale back its interest rate hedging program for a few weeks. The situation returned to normal in early December 2022. The actuarial loss recorded in “Other comprehensive income” was limited.

Group contributions to pension plans and benefit payments made by these plans in 2023 and to be made over the following ten years are as follows:

	Pension plans			Other plans			
(in € millions)	United Kingdom (UK)	Europe excluding UK	North America and Other*	United Kingdom (UK)	Europe excluding UK	North America and Other*	Group total
CONTRIBUTIONS PAID AND BENEFITS PAID DIRECTLY BY THE GROUP							
2023	3	44	3	-	9	48	107
ESTIMATES OF CONTRIBUTIONS TO BE PAID AND BENEFITS TO BE PAID DIRECTLY BY THE GROUP							
2024	3	63	3	-	16	51	136
2025	3	61	43	-	14	51	172
2026	3	73	59	-	31	49	215
2027	3	89	59	-	27	48	226
2028	1	67	61	-	38	48	215
2029-2033	3	369	291	1	258	223	1145

* *Payments for "Other" are not material.*

27.2 Defined contribution plans

Some companies support their employees in building up retirement savings through defined contribution plans.

In 2023, the contributions paid to defined contribution plans and expensed amounted to €256 million (2022: €253 million).

These plans are mainly found in the United States, Canada, the United Kingdom and France.

United States

The defined contribution plans in the United States include the Michelin Retirement Account Plan (MRAP) and various 401(k) plans. The 401(k) plans are voluntary and are funded by employee contributions with employer matching contributions.

Canada

The defined contribution plans in Canada include the Defined Contribution Plan for the Employees of Michelin North America (Canada) Inc. as well as a registered retirement savings plan (RRSP). The defined contribution plan is funded by employer contributions and optional employee contributions with employer matching.

United Kingdom

The main defined contribution pension plan in the United Kingdom is the Michelin Pension and Life Assurance Plan, DC Section.

The plan is funded by employee and employer contributions. Employees may also make optional contributions to the plan, which will be partly matched by the Group.

France

There are two defined contribution pension schemes in France for the majority of employees: PERO (former Article 83) and PERCOL (former PERCO). The PERO is a mandatory retirement savings plan that is funded by contributions from employees and the employer. The PERCOL is a voluntary retirement savings plan. Employee contributions to the plan are matched by capped employer contributions.

Note 28. SHARE-BASED PAYMENTS

28.1 Share grants and performance share plans

Changes in the number of share grants and performance share rights are as follows:

	2023	2022
	Number of share grants or performance share rights outstanding	Number of share grants or performance share rights outstanding
At January 1	**5,949,494**	**5,214,472**
Granted	3,257,003	1,899,470
Forfeited	(1,061,855)	(714,388)
Shares delivered	(840,812)	(450,060)
AT DECEMBER 31	**7,303,830**	**5,949,494**

Excellence Plan

In November 2023, 2,679,985 rights to performance shares were granted to Group employees and the Managers. The rights are subject to a four-year vesting period ending in November 2027 without any lock-up period. The shares will vest at the end of this period if the performance objectives are met (stock market performance, environmental performance of manufacturing operations, employee engagement rate, sales growth and ROCE). The fair value of each performance share right is estimated at €20.34. This fair value is based on the share price at the grant date, less the present value of expected dividends that will not be received by grantees during the vesting period. The estimated value of the stock market performance condition is deducted from the grant-date fair value of the performance share rights based on the probability of this condition being met. The €41 million estimated total cost of the 2023 Excellence plan will be recognized over the vesting period.

The share grants and performance share plans have the following characteristics:

	Vesting date		Fair value at grant date		December 31, 2023	December 31, 2022
Grant date	France	Other countries	France	Other countries	Number of share grants or performance share rights outstanding	Number of share grants or performance share rights outstanding
2019	2023	2023	15.50	15.50	-	852,764
2020	2024	2024	18.91	18.91	948,984	1,939,884
2020	2022	N/A	25.39	N/A	-	-
2021	2025	2025	27.40	27.40	1,228,236	1,257,376
2022	2026	2026	16.40	16.40	1,869,607	1,899,470
2023	2027	2027	20.34	20.34	2,679,985	-
2023	2027	2027	24.48	24.48	577,018	-
NUMBER OF SHARE GRANTS OR PERFORMANCE SHARE RIGHTS OUTSTANDING					**7,303,830**	**5,949,494**

The expense recognized in 2023 for performance share plans amounts to €30 million (2022: €20 million). It is included in "Segment other income and expenses".

Recognition Plan

In November 2023, the Group granted 577,018 free share rights to employees, with a four-year vesting period ending in November 2027 and no lock-up period. The shares will vest automatically at the end of the period provided that the employees concerned are still on the Group's payroll at that date. As the allocation per employee does not exceed 250 shares, the Group has not attached performance conditions to rights granted under the plan. The fair value of each free share right is estimated at €24.48. The €13 million estimated total cost of the Recognition plan will be recognized over the vesting period.

Note 29. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities amount to €860 million (2022: €695 million) and include provisions for reorganizations and adaptation of activities, provisions for claims and litigation, warranties and other contingencies, and the contract liabilities described in note 3.8.

29.1 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	502	156	658
Provisions utilized during the period	(177)	(120)	(298)
Unused provisions reversed during the period	(1)	(22)	(23)
Translation adjustments	(3)	(11)	(14)
Other effects	(1)	(42)	(43)
AT DECEMBER 31, 2023	**634**	**405**	**1,038**
Of which short-term portion (note 30)	259	106	365

29.2 Reorganizations and adaptation of activities

At December 31, the remaining provisions for reorganizations and adaptation of activities relate to the following countries:

(in € millions)	December 31, 2023	December 31, 2022
France	159 (1)	231
Germany	340 (2)	27
United States	107 (3)	8
Other countries	28	48
TOTAL	**634**	**314**

(1) The total includes the provision set aside in 2022 for phase 3 of the simplification and competitiveness plan (note 9.2), as well as the balance of provisions set aside in 2021 for phases 1 and 2.
(2) The total includes the provision set aside in 2023 in connection with the winding down of production at the Karlsruhe and Trier sites, as well as the production of new tires and semi-finished products at Homburg (note 9.2).
(3) The total includes the provision set aside in 2023 for the winding down of passenger car tire production at the Ardmore plant (note 9.2)

29.3 Provisions for claims and litigation, warranties and other provisions

Provisions at December 31 concern the following risks:

(in € millions)	December 31, 2023	December 31, 2022
Provisions for claims and litigation	57	87
Provisions for product warranties (note 3.8)	78	76
Provisions for product liability claims	68	68
Other provisions for contingencies	202	213
TOTAL	**405**	**444**

Provisions for claims and litigation mainly concern litigation with URSSAF dating back several years for €12 million (2022: €27 million).

Note 30. PROVISIONS AND OTHER CURRENT LIABILITIES

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

(in € millions)	December 31, 2023	December 31, 2022
Customers – Deferred rebates and other liabilities	777	763
Employee benefit obligations	976	752
Payroll tax liabilities	381	339
Provisions for reorganizations and adaptation of activities	259	196
Income tax payable	193	195
Other taxes	267	265
Other	454	458
PROVISIONS AND OTHER CURRENT LIABILITIES	**3,307**	**2,968**

Note 31. NOTES TO THE STATEMENT OF CASH FLOWS

Cash flows are presented in detail in the table below:

(in € millions)	2023	2022
Investment grants recognized in profit or loss	(12)	(12)
Change in employee benefit obligations	(35)	(28)
Change in litigation and other provisions	10	(13)
Restructuring costs	(188)	(181)
Other	7	-
Other operating income and expenses (cash) and changes in provisions	**(218)**	**(234)**
Interest and other financial expenses paid	(407)	(378)
Interest and other financial income received	194	37
Dividends received	20	18
Interest and other financial income and expenses received and paid, net	**(193)**	**(323)**
Change in inventories	775	(1,055)
Change in trade receivables and advances	254	(746)
Change in trade payables and advances	(231)	48
Change in trade payables under reverse factoring agreements	(45)	(39)
Change in other receivables and payables	232	(285)
Change in working capital, net of impairment	**985**	**(2,077)**
Purchases of intangible assets (note 13)	(232)	(222)
Purchases of PP&E (note 14)	(2,004)	(1,919)
Government grants received	6	6
Change in capital expenditure payables	(38)	94
Purchases of intangible assets and PP&E	**(2,268)**	**(2,041)**
Increase in other non-current financial assets	(303)	(26)
Decrease in other non-current financial assets	273	14
Net cash flows from cash management financial assets	-	150
Net cash flows from borrowing collaterals	14	17
Net cash flows from other current financial assets	(27)	(15)
Cash flows relating to other financial assets	**(43)**	**140**
Increase in non-current financial liabilities	23	67
Decrease in non-current financial liabilities	(33)	(168)
Repayment of lease liabilities	(279)	(268)
Net cash flows from current financial liabilities	(1,134)	(575)
Derivatives	(32)	(7)
Cash flows relating to financial liabilities	**(1,455)**	**(951)**
Details of non-cash transactions:		
• New leases (note 14)	363	198
• New emission allowances granted	14	13
• Change in payment commitments for non-consolidated equity investments	(2)	28

Note 32. COMMITMENTS AND CONTINGENCIES

32.1 Commitments

32.1.1 Capital expenditure commitments

Capital expenditure on the main projects which were contracted but not delivered before December 31, 2023, amounts to €322 million (of which €262 million is likely to be delivered in 2024).

