



**INTERIM FINANCIAL
REPORT
AT MARCH 31, 2023**

PIRELLI & C. Società per Azioni (Joint Stock Company)

Milan Office

Viale Piero e Alberto Pirelli n. 25

Share Capital Euro 1,904,374,935.66

Milan Company Register No. 00860340157

REA (Economic Administrative Index) No. 1055

PIRELLI & C. S.p.A. - MILAN

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The Board of Directors¹

Chairman	Li Fanrong
Executive Vice Chairman and Chief Executive Officer	Marco Tronchetti Provera
Deputy-CEO	Giorgio Luca Bruno
Director	Yang Shihao
Director	Wang Feng
Independent Director	Paola Boromei
Independent Director	Domenico De Sole
Independent Director	Roberto Diacetti
Independent Director	Fan Xiaohua
Independent Director	Giovanni Lo Storto
Independent Director	Marisa Pappalardo
Independent Director	Tao Haisu
Director	Giovanni Tronchetti Provera
Independent Director	Wei Yintao
Director	Zhang Haitao

Secretary of the Board Alberto Bastanzio

Board of Statutory Auditors²

Chairman	Riccardo Foglia Taverna
Statutory Auditors	Antonella Carù
	Francesca Meneghel
	Teresa Naddeo
	Alberto Villani

¹ Appointment: June 18, 2020. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2022. Changes that occurred in the composition of the Board of Directors after the date of the appointment are detailed on the Pirelli website (www.pirelli.com), in the Corporate Governance section.

² Appointment: June 15, 2021. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2023.

Alternate Auditors

Franca Brusco

Maria Sardelli

Marco Taglioretti

Audit, Risk, Sustainability and Corporate Governance Committee

Chairman - Independent Director

Fan Xiaohua

Independent Director

Roberto Diacetti

Independent Director

Giovanni Lo Storto

Independent Director

Marisa Pappalardo

Zhang Haitao

Committee for Related Party Transactions

Chairman - Independent Director

Marisa Pappalardo

Independent Director

Domenico De Sole

Independent Director

Giovanni Lo Storto

Nominations and Successions Committee

Chairman

Marco Tronchetti Provera

Li Fanrong

Wang Feng

Giovanni Tronchetti Provera

Remuneration Committee

Chairman - Independent Director

Tao Haisu

Wang Feng

Independent Director

Paola Boromei

Independent Director

Fan Xiaohua

Independent Director

Marisa Pappalardo

Strategies Committee

Chairman	Marco Tronchetti Provera
	Li Fanrong
	Giorgio Luca Bruno
	Yang Shihao
	Wang Feng
Independent Director	Domenico De Sole
Independent Director	Giovanni Lo Storto
Independent Director	Wei Yintao

Independent Auditing Firm³ PricewaterhouseCoopers S.p.A.

Manager responsible for the preparation of the Corporate Financial Documents Fabio Bocchio⁴

The Supervisory Board (as provided for by the Organisational Model 231 adopted by the Company), is chaired by Prof. Carlo Secchi.

³ Appointment: August 1, 2017, effective from the date of the commencement of trading of Pirelli shares on the stock exchange (on October 4, 2017). Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.

⁴ Appointed by the Board of Directors' Meeting on November 3, 2022.

MACROECONOMIC AND MARKET SCENARIO

Economic Overview

The global economy recorded an estimated growth of +1.9% during the first quarter, a slowdown compared to +4.4% for the corresponding period of 2022, impacted by geopolitical tensions, inflation and restrictive monetary policies.

Economic Growth, Year-On-Year Percentage Change in GDP

	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023
EU	5.7	4.4	2.6	1.7	1.3
US	3.7	1.8	1.9	0.9	1.6
China	4.8	0.4	3.9	2.9	4.5
Brazil	2.4	3.7	3.6	2.3	1.0
Russia	3.5	-4.1	-3.7	-3.8	-5.1
World	4.4	3.0	3.0	1.8	1.9

Note: Percentage changes compared to the same period of the previous year. Preliminary data for the first quarter of 2023; estimates for Brazil, Russia and the World. Source: National statistics offices and S&P Global Market Intelligence, April 2023.

Consumer Prices, Change in Year-on-Year Percentages

	1Q 2022	1Q 2022	3Q 2022	4Q 2022	1Q 2023
EU	6.5	8.8	10.3	11.0	9.4
US	8.0	8.6	8.3	7.1	5.8
China	1.1	2.2	2.7	1.8	1.3
Brazil	10.7	11.9	8.6	6.1	5.3
Russia	11.5	16.9	14.4	12.2	8.6
World	6.0	7.6	8.1	7.8	7.1

Source: National statistics offices and S&P Global Market Intelligence for World estimate, April 2023.