32.1.2 Other commitments

The Group has many purchase commitments for goods and services. These commitments are in line with the level of activity expected in the first half of 2024. They are entered into on arm's length terms in the normal course of business.

32.2 Contingencies

32.2.1 Michelin Pension Trust Ltd UK

Following adoption of the Pensions Act 2004 in the United Kingdom, a multi-annual plan of contributions to the UK pension fund (the "Recovery Plan") was established between the Group's UK companies and their pension funds. In order to limit the amount of contributions, the Group issued guarantees to the pension funds to cover the contributions to be made by its subsidiaries. Michelin Pensions Trust Ltd has also received an additional guarantee covering the possible insolvency of the participating entities. The risk is considered unlikely and the guarantee is capped at £100 million.

The last Recovery Plan calculations were performed at March 31, 2023 and the next ones will be performed at March 31, 2026. The actuarial assumptions used to measure the Recovery Plan liability are generally more conservative than the ones used to measure defined benefit obligations under IAS 19.

The amount of the Group's guarantee is equal to the difference, if positive, between the present value of future contributions and the amount of the provision booked in the accounts. At December 31, 2023, the present value of future contributions was less than the provision booked in the accounts. Consequently, the amount of the guarantees given to the Michelin Pensions Trust Ltd UK and the Fenner Pension Scheme Trustee Limited was equal to zero at that date.

For the Michelin Pension Trust Ltd, contributions are payable to the plan if the plan is underfunded. If the plan is overfunded, the contributions are deposited in an escrow account up to a certain level of overfunding, after which a contributions holiday is granted. When the amount in escrow exceeds a certain level, the local entity may apply for a refund.

For Fenner UK Pension Scheme Trustee Limited, a contributions holiday is granted once a certain funding level is met.

32.2.2 Other contingencies

In the normal course of business, the Group companies may be involved in administrative proceedings, litigation and claims. Although provisions have been recognized when the risks are established and an outflow of financial resources is probable, there exist uncertainties concerning some of these administrative proceedings, litigation and claims.

In the opinion of Group management, there are no other governmental, judicial or arbitration proceedings likely to have a material impact on the Group's financial position or cash position.

32.3 Assets pledged as collateral

32.3.1 Property, plant and equipment

Property, plant and equipment pledged as collateral for debt amounted to €33 million (2022: €33 million).

32.3.2 Financial assets

The €125 million held in an escrow account linked to the pension plan in the United Kingdom (2022: €116 million) is pledged to the plan and is therefore not freely available (note 15.2).

Loans and deposits amounting to €43 million (2022: €57 million) are pledged as collateral for debt (note 16).

32.3.3 Trade receivables

The Group runs two separate programs whereby certain European and North American subsidiaries have transferred ownership interests in portfolios of eligible trade receivables. The maximum financing that can be raised from these programs amounts to €390 million (2022: €488 million). Since the Group has retained substantially all the risks and rewards of ownership, the ownership interests in the trade receivable portfolios sold by the European and North American subsidiaries have not been derecognized and the financing received from the financial institutions, amounting to €15 million at December 31, 2023 (2022: €15 million), has been accounted for as secured debt (note 26.2).

Note 33. FINANCIAL RISK MANAGEMENT

33.1 Financial risk management policy

33.1.1 Organization of financial risk management

The Corporate Financing Department controls, measures and supervises financial risks for each company and region, as well as at Group level. The Corporate Financing Department reports directly to the Group Finance Department.

One of the Corporate Financing Department's ongoing missions is the formulation of financial risk management policies, monitored on the basis of a full array of internal standards, procedures and authoritative literature. Regional finance managers oversee the implementation of the Group's financial risk management policies by the regional treasury centers. Compliance with financial risk policies is assessed through internal audit reviews to evaluate risk control efficiency and identify areas of improvement.

All strategic decisions regarding Group financial risk hedging policy are made by the Group Finance Department. As a general rule, the Group strictly limits the use of derivatives to the sole purpose of hedging clearly identified exposures.

A Financial Risks Committee is responsible for establishing and validating financial risk management policies, identifying and measuring these risks and validating and monitoring hedging programs. The Financial Risks Committee, which is chaired by a Manager, meets on a monthly basis and includes members of the Group Finance Department and the Corporate Financing Department.

33.1.2 Liquidity risk

Risk factors

Liquidity is defined as the ability to repay borrowings when they fall due and to find new stable sources of financing so that there is always sufficient money to cover expenses. In the course of its business, the Group is exposed to the risk of having insufficient liquid resources to finance its operations and make the investments needed to drive its growth. It must therefore manage its cash reserves and confirmed lines of credit on a continuous basis.

Risk management response

The Corporate Financing Department is responsible for ensuring that the Group has access to adequate financing and liquidity at the lowest cost. The Group raises financing through long-term debt issues (bonds) on the capital markets, as well as through bank facilities (loans and credit lines), commercial paper programs and receivables securitization programs. The Group has also negotiated confirmed back-up credit lines and maintains cash reserves that are calibrated in order to meet short-term debt refinancing needs. Long-term financing and confirmed back-up credit lines are essentially concentrated at the level of the Group financial holding companies.

Except in the case of particular restrictions or opportunities due to the specific features of local financial markets, the Group companies are financed in accordance with the following model:

- cash pooling with the Group for the management of day-to-day liquidity requirements;
- intercompany credit lines and loans to meet medium and long-term requirements.

For subsidiaries that do not participate in the cash pool, short-term financing is the responsibility of the local treasurer.

The management of liquidity risk is supported by a forecasting system of short-, medium- and long-term financing requirements based on business forecasts and the strategic plans of the operating entities.

As a matter of prudent financial policy, the Group guards against the inclusion in its financial contracts of hard covenants or material adverse change clauses that could affect its ability to draw down credit lines or the facilities' term. At the reporting date, none of the Group's loan agreements included any clauses of this type. Concerning default and acceleration clauses included in the Group's loan agreements, the probability of trigger events occurring is low and the possible impact on the Group's financial position would not be material.

33.1.3 Currency risk

Risk factors

Currency risk is defined as the impact on financial indicators of fluctuations in the exchange rates of foreign currencies used in the normal course of business. The Group is exposed to currency risks on its foreign currency transactions (transaction risk) and also on the translation of its net investment in foreign subsidiaries (translation risk).

Foreign currency transaction risk arises from the monetary assets and liabilities of the company and its subsidiaries (mainly cash and cash equivalents, receivables, payables and borrowings) that are denominated in foreign currencies. It corresponds to the risk of a change in the exchange rate between the date when these monetary assets and liabilities are recorded in the accounts and the date when they are recovered or settled.

Foreign currency translation risk arises from the Group's net investment in foreign subsidiaries. It corresponds to the risk of a change in the exchange rate used to translate the net investment in the foreign subsidiary into euros during the consolidation process.

During certain operations, the Group may face foreign exchange exposures not recognized in the accounts but which can have a significant impact on the cash flow of the Group. These are future transactions such as the payment of internal Group dividends and internal Group capital increases, or company acquisitions. In this case, the Group may put in place hedging of its economic foreign exchange risk.

Risk management response

Foreign currency transaction risk

Foreign currency transaction risk is monitored locally by the Company and its subsidiaries and at Group level by the Corporate Financing Department.

Each Group company continually calculates its accounting exposure in relation to its functional currency and hedges it systematically. Temporary exemptions can, however, be approved by the Group Finance Department when it is not possible to hedge a currency on the market or when an exemption is justified due to exceptional market conditions.

Foreign currency payables and receivables of the same type and with equivalent maturities are netted off and only the net exposure is hedged. This is normally carried out through Compagnie Financière Michelin Suisse SA, or, alternatively, through a bank. Compagnie Financière Michelin Suisse SA in turn assesses its own resulting net exposure and hedges it with its banking partners. The main hedging instruments used are forward currency contracts. The structural exposure is hedged using long-term instruments (with a life of up to four years) and the operational exposure is hedged using short-term instruments (generally expiring within three months). Currency risk monitoring and hedging is based on Group internal standards and procedures. A system to closely monitor foreign currency transaction risk is implemented throughout the Group under the responsibility of the Corporate Financing Department. Gains and losses on foreign currency transactions are tracked on a monthly basis in a detailed management report.

Currency translation risk

The Group does not use hedging instruments to actively manage this risk.

Investments in foreign subsidiaries are booked in the functional currency of the parent company and are not included in the latter's foreign exchange position.

Foreign currency economic risk

The risk is hedged as soon as the transaction is highly probable and is above certain thresholds determined by the Group risk management policy, approved by the Financial Risks Committee. The instruments used are mainly currency options.

33.1.4 Interest rate risk

Risk factors

The Group's income statement may be affected by interest rate risk. An unfavorable change in interest rates may adversely affect future finance costs and cash flows. The Group is in a net debt position and is exposed to the risk of an increase in interest rates on the portion of its debt that is at variable rates. It may also be exposed to an opportunity risk in the case of a fall in interest rates, if too great a proportion of debt is at fixed rates, as well as on financial investments, depending on their interest terms.

Risk management response

The objective of interest rate management is to minimize financing costs whilst protecting future cash flows against unfavorable movements in interest rates. For this purpose, the Group uses various derivative instruments available in the market, but restricts itself to the use of "plain vanilla" instruments (mainly interest rate swaps).

Interest rate exposure is analyzed and monitored by the Financial Risks Committee using monthly performance indicators and management reports.

The interest rate position is centralized by currency by the Corporate Financing Department, which is the only department permitted to undertake hedging operations. Interest rate hedging is concentrated on the main currencies. The Financial Risks Committee sets hedging limits by currency, taking into consideration the Group's gearing as hedging needs change in line with this ratio.

33.1.5 Equity risk

Risk factors

The Group holds non-controlling interests in companies whose share price fluctuates, among other things, in line with changes in the global stock markets, the multiples applied by the markets to the industries in which these companies operate and their specific economic and financial metrics. Equity investments are made for strategic rather than trading purposes.

Equities are held under a medium- or long-term strategy, and not for short-term trading portfolio management. Equity investments are made for strategic rather than trading purposes. Equities are held under a medium- or long-term strategy, and not for short-term trading portfolio management.

Risk management response

The Group Investments Committee, which comprises representatives from the Finance, Legal Affairs, Mergers & Acquisitions and Strategy Departments, is responsible for ensuring that investment management and monitoring rules are properly applied for its non-controlling interests. To this end, it reviews investments at annual intervals to assess the risk level and actual results compared to defined targets.

33.1.6 Counterparty risk

Risk factors

Counterparty risk is the risk of a debtor refusing or being unable to fulfill all or part of its obligations. The Group is exposed to counterparty risk on its contracts and financial instruments. Counterparty risk may lead to an impairment loss or a loss of liquidity. The Group is exposed to the risk of impairment losses arising from the investment of available cash in money market instruments and other marketable securities, as well as on finance receivables, derivative instruments and third-party guarantees. It is exposed to the risk of a loss of liquidity on its undrawn confirmed lines of credit.

Risk management response

The Group chooses its banks extremely carefully, particularly when it comes to the management of its cash investments. As it would be inappropriate to add financial risk to the other risks that are associated with its operations, the Group gives priority to the security and the liquidity of 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 Group is also exposed to counterparty risk on derivative instruments used for hedging purposes that have a positive fair value. These hedging instruments and the level of concentration by bank are tracked weekly by Group Treasury and monitored monthly by the Financial Risks Committee.

In order to mitigate counterparty risk on its derivative instruments, the Group exchanges collateral with its main banks.

33.1.7 Credit risk

Risk factors

Credit risks may arise when the Group grants credit to its customers. 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 earnings and cash flows.

Risk management response

The Credit Department, which is part of the Group Financial 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 also responsible for managing and collecting trade receivables. The main policies and procedures are defined at Group level and are monitored and controlled at both regional and Group level.

33.2 Financial risk data

33.2.1 Liquidity risk

At December 31, 2023, the debt repayment schedule (principal and interest) and the maturities of undrawn confirmed credit lines were as follows:

(in € millions)	2024	2025	2026	2027	2028	2029	2030 and beyond
Bonds	68	813	59	355	552	53	3,416
Commercial paper	301	-	-	-	-	-	-
Loans from financial institutions and other	284	40	15	9	4	-	13
Lease liabilities	272	222	172	116	77	49	217
Derivative instruments	(18)	(27)	(30)	(23)	-	-	-
DEBT REPAYMENT SCHEDULE	**907**	**1,048**	**216**	**457**	**633**	**102**	**3,646**
LONG-TERM UNDRAWN CONFIRMED CREDIT LINES	**-**	**-**	**-**	**46**	**2,454**	**-**	**-**

This table analyzes principal and interest payments on debt by payment date, as projected using available market data at the reporting date (interest is calculated in each currency on the basis of market rates, and converted into euros at period-end rates). The amounts shown are not discounted.

On May 23, 2022, the agreement for the €2,500 million syndicated credit lines was amended. The new agreement provided for a new five-year maturity (2027) with two one-year extension options at the lenders' discretion. The first extension option was exercised in 2023, extending the maturity of substantially all the lines to 2028 (€2,454 million).

The Group considers that at December 31, 2023 its sources of financing were sufficient to meet the needs of the business, with:

- cash and cash equivalents for €2,515 million;
- cash management financial assets for €285 million;
- a €2,500 million NEU commercial paper program, of which €250 million had been utilized at December 31, 2023;
- a $700 million (€630 million) US commercial paper program, of which $50 million (€45 million) had been utilized at December 31, 2023;
- two €390 million receivables securitization programs that are utilized based on the availability of sufficient receivables of the required quality, with securitization debt at December 31, 2023 amounting to €15 million;
- €2,500 million in confirmed undrawn lines of credit.

33.2.2 Currency risk

Foreign currency transaction risk

Net currency hedging positions are presented in the table below:

	December 31, 2023					December 31, 2022				
(in € millions)	EUR	THB	USD	GBP	Other	EUR	CNY	USD	MXN	Other
Hedges	62	(597)	(3,495)	(491)	(351)	329	(119)	(2,160)	(1,049)	(1,360)

"Other" currencies mainly include currency hedges in AUD and CAD in 2023, and in GBP, THB and AUD in 2022.

A 1% unfavorable change in exchange rates for the above currencies against the euro would not have a material adverse effect on the consolidated income statement. This relatively low sensitivity to foreign currency transaction risk is consistent with the objective described in section 33.1.3.

Because of the low volume of cash flow hedges (note 16), the sensitivity of equity to currency risk is not material.

Currency translation risk

A breakdown of equity by currency is provided in the following table:

(in € millions)	December 31, 2023	December 31, 2022
EUR	8,537	7,754
USD	4,305	4,369
GBP	1,286	1,082
CNY	1,117	1,056
BRL	942	1,011
THB	763	704
CAD	429	484
MXN	(9)	99
Other	588	557
TOTAL	**17,958**	**17,116**

33.2.3 Interest rate risk

Net debt at December 31, 2023 breaks down as follows by type of hedge and by currency:

	Net debt before hedging			Currency hedging	Net debt after currency hedging but before interest rate hedging			Interest rate hedging		Net debt after hedging		
(in € millions)	Fixed	Variable	Total		Fixed	Variable	Total	Fixed	Variable	Fixed	Variable	Total
USD	311	13	**324**	2,927	311	2,940	**3,251**	828	(828)	1,139	2,112	**3,251**
GBP	41	(6)	**35**	496	41	490	**531**	166	(166)	207	324	**531**
THB	45	23	**68**	422	45	445	**490**	314	(314)	359	131	**490**
AUD	35	(15)	**20**	208	35	193	**228**	124	(124)	159	69	**228**
BRL	14	(63)	**(49)**	205	14	142	**156**	70	(70)	84	72	**156**
EUR	4,961	(1,936)	**3,025**	(4,408)	4,961	(6,344)	**(1,383)**	-	-	4,961	(6,344)	**(1,383)**
Other currencies	106	(150)	**(44)**	149	106	-	**106**	247	(247)	353	(247)	**106**
Total before derivatives	**5,513**	**(2,134)**	**3,379**	**-**	**5,513**	**(2,134)**	**3,379**	**1,749**	**(1,749)**	**7,262**	**(3,883)**	**3,379**
Fair value of derivatives included in net debt			**(98)**				**(98)**					**(98)**
NET DEBT (NOTE 26)			**3,281**				**3,281**					**3,281**

The main reference rates to which the Group is exposed are Euribor and SOFR.