In the European Union, GDP grew by +1.3% year-on-year, a slowdown compared to +1.7% for the fourth quarter of 2022 and +5.7% for the first quarter of 2022. This trend was impacted by high inflation (+9.4%), albeit an improvement compared to the last quarter of 2022 (+11% for the fourth quarter), as well as the consequent restrictive monetary policy implemented by the ECB, which raised rates by 100 basis points during the first quarter. The manufacturing sector recovered, benefiting from the fall in energy prices and from an improved situation along the supply chain.

US GDP grew by +1.6% during the first quarter of 2023. Declining inflation (an annual average of 5.8% for the first quarter of 2023) and a resilient labour market lent support to household consumption, despite the effects on the economy due to the Fed raising the benchmark interest rate.

Growth in the Chinese GDP accelerated to +4.5% year-on-year during the first quarter of 2023 compared to +2.9% for the last quarter of 2022. This trend was favourably impacted by the suspension of COVID-19 containment measures during the final months of 2022, resulting in a strong recovery in consumer and service sector spending in early 2023.

In Brazil, GDP grew by +1%, a slowdown compared to +2.3% for the previous quarter and +2.4% for the first quarter of 2022. Inflation fell to an average of 5.3% for the first quarter, but high benchmark interest rates (13.75%, unchanged since August 2022 due to expectations of new price growth), weighed on consumer credit and on investments.

Russia's GDP confirmed its weakness recording a decline of -5.1% (-3.8% for the fourth quarter of 2022), due to a persistent drop in industrial production and consumption, which was only partly compensated by growth in the agricultural and construction sectors. International sanctions and foreign trade restrictions, which were introduced following the conflict with Ukraine, led to a -35% drop in the Russian export of goods and services during the first quarter compared to a year earlier, a period that had benefited from the spikes in energy and other raw materials prices.

Exchange Rates

Key Exchange Rates	1Q		
	2023	2022	2021
US\$ per euro	1.07	1.12	1.20
Chinese renminbi per US\$	6.85	6.35	6.48
Brazilian real per US\$	5.20	5.24	5.49
Russian rouble per US\$	72.80	87.37	74.32

Note: Average exchange rates for the period. Source: National central banks.

The first quarter was characterised by the gradual recovery of the euro against the US\$ as a result of the ECB's monetary policy, and of the gradual decline in natural gas prices in Europe following the peaks reached during the summer. The US\$/euro exchange rate averaged 1.07 for the first quarter of 2023 (an average of 1.02 for the fourth quarter of 2022; 1.12 for the first three months of 2022).

Restrictive monetary policies, more so in the US than in China, weakened the renminbi against the US\$ which recorded an average rate of 6.85 per US\$, a depreciation of -7% compared to the first quarter of 2022.

In Brazil, high interest rates to counter inflation continued to lend support to the real, which averaged 5.20 per US\$ for the first quarter of 2023, a slight appreciation compared to the same period of the previous year. Against the euro however, the real appreciated by +5% for the period.

The Russian rouble appreciated during the first quarter of 2023, compared to the same period of 2022, against both the euro (+25%) and the US\$ (+20% to an average of 72.80).

Raw Materials Prices

Raw materials prices, especially energy, continued to normalise during the first quarter following the volatile trends of 2022 as a result of the Russian-Ukrainian crisis.

Raw Materials Prices	1Q				
	2023	% chg.	2022	% chg.	2021
Brent (US\$ / barrel)	82.2	-16%	97.4	59%	61.1
European natural gas (€ / MWh)	53	-47%	100	444%	18
Butadiene (€ / tonne)	970	-9%	1,067	49%	715
Natural rubber TSR20 (US\$ / tonne)	1,373	-23%	1,772	6%	1,668

Note: Data are averages for the period. Source: Reuters, ICIS.

Brent crude averaged a price of US\$ 82.2 per barrel for the first quarter of 2023, in decline by -16% compared to the average price of US\$ 97.4 per barrel for the same period of 2022. The price of Brent crude remained volatile, and following a drop in March recovered in April, in the wake of the announcement of a cut in OPEC production.

Benchmark natural gas prices for the European markets (the TTF) also fell during the first months of 2023, averaging euro 53 per MWh (megawatt-hour), which was almost half the price of a year earlier following the invasion of Ukraine. Prices fell during the course of the first quarter to a low of euro 44 per MWh in March, but remained high compared to past prices, at almost three times those of the first quarter of 2021.

The price of butadiene in Europe fell during the first quarter of 2023, as a result of falling natural gas prices, lower logistics costs, as well as the prospects of a slowdown in global growth. The average price stood at euro 970 per tonne, a drop of -9% compared the first quarter of 2022.

Natural rubber prices fell in the first quarter of 2023: an average of \$1,373 per tonne for the period, a decline of -23% year-on-year but an increase of +6% compared to the last quarter of 2022.

Trends in Car Tyre Markets

For the first quarter of 2023, the global automotive tyre market recorded a -4.1% drop in volumes, compared to the same period of 2022.