Financial instruments that are backed by a benchmark rate subject to the Libor reform have no significant impact on the Group's consolidated financial statements.

A 1-point parallel shift in the yield curves applied to the net debt components would have the following impact at December 31, 2023:

		Fair value impact			
(in € millions)	Annualized cash impact recognized in the income statement	Recognized in the income statement[1]	Recognized in other comprehensive income[2]	Not recognized[3]	Total
1-point decrease	**(39)**	(26)	-	(315)	**(341)**
1-point increase	**39**	25	-	315	**340**

(1) The Group interest rate policy aims at hedging perfectly identified future cash flows. However, some derivative instruments do not qualify for hedge accounting under IFRS and are measured at fair value through profit or loss.

(2) For derivatives qualifying for hedge accounting (cash flow hedges).

(3) Some fair value impacts are not accounted for since the underlying net debt component is not booked at fair value but at amortized cost.

33.2.4 Equity risk

Equity risk is the risk of a 10% unfavorable change in the price of equities held by the Group.

(in € millions)	December 31, 2023	December 31, 2022
Carrying amount (note 15.1)	412	387
IMPACT ON EQUITY OF A 10% UNFAVORABLE CHANGE IN THE PRICE OF EQUITIES HELD BY THE GROUP	**(33)**	**(31)**

33.2.5 Counterparty risk

At December 31, 2023, 32% of cash and cash equivalents (including cash management financial assets and borrowing collateral) was invested in money market or short term bond funds to allow for a maximum diversification of the counterparty risk. The balance is invested directly with international banks that meet the counterparty risk management criteria defined by the Group.

Furthermore, most derivatives are contracted with the same banks.

33.2.6 Credit risk

At December 31, 2023, net receivable balances from the ten largest customers amounted to €541 million (2022: €548 million). Out of these, five were located in North America and five in Europe. At the same date, 78 customers (2022: 84) had been granted credit limits in excess of €10 million. Out of these, 29 were located in Europe, 28 in North America, ten in Asia, four in South America, four in the Africa, India, Middle East region and three in Central America. No material collateral has been received to limit the related credit risk. In 2023, credit losses represented 0.05% of sales (2022: 0.10%).

33.2.7 Commodities derivatives

In 2023, the Group did not have any material hedges of commodities purchases (note 16.3).

33.3 Capital risk management

The Group's objectives when managing its capital are to protect its ability to continue as a going concern and to ensure its development, so that it can provide returns for shareholders and benefits for other stakeholders.

The main indicator used for capital management purposes is gearing. Gearing corresponds to the ratio of net debt to equity.

(in € millions)	December 31, 2023	December 31, 2022
Net debt (note 26)	3,281	4,320
Equity	17,958	17,116
GEARING	**0.18**	**0.25**

33.4 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 December 31, 2023:

(in € millions)	FVTPL	FVOCI	Amortized cost	Total 2023
Trade receivables	-	-	3,850	3,850
Current financial assets	78	-	434	512
Cash and cash equivalents	1,282	-	1,233	2,515
Non-current financial assets	468	412	725	1,605
TOTAL FINANCIAL ASSETS	**1,828**	**412**	**6,242**	**8,482**

Non-current financial assets at fair value through profit or loss consist mainly of the Solesis preferred shares (note 4.2.2) and the escrow account related to UK pension plans (note 27).

Investments in non-consolidated companies are measured at fair value through other comprehensive income (note 15).

33.5 Fair value measurement hierarchy

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

(in € millions)	Level 1	Level 2	Level 3	Total 2023
Cash and cash equivalents	1,282	-	-	1,282
Current financial assets (including derivatives)	43	35	-	78
Non-current financial assets (including derivatives)	159	334	387	880
TOTAL ASSETS	**1,484**	**369**	**387**	**2,240**
Derivative instruments (note 16.2)	-	20	-	20
TOTAL LIABILITIES	**-**	**20**	**-**	**20**

(in € millions)	Level 1	Level 2	Level 3	Total 2022
Cash and cash equivalents	1,593	-	-	1,593
Current financial assets (including derivatives)	57	153	-	210
Non-current financial assets (including derivatives)	145	303	367	815
TOTAL ASSETS	**1,795**	**456**	**367**	**2,618**
Derivative instruments (note 16.2)	-	114	-	114
TOTAL LIABILITIES	**-**	**114**	**-**	**114**

There has been no significant transfer during these two years between level 1 and level 2.

The following table presents the changes in level 3 instruments for the year ended December 31, 2023:

(in € millions)	
At January 1, 2023	**367**
Acquisitions	28
Disposals	-
Gains or losses for the year recognized in other comprehensive income	(4)
Other	(4)
AT DECEMBER 31, 2023	**387**

Note 34. RELATED-PARTY TRANSACTIONS

Management and Supervisory Bodies

In 2023, Florent Menegaux, Managing Chairman and Managing General Partner of Compagnie Générale des Établissements Michelin, received a statutory distribution of €0.9 million in 2023 based on 2022 net income (2022 based on 2021 net income: €2.6 million). He was also awarded compensation of €1.5 million (payroll taxes included) as Chairman of Manufacture Française des Pneumatiques Michelin (2022: €1.4 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.4 million (2022: €0.3 million). In addition, an expense of €0.8 million (2022: €0.5 million) was recognized in the Company's 2023 financial statements, corresponding to performance shares granted to Florent Menegaux in respect of years after 2019.

Yves Chapot received compensation of €1.9 million (payroll taxes included) in 2023 as General Manager of Compagnie Générale des Établissements Michelin (2022: €2.2 million). The benefits that vested during the period in respect of a post-employment defined benefit plan amounted to €0.6 million (2022: €0.4 million). A provision of €1.2 million (including payroll taxes) was recognized at December 31, 2023 based on vested rights under the annual variable compensation plan. In addition, an expense of €0.5 million (2022: €0.3 million) was recognized in the Company's 2023 financial statements, corresponding to performance shares granted to Yves Chapot in respect of years after 2019.

At December 31, 2023, the Group Executive Committee had nine members (2022: nine members). Employee benefits costs for members of the Group Executive Committee break down as follows:

(in € millions)	2023	2022
Short-term and termination benefits	9.2	10.3
Post-employment benefits	1.5	1.2
Other long-term benefits	-	-
Share-based payments	1.5	1.9
COMPENSATION GRANTED TO MEMBERS OF THE GROUP EXECUTIVE COMMITTEE	**12.2**	**13.4**

The compensation paid in 2023 to the Supervisory Board members was:

- €0.4 million for 2023;
- €0.8 million for 2022 (2022 for 2021: €0.7 million).

Note 35. EVENTS AFTER THE REPORTING DATE

Michelin is one of the European tire manufacturers under investigation by the European Commission. The Group reaffirms that it scrupulously complies with antitrust legislation in every host country. As a result, it categorically denies the existence of any anticompetitive practices, as alleged by the European Commission in its January 30, 2024 press release, much less any price coordination.

No impact has been recognized in the 2023 financial statements.

Note 36. LIST OF CONSOLIDATED COMPANIES

Countries are presented based on the Michelin geographical regions and are listed within each region according to the alphabetical order of the French names.

Companies	Consolidation method	Registered office	Type	% interest
EUROPE				
GERMANY				
Michelin Reifenwerke AG & Co. Kommanditgesellschaft auf Aktien	Full consolidation method	Karlsruhe	Manufacturing & commercial	100.00
Euromaster GmbH	Full consolidation method	Mannheim	Commercial	100.00
Euromaster Reifenservice Deutschland GmbH	Full consolidation method	Mannheim	Commercial	100.00
Euromaster Immobilien GmbH	Full consolidation method	Mannheim	Commercial	100.00
Advantico GmbH	Full consolidation method	Mannheim	Commercial	60.00
Michelin Deutschland GmbH	Full consolidation method	Karlsruhe	Financial	100.00
PTG Reifendruckregelsysteme GmbH	Full consolidation method	Neuss	Commercial	100.00
Michelin Finanz Gesellschaft für Beteiligungen AG & Co. OHG	Full consolidation method	Karlsruhe	Financial	100.00
Ihle Tires GmbH	Full consolidation method	Muggensturm	Commercial	100.00
Tirecorp GmbH	Full consolidation method	Muggensturm	Commercial	100.00
Ihle International GmbH	Full consolidation method	Muggensturm	Commercial	100.00
ProServ Produktionsservice und Personaldienste GmbH	Equity method	Karlsruhe	Miscellaneous	35.00
Dichtelemente Hallite GmbH	Full consolidation method	Hamburg	Manufacturing & commercial	100.00
Camso Deutschland GmbH	Full consolidation method	Duisbourg	Commercial	100.00
Masternaut GmbH	Full consolidation method	Munich	Commercial	100.00
AUSTRIA				
Michelin Reifenverkaufsgesellschaft m.b.H.	Full consolidation method	Vienna	Miscellaneous	100.00
Euromaster Reifenservice GmbH	Full consolidation method	Vienna	Commercial	100.00
Camso Austria GmbH	Full consolidation method	Korneubourg	Commercial	100.00
BELGIUM				
Michelin Belux S.A.	Full consolidation method	Zellik	Commercial	100.00
Michelin R&D Belgium NV	Full consolidation method	Ghent	Financial	100.00
Eurowheel BVBA	Full consolidation method	Herenthout	Manufacturing	100.00
ITC International Tire NV	Full consolidation method	Wommelgem	Commercial	85.00
Industrial International Tire Company NV	Full consolidation method	Wommelgem	Commercial	85.00
Pennel & Flippo SA	Full consolidation method	Mouscron	Financial	100.00
BULGARIA				
Michelin Bulgaria EOOD	Full consolidation method	Sofia	Miscellaneous	100.00
CROATIA				
Michelin Hrvatska d.o.o.	Full consolidation method	Zagreb	Commercial	100.00
DENMARK				
Euromaster Danmark A/S	Full consolidation method	Skanderborg	Commercial	100.00
Michelin Gummi Compagni A/S	Full consolidation method	Frederiksberg	Miscellaneous	100.00
Viborg Direct A/S	Full consolidation method	Skanderborg	Commercial	100.00
SPAIN				
Michelin España Portugal, S.A.	Full consolidation method	Valladolid	Manufacturing & commercial	99.81
Euromaster Automoción y Servicios, S.A.	Full consolidation method	Madrid	Commercial	100.00
Nex Tyres, S.L.	Full consolidation method	Lleida	Commercial	50.00
Lehigh Spain, S.L.	Full consolidation method	Barcelona	Miscellaneous	100.00
Servicios y Asistencia OK24, S.L.	Full consolidation method	Madrid	Commercial	51.00
Fundación Michelin España Portugal	Full consolidation method	Valladolid	Miscellaneous	99.81
Rodi Metro, S.L.	Equity method	Lleida	Miscellaneous	20.00
Fenner Dunlop, S.L.	Full consolidation method	Esparreguera	Manufacturing & commercial	100.00
Camso Spain, S.L.	Full consolidation method	Saragossa	Commercial	100.00
Masternaut Iberica, S.L.	Full consolidation method	Madrid	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
ESTONIA				
Michelin Rehvide OÜ	Full consolidation method	Tallinn	Miscellaneous	100.00
Technobalt Eesti OÜ	Full consolidation method	Peetri	Manufacturing & commercial	100.00
FINLAND				
Oy Suomen Michelin Ab	Full consolidation method	Espoo	Miscellaneous	100.00
Suomen Euromaster Oy	Full consolidation method	Pori	Commercial	100.00
FRANCE				
Compagnie Générale des Établissements Michelin	Full consolidation method	Clermont-Ferrand	Parent	-
Compagnie Financière Michelin	Full consolidation method	Clermont-Ferrand	Financial	100.00
Manufacture Française des Pneumatiques Michelin	Full consolidation method	Clermont-Ferrand	Manufacturing & commercial	100.00
Pneu Laurent	Full consolidation method	Avallon	Manufacturing & commercial	100.00
Simorep et Cie - Société du Caoutchouc Synthétique Michelin	Full consolidation method	Bassens	Manufacturing	100.00
Euromaster France	Full consolidation method	Montbonnot-Saint-Martin	Commercial	100.00
Michelin Aircraft Tyre	Full consolidation method	Clermont-Ferrand	Commercial	100.00
Transityre France	Full consolidation method	Clermont-Ferrand	Commercial	100.00
Spika	Full consolidation method	Clermont-Ferrand	Financial	100.00
Michelin Air Services	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
Tyredating	Full consolidation method	Lyon	Commercial	100.00
Ihle France	Full consolidation method	Schiltigheim	Commercial	100.00
Euromaster Services et Management	Full consolidation method	Clermont-Ferrand	Commercial	100.00
GIE Michelin Placements	Full consolidation method	Clermont-Ferrand	Financial	100.00
Société d'Investissements et de Mécanique	Full consolidation method	Montagny	Miscellaneous	100.00
Michelin Ventures SAS	Full consolidation method	Clermont-Ferrand	Financial	100.00
Oxymore	Full consolidation method	Montbonnot-Saint-Martin	Commercial	95.00
Teleflow SAS	Full consolidation method	Mably	Miscellaneous	100.00
Michelin Middle East	Full consolidation method	Clermont-Ferrand	Financial	100.00
AddUp	Equity method	Cébazat	Manufacturing	59.75
MMM !	Full consolidation method	Paris	Miscellaneous	100.00
Allopneus	Full consolidation method	Aix-en-Provence	Commercial	100.00
Call For You	Full consolidation method	Aix-en-Provence	Commercial	100.00
Log For You	Full consolidation method	Aix-en-Provence	Commercial	100.00
Watèa SAS	Equity method	Clermont-Ferrand	Commercial	70.00
Société Internationale de Plantations d'Hévéas	Equity method	Courbevoie	Miscellaneous	41.97
Symbio	Equity method	Fontaine	Miscellaneous	33.33
Taquipneu	Equity method	Montauban	Miscellaneous	22.92
Hympulsion	Equity method	Lyon	Manufacturing & commercial	22.78
Fenner Dunlop SARL	Full consolidation method	Elancourt	Manufacturing & commercial	100.00
Camso France SAS	Full consolidation method	Le Malesherbois	Commercial	100.00
Masternaut SAS	Full consolidation method	Boulogne-Billancourt	Commercial	100.00
Michelin Engineered Polymers	Full consolidation method	Clermont-Ferrand	Manufacturing	100.00
Michelin Inflatable Solutions	Full consolidation method	Trappes	Miscellaneous	100.00
Michelin Editions SAS	Equity method	Paris	Miscellaneous	40.00
S.A.S. Foncière LePic	Equity method	Clermont-Ferrand	Miscellaneous	22.00
Flex Composite Group SA	Full consolidation method	Lille	Financial	100.00
Orca Sales	Full consolidation method	Lille	Commercial	100.00
Foncière Centre des Matériaux Durables	Equity method	Clermont-Ferrand	Miscellaneous	22.00
ASM Clermont Auvergne	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
SAS SUPCAM	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
PUSCAM	Full consolidation method	Clermont-Ferrand	Miscellaneous	100.00
CAMPUS	Full consolidation method	Clermont-Ferrand	Miscellaneous	51.00