Market volumes for the Original Equipment and Replacement channels recorded opposite trends for the quarter:

- +2.7% for the Original Equipment channel due to a recovery in volumes in Europe and North America;
- -6.6% for the Replacement channel due to a fall in demand in Europe and North America. The APAC market was substantially stable compared to the same period in 2022.

Demand was more resilient for the Car $\geq 18''$ segment which recorded a +2.6% increase compared to the first quarter of 2022 (+7.1% for Original Equipment, -0.2% for Replacement).

Market demand was weak for Car $\leq 17''$, which recorded a -6.0% decline compared to the first quarter of 2022 (+0.7% for Original Equipment, -8.0% for Replacement).

Trends in Car Tyre Markets

<i>% change year-on-year</i>	1Q 2022	2Q 2022	3Q 2022	4Q 2022	2022	1Q 2023
Total Car Tyre Market						
Total	1.2	-3.7	3.1	-7.3	-1.7	-4.1
<i>Original Equipment</i>	-3.6	-0.6	23.7	0.5	4.2	2.7
<i>Replacement</i>	3.0	-4.7	-2.6	-10.1	-3.7	-6.6
Market $\geq 18''$						
Total	7.8	3.0	9.4	0.1	5.0	2.6
<i>Original Equipment</i>	0.9	4.4	25.8	6.1	8.7	7.1
<i>Replacement</i>	12.7	2.1	0.5	-3.5	2.7	-0.2
Market $\leq 17''$						
Total	-0.5	-5.3	1.6	-9.2	-3.4	-6.0
<i>Original Equipment</i>	-5.6	-2.8	22.7	-1.9	2.2	0.7
<i>Replacement</i>	1.1	-6.0	-3.2	-11.4	-4.9	-8.0

Source: Pirelli estimates.

SIGNIFICANT EVENTS OF THE QUARTER

On **January 11, 2023**, Pirelli placed its first sustainability-linked bond with investors for a total nominal amount of euro 600 million, with demand equal to almost six times the offer which amounted to approximately euro 3.5 billion. This issue, being the first benchmark-size sustainability-linked bond placed by a global tyre company, as well as the first carried out since Pirelli obtained its investment grade rating from S&P Global and Fitch Ratings, is testimony to the Company's commitment to further integrate sustainability into its business strategy, and is linked to the 2025 targets of reducing absolute greenhouse gas emissions (Scopes 1 and 2) and emissions from purchased raw materials (Scope 3). The transaction, which took place as part of the EMTN Programme (Euro Medium Term Note Programme) which was approved by the Board of Directors on February 23, 2022, offered a 4.25% coupon, and allows for the optimisation of the debt structure through the extension of maturities and the diversification of its sources. These securities are listed on the Luxembourg Stock Exchange.

On **February 7, 2023** Pirelli was confirmed as amongst the best companies at global level for sustainability, obtaining "*Top 1%*" ranking, the highest recognition in the 2023 Sustainability Yearbook published by S&P Global, which examines the sustainability profile of more than 13,000 companies. This result comes after the score recorded by Pirelli in the 2022 Corporate Sustainability Assessment for the Dow Jones Sustainability Index of S&P Global, where the Company had obtained the Top Score of 86 points (revised from the initial 85), the highest in the ATX Auto Components sector of the Dow Jones Sustainability World and European Index.

On **February 22, 2023**, the Board of Directors co-opted Wang Feng to replace Bai Xinping, whose resignation was tendered on February 14, 2023, and also proceeded to appoint him as a member of the Remuneration Committee, the Nominations and Successions Committee and the Strategies Committee, roles previously held by Bai Xinping.

Wang Feng – who was qualified by the Board as a non-executive Director – and who will remain in office until the next Shareholders' Meeting, does not possess the requisites to qualify as independent pursuant to the Corporate Governance Code, and at the date of the appointment, did not hold shares and/or other financial instruments issued by Pirelli.

On **March 6, 2023**, subsequent to what had already been disclosed to the market on **February 22, 2023**, the CNRC notified the Presidency of the Council of Ministers, pursuant to Legislative Decree 21/2012 (the Golden Power Regulation), of the agreement to renew the Shareholders' Agreement (the "*Agreement*"), that concerns, amongst other things, the governance of Pirelli, which had been entered into on May 16, 2022 by and between, amongst others, the CNRC, Marco Polo International S.r.l., Camfin S.p.A. and Marco Tronchetti Provera & C. S.p.A., and which will become effective with the convening of the Shareholders' Meeting for the approval of the Financial Statements at December 31, 2022.

GROUP PERFORMANCE AND RESULTS

In this document, in addition to the financial measures provided for by the International Financial Reporting Standards (IFRS), alternative performance indicators derived from the IFRS were used, in order to allow for a better assessment of the of the Group's operating and financial performance.

Reference should be made to the section "*Alternative Performance Indicators*" for a more analytical description of these indicators.