Companies	Consolidation method	Registered office	Type	% interest
GREECE				
Elastika Michelin Single Member S.A.	Full consolidation method	Halandri	Commercial	100.00
HUNGARY				
Michelin Hungaria Tyre Manufacture Ltd.	Full consolidation method	Nyíregyháza	Manufacturing & commercial	100.00
Ihle Magyarország Kft.	Full consolidation method	Komárom	Commercial	100.00
IRELAND				
Miripro Insurance Company DAC	Full consolidation method	Dublin	Miscellaneous	100.00
Async Technologies Limited	Equity method	Ennis	Miscellaneous	25.00
ITALY				
Società per Azioni Michelin Italiana	Full consolidation method	Turin	Manufacturing & commercial	100.00
Fondazione Michelin Sviluppo	Full consolidation method	Turin	Miscellaneous	100.00
Euromaster Italia S.r.l.	Full consolidation method	Milan	Commercial	100.00
MAV S.p.A.	Full consolidation method	Bosentino	Manufacturing & commercial	100.00
Hallite Italia S.r.l.	Full consolidation method	Collesalvetti	Manufacturing & commercial	100.00
Fenner Dunlop Italia S.r.l.	Full consolidation method	Milan	Manufacturing & commercial	100.00
Camso Manufacturing Italy S.r.l.	Full consolidation method	Milan	Manufacturing	100.00
Camso Italy S.p.A.	Full consolidation method	Ozzero	Commercial	100.00
Webraska Italia S.r.l.	Full consolidation method	Milan	Miscellaneous	100.00
TRK S.r.l.	Full consolidation method	Milan	Commercial	100.00
Black Circles Italy	Full consolidation method	Milan	Commercial	100.00
Faitplast Dvpt S.p.A.	Full consolidation method	Cellatica	Financial	100.00
FCG Composite Italy S.p.A.	Full consolidation method	Venice	Financial	100.00
Fait plast S.p.A.	Full consolidation method	Cellatica	Manufacturing & commercial	100.00
Angeloni Group S.r.l.	Full consolidation method	Venice	Manufacturing & commercial	100.00
SELCOM S.r.l.	Full consolidation method	Fregona	Manufacturing & commercial	100.00
LATVIA				
TB Industry SIA	Full consolidation method	Riga	Manufacturing & commercial	100.00
LITHUANIA				
Technobalta UAB	Full consolidation method	Vilnius	Manufacturing & commercial	100.00
LUXEMBOURG				
Camso International S.à.r.l.	Full consolidation method	Luxembourg	Financial	100.00
Camso Holding S.à.r.l.	Full consolidation method	Luxembourg	Financial	100.00
NORWAY				
Norsk Michelin Gummi AS	Full consolidation method	Oslo	Miscellaneous	100.00
Fenner Mandals AS	Full consolidation method	Mandal	Manufacturing & commercial	100.00
NETHERLANDS				
Euromaster Bandenservice B.V.	Full consolidation method	Deventer	Commercial	100.00
Michelin Nederland N.V.	Full consolidation method	Drunen	Commercial	100.00
Transityre B.V.	Full consolidation method	Breda	Commercial	100.00
Michelin Distribution B.V.	Full consolidation method	Breda	Commercial	100.00
Actor B.V.	Full consolidation method	Deventer	Commercial	100.00
MC Projects B.V.	Equity method	Maastricht	Miscellaneous	50.00
Dunlop Service B.V.	Full consolidation method	Klazienaveen	Manufacturing & commercial	100.00
Fenner Dunlop B.V.	Full consolidation method	Drachten	Manufacturing & commercial	100.00
Dunlop Enerka Netherlands B.V.	Full consolidation method	Drachten	Financial	100.00
Dunlop Service International B.V.	Full consolidation method	Drachten	Financial	100.00
Camso Nederland B.V.	Full consolidation method	Nieuwegein	Commercial	100.00
Masternaut B.V.	Full consolidation method	Rotterdam	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
POLAND				
Michelin Polska sp. z o.o.	Full consolidation method	Olsztyn	Manufacturing & commercial	100.00
Euromaster Polska sp. z.o.o.	Full consolidation method	Olsztyn	Commercial	100.00
Michelin Development Foundation (Fundacja Rozwoju Michelin)	Full consolidation method	Olsztyn	Miscellaneous	100.00
Dunlop Conveyor Belting Polska sp. z.o.o.	Full consolidation method	Mikołów	Manufacturing & commercial	100.00
Camso Polska S.A.	Full consolidation method	Warsaw	Commercial	100.00
Michelin Speciality Materials Recovery Poland sp. z o.o.	Full consolidation method	Olsztyn	Manufacturing & commercial	100.00
PORTUGAL				
Michelin-Companhia Luso-Pneu, Limitada	Full consolidation method	Lisbon	Miscellaneous	100.00
Euromaster Portugal - Sociedade Unipessoal, LDA	Full consolidation method	Lisbon	Commercial	100.00
CZECH REPUBLIC				
Euromaster Česká republika s.r.o.	Full consolidation method	Prague	Commercial	100.00
Michelin Česká republika s.r.o.	Full consolidation method	Prague	Miscellaneous	100.00
Ihle Czech, s.r.o.	Full consolidation method	Plzen	Commercial	100.00
Cemat trading spol s.r.o.	Full consolidation method	Bohumín	Commercial	100.00
ROMANIA				
Michelin Romania S.A.	Full consolidation method	Voluntari	Manufacturing & commercial	99.86
Euromaster Tyre & Services Romania S.A.	Full consolidation method	Voluntari	Commercial	100.00
Ihle Anvelope SRL	Full consolidation method	Pitesti	Commercial	100.00
UNITED KINGDOM				
Michelin Tyre Public Limited Company	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
ATS Euromaster Limited	Full consolidation method	Birmingham	Commercial	100.00
Associated Tyre Specialists (Investment) Limited	Full consolidation method	Birmingham	Commercial	100.00
ATS Property and Real Estate Limited	Full consolidation method	Birmingham	Commercial	100.00
Blackcircles.com Limited	Full consolidation method	Edinburgh	Commercial	100.00
Michelin Finance (U.K.) Limited	Full consolidation method	London	Financial	100.00
Michelin Lifestyle Limited	Full consolidation method	Stoke-on-Trent	Commercial	100.00
Michelin Development Limited	Full consolidation method	Stoke-on-Trent	Miscellaneous	100.00
TFM Holdings Limited	Full consolidation method	Eastleigh	Commercial	100.00
Fenner Group Holdings Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner International Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co. Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
Hallite Seals International Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
James Dawson & Son Limited	Full consolidation method	Stoke-on-Trent	Manufacturing & commercial	100.00
Dunlop Conveyor Belting Investments Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Hall & Hall Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co. (Advanced Engineering Products) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
J.H. Fenner & Co. (India) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
James Dawson (China) Limited	Full consolidation method	Stoke-on-Trent	Financial	100.00
Fenner Pension Scheme Trustee Limited	Full consolidation method	Stoke-on-Trent	Miscellaneous	100.00
Vulcanisers International Limited	Full consolidation method	Hull	Financial	100.00
Camso UK Limited	Full consolidation method	Cowbridge	Commercial	100.00
Masternaut Group Holdings Limited	Full consolidation method	Marlow	Financial	100.00
Masternaut Limited	Full consolidation method	Aberford	Commercial	100.00
Masternaut Bidco Limited	Full consolidation method	London	Financial	100.00
Masternaut Holdings Limited	Full consolidation method	Marlow	Commercial	100.00
Masternaut Risk Solutions Limited	Full consolidation method	Marlow	Commercial	100.00
Old World Limited	Full consolidation method	London	Miscellaneous	100.00
Canopy Technologies Ltd.	Full consolidation method	Southampton	Financial	100.00
Canopy Simulations Ltd.	Full consolidation method	Southampton	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
SERBIA				
Tigar Tyres d.o.o.	Full consolidation method	Pirot	Manufacturing & commercial	100.00
SLOVAKIA				
Michelin Slovensko, s.r.o.	Full consolidation method	Bratislava	Miscellaneous	100.00
Ihle Slovakia s.r.o.	Full consolidation method	Bratislava	Commercial	100.00
Ihle Slovakia Logistic a Servis s.r.o.	Full consolidation method	Bratislava	Commercial	100.00
CEMAT s.r.o. Slovakia	Full consolidation method	Martin-Priekopa	Commercial	100.00
SLOVENIA				
Michelin Slovenija, pnevmatike, d.o.o.	Full consolidation method	Ljubljana	Miscellaneous	100.00
Ihle pnevmatike, d.o.o.	Full consolidation method	Maribor	Commercial	100.00
SWEDEN				
Euromaster AB	Full consolidation method	Varberg	Commercial	100.00
Michelin Nordic AB	Full consolidation method	Stockholm	Commercial	100.00
Masternaut AB	Full consolidation method	Stockholm	Commercial	100.00
Scandinavian Enviro Systems AB	Equity method	Gothenburg	Manufacturing & commercial	16.28
SWITZERLAND				
Euromaster (Suisse) S.A.	Full consolidation method	Givisiez	Commercial	100.00
Nitor S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Suisse S.A.	Full consolidation method	Givisiez	Commercial	100.00
Compagnie Financière Michelin Suisse S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Recherche et Technique S.A.	Full consolidation method	Granges-Paccot	Miscellaneous	100.00
Michelin Mexico Properties Sàrl	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Finanz Gesellschaft für Beteiligungen S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Michelin Invest S.A.	Full consolidation method	Granges-Paccot	Financial	100.00
Ihle Service & Logistik Schweiz AG	Full consolidation method	Bülach	Commercial	100.00
Michelin Global Mobility S.A.	Full consolidation method	Granges-Paccot	Miscellaneous	100.00
Camso Schweiz AG	Full consolidation method	Schaffhouse	Commercial	100.00
TURKEY				
Michelin Lastikleri Ticaret A.S.	Full consolidation method	Istanbul	Commercial	100.00
Euromaster Lastik Ve Servis Limited Sirketi	Full consolidation method	Istanbul	Commercial	100.00
Camso Lastik Ticaret Limited Sirketi	Full consolidation method	Istanbul	Commercial	100.00
UKRAINE				
Michelin Ukraine LLC	Full consolidation method	Kyiv	Commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
AFRICA/INDIA/MIDDLE EAST				
SOUTH AFRICA				
Michelin Tyre Company South Africa Proprietary Limited	Full consolidation method	Boksburg	Commercial	100.00
Fenner (South Africa) (Pty) Limited	Full consolidation method	Isando	Financial	100.00
Fenner Conveyor Belting (South Africa) (Pty) Limited	Full consolidation method	Isando	Manufacturing & commercial	100.00
Michelin Connected Fleet South Africa (Pty) Limited	Full consolidation method	Boksburg	Miscellaneous	100.00
ALGERIA				
Société d'Applications Techniques Manufacturings	Full consolidation method	Algiers	Commercial	100.00
SAUDI ARABIA				
E.A. Juffali & Brothers for Tyres	Equity method	Jeddah	Commercial	50.00
CDI Products Arabia Industrial LLC	Full consolidation method	Al Khobar	Manufacturing & commercial	50.00
CAMEROON				
Société Moderne du Pneumatique Camerounais	Full consolidation method	Douala	Commercial	100.00
IVORY COAST				
Société Africaine de Plantations d'Hévéas	Equity method	Abidjan	Miscellaneous	18.00
UNITED ARAB EMIRATES				
Michelin AIM FZCO	Full consolidation method	Dubai	Miscellaneous	100.00
GHANA				
Dunlop Conveyor Belting Ghana Limited	Full consolidation method	Accra	Manufacturing & commercial	100.00
INDIA				
Michelin India Private Limited	Full consolidation method	Chennai	Manufacturing	100.00
Fenner Conveyor Belting Private Limited	Full consolidation method	Madurai	Manufacturing & commercial	100.00
Hallite Sealing Solutions India Private Limited	Full consolidation method	Bangalore	Manufacturing & commercial	100.00
Camso India LLP	Full consolidation method	Gurgaon	Commercial	100.00
KENYA				
Tyre Distribution Africa Limited	Equity method	Nairobi	Miscellaneous	49.00
MOROCCO				
Fenner Dunlop Maroc SARL	Full consolidation method	Casablanca	Manufacturing & commercial	100.00
Michelin Maroc SARL	Full consolidation method	Casablanca	Commercial	100.00
NIGERIA				
Michelin Tyre Services Company Ltd.	Full consolidation method	Lagos	Commercial	95.83
SRI LANKA				
Michelin Lanka (Private) Limited	Full consolidation method	Ja-Ela	Manufacturing	100.00
Camso Trading (Private) Limited	Full consolidation method	Ja-Ela	Commercial	100.00
Camso Global Business Services (Private) Limited	Full consolidation method	Colombo	Financial	100.00
NORTH AMERICA				
CANADA				
Michelin North America (Canada) Inc.	Full consolidation method	Laval	Manufacturing & commercial	100.00
Michelin Retread Technologies (Canada) Inc.	Full consolidation method	New Glasgow	Commercial	100.00
Michelin Development (Canada) Inc.	Full consolidation method	New Glasgow	Miscellaneous	100.00
Oliver Rubber Canada Limited	Full consolidation method	Granton, Nova Scotia	Commercial	100.00
Fenner Dunlop (Bracebridge), Inc.	Full consolidation method	Bracebridge	Manufacturing & commercial	100.00
Hallite Seals (Canada) Ltd.	Full consolidation method	Mississauga	Manufacturing & commercial	100.00
Camso Inc.	Full consolidation method	Magog	Financial	100.00
Camso Distribution Canada Inc.	Full consolidation method	Mississauga	Commercial	100.00
Klinge Tire Management Consultants CA Ltd.	Full consolidation method	Toronto	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
UNITED STATES OF AMERICA				
Michelin North America, Inc.	Full consolidation method	New York	Manufacturing & commercial	100.00
Michelin Retread Technologies, Inc.	Full consolidation method	Wilmington	Commercial	100.00
CR Funding Corporation	Full consolidation method	Wilmington	Financial	100.00
Michelin Corporation	Full consolidation method	New York	Financial	100.00
Oliver Rubber Company, LLC	Full consolidation method	Wilmington	Manufacturing	100.00
NexTraq, LLC	Full consolidation method	Wilmington	Commercial	100.00
Tire Centers West, LLC	Full consolidation method	Wilmington	Commercial	100.00
Lehigh Technologies, Inc.	Full consolidation method	Wilmington	Commercial	100.00
TBC Corporation	Equity method	Palm Beach Gardens	Commercial	50.00
T & W Tire, LLC	Equity method	Oklahoma City	Commercial	25.00
Snider Tire, Inc.	Equity method	Greensboro	Commercial	25.00
Fenner Inc.	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner America, Inc.	Full consolidation method	Wilmington	Financial	100.00
Fenner Advanced Sealing Technologies, LLC	Full consolidation method	Wilmington	Financial	100.00
American Industrial Plastics, LLC	Full consolidation method	Plantation	Manufacturing & commercial	100.00
CDI Energy Products, LLC	Full consolidation method	Dallas	Manufacturing & commercial	100.00
Hallite Seals Americas, LLC	Full consolidation method	Plymouth	Manufacturing & commercial	100.00
Solesis, Inc.	Full consolidation method	Harrisburg	Financial	100.00
Fenner Dunlop Conveyor Systems and Services, LLC	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner Dunlop Americas, LLC	Full consolidation method	Harrisburg	Manufacturing & commercial	100.00
Fenner Dunlop (Port Clinton), LLC	Full consolidation method	Columbus	Manufacturing & commercial	100.00
Fenner Dunlop (Toledo), LLC	Full consolidation method	Columbus	Manufacturing & commercial	100.00
Mandals US, LLC	Full consolidation method	Dallas	Manufacturing & commercial	100.00
Solesis Holdings, LLC	Equity method	Charlotte	Miscellaneous	49.00
Camso Holding USA, LLC	Full consolidation method	Wilmington	Financial	100.00
Camso Manufacturing USA, Ltd.	Full consolidation method	Wilmington	Manufacturing	100.00
Camso USA Inc.	Full consolidation method	Tallahassee	Commercial	100.00
Industrial Tire/DFW, LLC	Full consolidation method	Irving	Commercial	67.00
Airflash, Inc.	Full consolidation method	Saratoga	Miscellaneous	100.00
Achilles Tires USA, Inc.	Full consolidation method	Los Angeles	Commercial	99.64
The Wine Advocate, Inc.	Full consolidation method	Parkton	Miscellaneous	100.00
Tablet, LLC	Full consolidation method	Wilmington	Miscellaneous	100.00
Klinge Tire Management Consultants, Inc.	Full consolidation method	Carson City	Miscellaneous	100.00
RoadBotics, Inc. (a Delaware corporation)	Full consolidation method	Pittsburgh	Miscellaneous	100.00
Pennel USA, Inc.	Full consolidation method	Wando	Commercial	100.00
EGC Operating Company, LLC	Full consolidation method	Chardon	Manufacturing & commercial	100.00
Slade Operating Company, LLC	Full consolidation method	Chardon	Manufacturing & commercial	100.00
MEXICO				
Industrias Michelin, S.A. de C.V.	Full consolidation method	Querétaro	Manufacturing & commercial	100.00
Michelin Sascar Mexico S.A. de C.V.	Full consolidation method	Querétaro	Commercial	100.00
Michelin Mexico Services, S.A. de C.V.	Full consolidation method	Querétaro	Miscellaneous	100.00
Camso Distribución México, S.A. de C.V.	Full consolidation method	Tultitlan	Commercial	100.00
PANAMA				
Michelin Panama Corp.	Full consolidation method	Panama	Miscellaneous	100.00

Companies	Consolidation method	Registered office	Type	% interest
SOUTH AMERICA				
ARGENTINA				
Michelin Argentina Sociedad Anónima, Industrial, Comercial y Financiera	Full consolidation method	Buenos Aires	Commercial	100.00
Rodaco Argentina S.A.U.	Full consolidation method	Buenos Aires	Commercial	100.00
BRAZIL				
Sociedade Michelin de Participações, Indústria e Comércio Ltda.	Full consolidation method	Rio de Janeiro	Manufacturing & commercial	100.00
Sociedade Tyreplus Brasil Ltda.	Full consolidation method	Rio de Janeiro	Commercial	100.00
Plantações Michelin da Bahia Ltda.	Full consolidation method	Rio de Janeiro	Miscellaneous	100.00
Plantações E. Michelin Ltda.	Full consolidation method	Rio de Janeiro	Miscellaneous	100.00
Sascar Tecnologia e Segurança Automotiva S.A.	Full consolidation method	Barueri	Miscellaneous	100.00
Seva Engenharia Eletrônica S.A.	Full consolidation method	Contagem	Miscellaneous	100.00
CVB Produtos Industriais Ltda.	Full consolidation method	São Paulo	Manufacturing	100.00
CHILE				
Michelin Chile Ltda.	Full consolidation method	Santiago	Commercial	100.00
Conveyor Services S.A.	Full consolidation method	Antofagasta	Manufacturing & commercial	100.00
Michelin Specialty Materials Recovery S.p.A.	Full consolidation method	Santiago	Manufacturing & commercial	100.00
CPS Conveyors S.p.A.	Full consolidation method	Santiago	Commercial	100.00
COLOMBIA				
Industria Colombiana de Llantas S.A.	Full consolidation method	Bogotá	Commercial	99.96
ECUADOR				
Michelin del Ecuador S.A.	Full consolidation method	Quito	Commercial	100.00
PERU				
Michelin del Perú S.A.	Full consolidation method	Lima	Commercial	100.00
Conveyor Pulleys & Solutions S.A.C	Full consolidation method	Lima	Commercial	100.00
VENEZUELA				
Michelin Venezuela, S.A.	Equity method	Valencia	Commercial	100.00
SOUTHEAST ASIA/AUSTRALIA/CENTRAL ASIA				
AUSTRALIA				
Michelin Australia Pty Ltd.	Full consolidation method	Melbourne	Commercial	100.00
Klinge Holdings Pty Ltd.	Full consolidation method	Brisbane	Miscellaneous	100.00
Hallite Seals Australia Pty Limited	Full consolidation method	Wetherill Park	Manufacturing & commercial	100.00
Fenner Dunlop Australia Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Fenner (Pacific) Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Fenner Australia Financing Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Australian Conveyor Engineering Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Agile Maintenance Services Pty Limited	Full consolidation method	West Footscray	Financial	100.00
Fenner Investments Australia Limited Partnership	Full consolidation method	West Footscray	Financial	100.00
BBV Partnership	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Belle Banne Conveyor Services Pty Limited	Full consolidation method	West Footscray	Manufacturing & commercial	100.00
Bearcat Tyres Pty Ltd.	Full consolidation method	Girraween	Commercial	100.00
Conveyor Products & Solutions Pty Ltd.	Full consolidation method	Victoria	Manufacturing & commercial	100.00
Conveyor Pulleys & Solutions Pty Ltd.	Full consolidation method	Victoria	Manufacturing & commercial	100.00
Wilvic Australia Pty Ltd.	Full consolidation method	Victoria	Manufacturing & commercial	50.00
Michelin Connected Fleet Australia PTY Ltd.	Full consolidation method	Melbourne	Commercial	100.00
Tyroola PTY Ltd.	Full consolidation method	Sydney	Commercial	100.00
Tyroola Holding	Full consolidation method	Sydney	Financial	100.00