* * *

Pirelli closed the first quarter of 2023 with growth results that confirmed the resilience of its business model, in a macroeconomic and market environment characterised by high volatility.

On the **Commercial** front:

- strengthened positioning of the Car **High Value** segment, particularly for Car ≥ 19 ", Specialities and electric vehicles. During the quarter, Pirelli outperformed the Car ≥ 18 " market with a growth in volumes of +4.9% compared to +2.6% for the market. For the Replacement channel, Pirelli volumes grew by +3.0% (compared to -0.2% for the market), and gained market share particularly in North America, thanks to a rich product portfolio. Growth for Original Equipment Car ≥ 18 " was consistent with that of the market (+7.5% for Pirelli volumes, +7.1% for the market), but with an increasing concentration on higher tyre rim diameters (≥ 19 " volumes grew by approximately +9 percentage points and accounted for 82% of Original Equipment ≥ 18 " volumes), and on electric vehicles (which accounted for >25% of Original Equipment ≥ 19 " volumes, which grew by +13 percentage points compared to the first quarter of 2022);
- there was a reduction in exposure to the **Standard** segment (-11.3% for Pirelli Car ≤ 17 " volumes compared to -6.0% for the market). For the Replacement channel (-10.8% compared, to -8.0% for the market), the increased focus on the product mix continued in favour of higher rim diameters (16" and 17"). The trend in Original Equipment sales (-12.7% compared to +0.7% for the market), reflected both the increased selectivity within this channel and the shutdown of automobile production in Russia by major OEMs, as a result of the Russia-Ukraine crisis.

The differing trend between ≥ 18 " and ≤ 17 " described above, led to a -2.0% drop in Car volumes against a market decline of -4.1%.

On the **Innovation** front:

- approximately 60 new technical homologations were obtained for the Car segment, concentrated mainly in ≥ 19 " and Specialities;
- the Car segment strengthened its positioning in the electric car market, thanks to a portfolio of more than 350 homologations globally and a market share for Prestige and Premium Original Equipment, which is 1.5 times higher than that for internal combustion engines in the same segment. Activities continued on the sustainability front with an ever increasing focus on renewable and recycled materials, which will have a preponderant impact on the product lines that will be launched during the year;
- the two-wheel business sector was expanded to meet the different needs of consumers. For motorbikes, the renewal of the Diablo range was completed with the introduction of the

Diablo Supercorsa, the result of twenty years of experience with the FIM Superbike World Championship. The product range for cycling was expanded with the introduction of the **P Zero Race TLR**, a high-performance product characterised by low rolling resistance.

The **Competitiveness Programme** achieved gross benefits of euro 9.8 million, consistent with expectations and the developmental milestones of projects. These benefits concerned:

- the cost of the product, with the modularity and design-to-cost programmes;
- manufacturing, through the implementation of Industrial IoT and flexible factory programmes;
- SG&A costs, by leveraging an optimised logistics and warehouse network and measures for negotiating purchases;
- organisation, through the recourse to digital transformation.

For the **Operations Programme**:

- plant saturation levels stood at approximately 90% in view of reduced production levels in China and Russia, >90% for High Value;
- the programme to decarbonise plants through the use of renewable energy sources and energy efficiency programmes continued.

For the **Digitisation Programme**:

- following the implementation of CRM, the activation of the new B2B e-commerce platform was initiated, starting with Italy and Germany, for the integrated and digitalised management of the commercial relationships with customers;
- coverage of the main factories with Industrial Internet of Things (IIoT) technology continued, in order to improve the efficiency of production processes;
- the centralisation of information into a single Big Data Lake continued, as did the new IT Service Model project to digitalise operational IT processes, to extend support coverage globally and to increase the levels of service on the new platforms.

Activities in Russia

Pirelli operates in Russia in compliance with **international sanctions** and, as already disclosed to the market, has suspended investments in its factories in that country with the exception of those intended for the safety and security of carrying out operations. For the first quarter of 2023, Russia accounted for approximately 3.5% of turnover and about 8% of group production.

Pirelli's results for the first quarter of 2023 were characterised by:

- **net sales** which equalled euro **1,699.7** million, a growth of +11.7% compared to the first quarter of 2022, thanks to a strong improvement in the price/mix (+15.1%), which more than offset the volume performance (-3.1%) caused by weakness in market demand;
- **EBIT adjusted** which equalled euro **248.1** million, up by +8.6% compared to euro 228.5 million for the first quarter of 2022, with profitability at 14.6% supported by the contribution of internal levers (price/mix and efficiencies), which more than offset the strong impact of raw materials, inflation and the exchange rate effect;
- a **net income/loss** which amounted to an income of euro **115.0** million (euro 109.8 million for the first quarter of 2022) which reflected the improved operational performance. **Net income/(loss) adjusted** amounted to an income of euro **141.9** million, net of one-off, non-recurring and restructuring expenses and the amortisation of intangible assets recognised in the PPA (euro 135.6 million for the first quarter of 2022);
- a **Net Financial Position** which at March 31, 2023 showed a debt of euro 3,244.0 million (a debt of euro 2,552.6 million at December 31, 2022 and of euro 3,580.0 million at March 31, 2022), with a cash absorption of euro 691.4 million, consistent with the usual seasonality of working capital (a cash absorption of euro 672.9 million for the first quarter of 2022).
- a **liquidity margin** which equalled euro **2,379.8** million.

The **Group's Consolidated Financial Statements** can be summarised as follows:

<i>(in millions of euro)</i>	1 Q 2023	1 Q 2022
Net sales	1,699.7	1,521.1
EBITDA adjusted (°)	359.7	333.1
% of net sales	21.2%	21.9%
EBITDA	350.7	325.6
% of net sales	20.6%	21.4%
EBIT adjusted	248.1	228.5
% of net sales	14.6%	15.0%
Adjustments: - amortisation of intangible assets included in PPA	(28.4)	(28.4)
- non-recurring, restructuring expenses and other	(9.0)	(7.5)
EBIT	210.7	192.6
% of net sales	12.4%	12.7%
Net income/(loss) from equity investments	2.3	0.8
Financial income/(expenses)	(52.2)	(43.6)
Net income/(loss) before taxes	160.8	149.8
Taxes	(45.8)	(40.0)
Tax rate %	28.5%	26.7%
Net income/(loss)	115.0	109.8
Earnings/(loss) per share (in euro per basic share)	0.11	0.11
Net income/(loss) adjusted	141.9	135.6
Net income/(loss) attributable to owners of the Parent Company	111.6	107.5

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 9.0 million (euro 7.5 million for the first quarter of 2022).

<i>(in millions of euro)</i>	03/31/2023	12/31/2022	03/31/2022
Fixed assets	8,854.9	8,911.1	8,910.8
Inventories	1,458.4	1,457.7	1,221.8
Trade receivables	928.5	636.5	908.0
Trade payables	(1,367.8)	(1,973.3)	(1,196.8)
Operating net working capital	1,019.1	120.9	933.0
% of net sales (*)	15.0%	1.8%	16.6%
Other receivables/other payables	5.2	42.3	111.2
Net working capital	1,024.3	163.2	1,044.2
% of net sales (*)	15.1%	2.5%	18.6%
Net invested capital	9,879.2	9,074.3	9,955.0
Equity	5,581.2	5,453.8	5,294.0
Provisions	1,054.0	1,067.9	1,081.0
Net financial (liquidity)/debt position	3,244.0	2,552.6	3,580.0
Equity attributable to owners of the Parent Company	5,453.4	5,323.8	5,158.8
Investments in intangible and owned tangible assets (CapEx)	53.2	397.7	48.6
Increases in right of use	15.1	79.7	8.1
Research and development expenses	70.5	263.9	63.0
% of net sales	4.1%	4.0%	4.1%
Research and development expenses - High Value	65.5	247.1	57.3
% of High Value sales	5.1%	5.3%	5.1%
Employees (headcount at end of period)	31,071	31,301	30,991
Industrial sites (number)	18	18	18

(*) during interim periods net sales refer to the last twelve months

Net sales amounted to euro 1,699.7 million, a growth of +11.7% compared to the first quarter of 2022, +12.0% excluding the combined impact of the exchange rate effect and the adoption of hyperinflation accounting in Argentina and Turkey (totalling -0.3%).

High Value sales accounted for 75% of total Group revenues (74% in the first quarter of 2022).

The following table shows the **market drivers for net sales performance** compared to the same period of the previous year:

	2023
	1Q
Volume	-3.1%
Price/mix	15.1%
Change on a like-for-like basis	12.0%
Exchange rate effect /Hyperinflation accounting in Argentina and Turkey	-0.3%
Total change	11.7%

Volumes declined (-3.1%), reflecting the general weakness in demand for Car products.

The **price/mix** which improved sharply during the first quarter (+15.1%) was supported by:

- a solid price discipline to counter rising inflation in the cost of production factors;
- an improved product mix, this latter linked to the gradual migration from Standard to High Value and to the improved micro-mix within both segments.

The impact of the **exchange rate effect** was negative (-0.3% for the first quarter of 2023) and reflected the volatility some of currencies, mainly the renminbi and the Argentine peso.

The performance for **net sales according to geographical region** was as follows:

<i>(in millions of euro)</i>	1 Q 2023			1 Q 2022	
		%	YoY	Organic YoY*	%
Europe	676.3	39.8%	4.8%	5.6%	42.3%
North America	427.9	25.2%	23.3%	29.7%	22.8%
APAC	264.4	15.6%	2.5%	-3.6%	17.0%
South America	223.5	13.1%	21.8%	15.2%	12.1%
Russia and MEAI	107.6	6.3%	22.9%	29.0%	5.8%
Total	1,699.7	100.0%	11.7%	12.0%	100.0%

* before exchange rate effect and hyperinflation in Argentina and Turkey

EBITDA adjusted amounted to euro 359.7 million (euro 333.1 million for the first quarter of 2022), with a margin of 21.2% (21.9% for the first quarter of 2022), which reflected the dynamics described in the following paragraph in terms of EBIT adjusted.