Companies	Consolidation method	Registered office	Type	% interest
INDONESIA				
PT Michelin Indonesia	Full consolidation method	Jakarta	Commercial	100.00
PT Synthetic Rubber Indonesia	Full consolidation method	Jakarta	Manufacturing	55.00
PT Royal Lestari Utama	Full consolidation method	Jakarta	Miscellaneous	100.00
PT Lestari Asri Jaya	Full consolidation method	Jakarta	Manufacturing	100.00
PT Multi Kusuma Cemerlang	Full consolidation method	Jakarta	Manufacturing	100.00
PT Wanamukti Wisasa	Full consolidation method	Jakarta	Manufacturing	100.00
PT Multistrada Arah Sarana Tbk	Full consolidation method	Bekasi	Manufacturing & commercial	99.64
PT Kawasan Industri Multistrada	Full consolidation method	Bekasi	Miscellaneous	99.63
KAZAKHSTAN				
Michelin Kazakhstan Limited Liability Partnership	Full consolidation method	Amalty	Commercial	100.00
MALAYSIA				
Michelin Malaysia Sdn. Bhd.	Full consolidation method	Petaling Jaya	Commercial	100.00
Michelin Services (S.E.A.) Sdn. Bhd.	Full consolidation method	Petaling Jaya	Miscellaneous	100.00
NEW ZEALAND				
Tyreline Distributors Limited	Equity method	Hamilton	Commercial	25.00
Beau Ideal Limited	Equity method	Te Awamutu	Commercial	25.01
Camso New Zealand Limited	Full consolidation method	Auckland	Commercial	100.00
Tyroola Limited	Full consolidation method	Auckland	Commercial	100.00
SINGAPORE				
Michelin Asia (Singapore) Co. Pte. Ltd.	Full consolidation method	Singapore	Commercial	100.00
Michelin Asia-Pacific Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Import (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Export (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Michelin Asia-Pacific Import-Export (SG) Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Société des Matières Premières Tropicales Pte. Ltd.	Full consolidation method	Singapore	Miscellaneous	100.00
Wine Advocate Pte. Ltd.	Full consolidation method	Singapore	Commercial	100.00
Fenner Singapore Pte. Ltd.	Full consolidation method	Singapore	Financial	100.00
CDI Energy Products Pte. Ltd.	Full consolidation method	Singapore	Manufacturing & commercial	100.00
THAILAND				
Michelin Siam Company Ltd.	Full consolidation method	Bangkok	Manufacturing & commercial	100.00
Michelin Experience (E2A) Co., Ltd.	Full consolidation method	Bangkok	Commercial	49.00
Michelin Roh Co., Ltd.	Full consolidation method	Bangkok	Miscellaneous	100.00
NTeq Polymer Co., Ltd.	Equity method	Surat Thani	Miscellaneous	45.00
VIETNAM				
Michelin Vietnam Company Ltd.	Full consolidation method	Ho Chi Minh City	Commercial	100.00
Camso Vietnam Co., Ltd	Full consolidation method	Tan Uyen	Manufacturing	100.00
CHINA				
CHINA				
Michelin Shenyang Tire Co., Ltd.	Full consolidation method	Shenyang	Manufacturing	100.00
Shanghai Michelin Tire Co., Ltd.	Full consolidation method	Shanghai	Manufacturing	100.00
Michelin Asia (Hong Kong) Ltd.	Full consolidation method	Hong Kong	Commercial	100.00
Michelin (China) Investment Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Shanghai Suisheng Information Technology Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Michelin Tire Research and Development Center (Shanghai) Co., Ltd.	Full consolidation method	Shanghai	Miscellaneous	100.00
Tyre Plus (Shanghai) Auto Accessories Trading Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Michelin (Shanghai) Aircraft Tires Trading Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Dawson Polymer Products (Shanghai) Company Limited	Full consolidation method	Shanghai	Manufacturing & commercial	100.00
Hallite Shanghai Company Ltd.	Full consolidation method	Shanghai	Manufacturing & commercial	100.00

Companies	Consolidation method	Registered office	Type	% interest
Shanghai Fenner Conveyor Belting Company Ltd.	Full consolidation method	Shanghai	Manufacturing & commercial	92.46
Camso Rubber Products (Qingdao) Co., Ltd.	Full consolidation method	Qingdao	Manufacturing	100.00
Camso Enterprise Management (China) Co., Ltd.	Full consolidation method	Shanghai	Commercial	100.00
Wine Advocate (HK) Ltd.	Full consolidation method	Hong Kong	Miscellaneous	100.00
Fait plast Hong Kong Ltd	Full consolidation method	Hong Kong	Commercial	100.00
TAIWAN				
Michelin Tire Taiwan Co., Ltd.	Full consolidation method	Taipei	Commercial	100.00
JAPAN/KOREA				
JAPAN				
Nihon Michelin Tire Co., Ltd.	Full consolidation method	Tokyo	Commercial	100.00
Camso Japan Co., Ltd.	Full consolidation method	Yokohama	Commercial	100.00
SOUTH KOREA				
Michelin Korea Co., Ltd.	Full consolidation method	Seoul	Commercial	100.00

Note 37. STATUTORY AUDITORS' FEES

	Deloitte				PricewaterhouseCoopers			
	Statutory Auditor (Deloitte & Associés)		Network		Statutory Auditor (PricewaterhouseCoopers Audit)		Network	
(in € thousands)	Amount	%	Amount	%	Amount	%	Amount	%
STATUTORY AUDIT AND HALF-YEAR REVIEW OF THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS								
• Public interest entity	808	40%	-	-	778	44%	-	-
• Fully consolidated subsidiaries	1,227	60%	4,193	100%	1,007	56%	4,462	100%
Sub-total	**2,035**	**100%**	**4,193**	**100%**	**1,785**	**100%**	**4,462**	**100%**
NON-AUDIT SERVICES								
• Issuer[(1)]	-	0%	-	-	252	92%		-
• Fully consolidated subsidiaries[(2)]	89	100%	559	100%	21	8%	1,163	100%
Sub-total	**89**	**100%**	**559**	**100%**	**273**	**100%**	**1,163**	**100%**
TOTAL	**2,124**		**4,752**		**2,058**		**5,625**	

(1) These services consist mainly of an independent third-party body engagement by PricewaterhouseCoopers Audit.

(2) Corresponding chiefly to procedures performed in connection with acquisitions or planned acquisitions, diagnostic reviews, tax compliance reviews and certifications issued at the request of the audited companies.

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