EBIT adjusted for the first quarter of 2023 amounted euro 248.1 million (euro 228.5 million for the first quarter of 2022), with an EBIT margin adjusted of 14.6% (15.0% for the first quarter of 2022). The contribution of internal levers (price/mix and efficiencies), more than offset the negativity of the external scenario.

More specifically, the growth in EBIT adjusted reflected:

- the positive contribution of the **price/mix** (euro +198.3 million) and of **structural efficiencies** (euro +9.8 million), which more than offset the **decline in volumes** (euro -20.4 million) due to the weakness in market demand, the increase in the cost of **raw materials** (euro -77.6 million), the negative impact of **inflation in the costs of production factors** (euro -68.6 million), and the **negative exchange rate effect** (euro -15.4 million) mainly as a result of the appreciation of the Mexican peso;
- the **effect of depreciation and amortisation** to the amount of euro -6.3 million.

<i>(in millions of euro)</i>	1 Q
2022 EBIT adjusted	228.5
- Internal levers:	
Volumes	(20.4)
Price/mix	198.3
Amortisation and depreciation	(6.3)
Efficiencies	9.8
Other	(0.2)
- External levers:	
Cost of production factors (commodities)	(77.6)
Cost of production factors (labour/energy/other)	(68.6)
Exchange rate effect	(15.4)
Total change	19.6
2023 EBIT adjusted	248.1

EBIT amounted to euro 210.7 million (euro 192.6 million for the first quarter of 2022), and included the amortisation of intangible assets identified in the PPA to the amount of euro 28.4 million, consistent with the first quarter of 2022, and one-off, non-recurring and restructuring to the amount of euro 9.0 million, mainly related to the continuation of structural rationalisation measures and costs related to the reconversion of the Bollate factory.

Net income/(loss) from equity investments amounted to an income of euro 2.3 million, (positive to the amount of euro 0.8 million for the first quarter of 2022), and mainly refers to the investment in the joint venture Xushen Tyre (Shanghai) Co., Ltd, which was positive to the amount of euro 1.1 million (a loss to the amount of euro 0.3 million for the first quarter of 2022), and in the joint venture PT Evoluzione Tyres in Indonesia, which was positive to the amount of euro 1.1 million (positive to the amount of euro 1.1 million for the first quarter of 2022).

Net financial expenses for the first quarter of 2023 amounted to euro 52.2 million compared to euro 43.6 million for the first quarter of 2022.

At March 31, 2023, the **cost of debt**, calculated as the average cost of debt over the last twelve months, stood at 4.31%, increasing by 27 basis points compared to December 31, 2022 (4.04%). This increase was due to the impact of rising interest rates in the Eurozone. It should be noted that the average cost of debt for the last twelve months (both at December 31, 2022 and at March 31, 2023), was also influenced by higher costs, which reflected the scarce liquidity in the financial markets during 2022, for hedging against exchange rate risk in Russia. Net of this effect, the average cost of debt would have stood at 3.76% at March 31, 2023 (3.49% at December 31, 2022).

Taxes for the first quarter of 2023 amounted to euro 45.8 million, against a net income before taxes of euro 160.8 million, with a tax rate of 28.5% which was substantially consistent with the expected tax rate for 2023. For the first quarter of 2022, taxes had amounted to euro -40.0 million against a net income before taxes of euro 149.8 million (a tax rate of 26.7%).

Net income/(loss) amounted to an income of euro 115.0 million, compared to an income of euro 109.8 million for the first quarter of 2022.

Net income/(loss) adjusted amounted to an income of euro 141.9 million, compared to an income of euro 135.6 million for the first quarter of 2022. The following table shows the calculations:

(in millions of euro)	1 Q 2023	1 Q 2022
Net income/(loss)	115.0	109.8
Amortisation of intangible assets included in PPA	28.4	28.4
One-off, non-recurring and restructuring expenses	9.0	7.5
Taxes	(10.5)	(10.1)
Net income/(loss) adjusted	141.9	135.6

Net income/(loss) attributable to the owners of the Parent Company amounted to an income of euro 111.6 million, compared to an income of euro 107.5 million for the first quarter of 2022.

Equity went from euro 5,453.8 million at December 31, 2022 to euro 5,581.2 million at March 31, 2023.

Equity attributable to the owners of the Parent Company at March 31, 2023 equalled euro 5,453.4 million, compared to euro 5,323.8 million at December 31, 2022.

This change is shown in the table below:

(in millions of euro)	Group	Non-controlling interests	Total
Equity at 12/31/2022	5,323.8	130.0	5,453.8
Translation differences	(16.8)	(5.5)	(22.3)
Net income/(loss)	111.6	3.3	114.9
Fair value adjustment of financial assets / derivative instruments	(2.1)	-	(2.1)
Effect of hyperinflation in Turkey	5.0	-	5.0
Effect of hyperinflation in Argentina	32.7	-	32.7
Other	(0.8)	-	(0.8)
Total changes	129.6	(2.2)	127.4
Equity at 03/31/2023	5,453.4	127.8	5,581.2

Net financial position showed a debt of euro 3,244.0 million, compared to a debt of euro 2,552.6 million at December 31, 2022. It was composed as follows:

<i>(in millions of euro)</i>	03/31/2023	12/31/2022
Current borrowings from banks and other financial institutions	1,549.8	800.4
- of which lease liabilities	87.6	89.0
Current derivative financial instruments (liabilities)	28.7	15.0
Non-current borrowings from banks and other financial institutions	3,276.1	3,690.1
- of which lease liabilities	385.1	396.5
Non-current derivative financial instruments (liabilities)	-	-
Total gross debt	4,854.6	4,505.5
Cash and cash equivalents	(1,189.0)	(1,289.7)
Other financial assets at fair value through Income Statement	(190.8)	(246.9)
Current financial receivables **	(93.6)	(270.9)
Current derivative financial instruments (assets)	(6.2)	(14.2)
Net financial debt *	3,375.0	2,683.8
Non-current derivative financial instruments (assets)	(24.6)	(26.4)
Non-current financial receivables **	(106.4)	(104.8)
Total net financial (liquidity) / debt position	3,244.0	2,552.6

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "financial receivables" is reported net of the relative provisions for impairment which amounted to euro 10.6 million at March 31, 2023 (euro 10.5 million at December 31, 2022).

The **structure of gross debt** which amounted to euro 4,854.6 million, was as follows:

<i>(in millions of euro)</i>	03/31/2023	Maturity date					
		within 1 year	between 1 and 2	between 2 and 3	between 3 and 4	between 4 and 5	more than 5 years
Convertible bond	472.9	-	-	472.9	-	-	-
Bond SLB EUR 600m 4,25% due 01/28	594.0	-	-	-	-	594.0	-
Schuldschein	20.0	-	-	20.0	-	-	-
Bilateral facilities	599.1	599.1	-	-	-	-	-
Bilateral EUR 400m ESG 2021 3y facility	399.3	-	399.3	-	-	-	-
Club Deal EUR 1.6bn ESG 2022 5y	597.8	-	-	-	597.8	-	-
Club Deal EUR 400m ESG 2022 19m	399.8	399.8	-	-	-	-	-
Club Deal EUR 800m ESG 2020 5y	797.5	-	-	797.5	-	-	-
Bank debt held by subsidiaries	456.3	446.8	9.5	-	-	-	-
Other financial debt	45.2	45.1	0.1	-	-	-	-
Lease liabilities	472.7	87.6	78.3	63.5	51.1	47.0	145.2
Total gross debt	4,854.6	1,578.4	487.2	1,353.9	648.9	641.0	145.2
		32.5%	10.0%	27.9%	13.4%	13.2%	3.0%

At March 31, 2023 the Group had a liquidity margin equal to euro 2,379.8 million, composed of euro 1,000.0 million in the form of non-utilised committed credit facilities, and euro 1,189.0 million in cash and cash equivalents, in addition to financial assets at fair value through the Income Statement to the amount of euro 190.8 million. The liquidity margin guarantees coverage for maturities for borrowings from banks and other financial institutions, until the end of the first quarter of 2025.

Net cash flow for the quarter, in terms of change in the net financial position, can be summarised as follows

<i>(in millions of euro)</i>	1 Q	
	2023	2022
EBIT adjusted	248.1	228.5
Amortisation and depreciation (excluding PPA amortisation)	111.6	104.6
Investments in intangible and owned tangible assets (CapEx)	(53.2)	(48.6)
Increases in right of use	(15.1)	(8.1)
Change in working capital and other	(868.8)	(841.6)
Operating net cash flow	(577.4)	(565.2)
Financial income / (expenses)	(52.2)	(43.6)
Taxes paid	(29.0)	(32.9)
Cash-out for non-recurring, restructuring expenses and other	(12.6)	(23.6)
Differences from foreign currency translation and other	(20.2)	(7.6)
Net cash flow before dividends, extraordinary transactions and investments	(691.4)	(672.9)
(Acquisition) / Disposals of investments	-	-
Net cash flow before dividends paid by the Parent Company	(691.4)	(672.9)
Dividends paid by the Parent Company	-	-
Net cash flow	(691.4)	(672.9)

Net cash flow before dividends amounted to euro -691.4 million, which was substantially consistent with net cash flow for the first quarter of 2022 (euro -672.9 million). Also consistent with the first quarter of 2022 was the **operating net cash flow**, which amounted to euro -577.4 million (euro -565.2 million for the first quarter of 2022).

The change in **operating net cash flow** mainly reflected:

- the improved operating performance (EBITDA adjusted for the first quarter of 2023 amounted to euro 359.7 million, compared to euro 333.1 million for the first quarter of the 2022 financial year);
- investments in property, plant and equipment and intangible assets to the amount of euro 53.2 million for the first quarter of the 2023 financial year (compared to euro 48.6 million for the corresponding period of 2022), aimed mainly at High Value activities and at the constant improvement of the mix and quality in all factories;
- the increase in the value of the right of use associated with the new lease agreements to the amount of euro 15.1 million (euro 8.1 million for the first quarter of the 2022 financial year);
- a performance which was substantially consistent in the first quarter of 2023 and in 2022 in the management of "*working capital and other*" as a result of:
 - the careful management of inventories (21.5% of revenues for the last 12 months) which had decreased by approximately 0.5 percentage points for the first quarter of 2023 compared to December 2022, thanks to the measures put in place, starting from the second half of 2022 to reduce the inventories of raw materials. It is to be noted that the high percentage of these inventories during 2022, was due to both rising inflation and measures to contain supply chain risks. Finished product inventories were stable (approximately 16% of revenues for the last 12 months, substantially consistent with the figure at December 31, 2022);
 - trade payables which comprised 20.1% of revenues for the last 12 months, (21.3% at March 31, 2022), a reduction compared to 29.8% at December 31, 2022 due to the effect of a reduction in payables related to investments and raw materials;
 - trade receivables which comprised 13.7% of revenues for the last 12 months, having increased by +4.1 percentage points compared to the figure at December 31, 2022, due to the usual seasonality of the business.

Less cash-out for non-recurring and restructuring expenses to the amount of euro 11 million (euro -12.6 million for the first quarter of 2023, compared to euro -23.6 million for the first quarter of 2022), partially mitigated the impacts resulting from:

- increased financial expenses (euro -52.2 million for the first quarter of 2023, compared to euro -43.6 million for the first quarter of 2022);
- the exchange rate effect and other to the amount of euro -20.2 million (euro -7.6 million for the first quarter of 2022).

Taxes paid in the first quarter of 2023 were substantially consistent with those for 2022 (euro -29 million for the first quarter of 2023, compared to euro -32.9 million for the first quarter of 2022).

OUTLOOK FOR 2023

Pirelli has confirmed the 2023 targets that were announced to the market on February 22nd. The summary table follows:

<i>(in billion of euro)</i>	2022	2023E
Revenues	6.62	~6.6 ÷ ~6.8
EBIT margin adjusted	14.8%	>14% ÷ ~14.5%
Investments (CapEx)	0.40	~0.40
<i>% of net sales</i>	6.0%	~6%
Net cash flow before dividends	0.52	~0.44 ÷ ~0.47
Net financial position <i>NFP/EBITDA adj.</i>	-2.55 1.8x	~-2.35 ~1.65x ÷ ~1.7x
ROIC <i>post taxes</i>	20.3%	~20%

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE QUARTER

On **April 5, 2023** Pirelli announced that the Board of Directors had resolved to postpone the date of the Shareholders' Meeting for the approval of the Financial Statements at December 31, 2022, to Thursday, June 29, 2023 (instead of Tuesday, May 30, 2023 as previously announced). The Board of Directors – in accepting the request received from the CNRC to that effect - decided on the postponement due to pending proceedings pursuant to Legislative Decree 21/2012 (the Golden Power Regulation), notification of which was received from the CNRC itself on March 6, 2023, in relation to the renewal of the Shareholders' Agreement – which had been entered into on May 16, 2022 by and between, amongst others, the CNRC, Marco Polo International S.r.l., Camfin S.p.A. and Marco Tronchetti Provera & C. S.p.A. – and which is expected to come into effect with the publication of the notice of convocation for the Shareholders' Meeting for the approval of the Financial Statements at December 31, 2022. Due to the postponement of the Shareholders' Meeting, the dividend will be placed for payment starting from July 26, 2023 (with an ex-dividend date of July 24, 2023 and a record date of July 25, 2023).

ALTERNATIVE PERFORMANCE INDICATORS

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

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

- **EBITDA:** is equal to the EBIT but which excludes the depreciation and amortisation of property, plant and equipment and intangible assets. EBITDA is used to measure the ability to generate earnings, excluding the impacts deriving from investments;
- **EBITDA adjusted:** is an alternative measure to the EBITDA which excludes non-recurring, restructuring and one-off expenses;
- **EBITDA margin:** is calculated by dividing the EBITDA by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding impacts deriving from investments;
- **EBITDA margin adjusted:** is calculated by dividing the EBITDA adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency, excluding the impacts deriving from investments, operating costs attributable to non-recurring, restructuring and one-off expenses.
- **EBIT:** is an intermediate measure which is derived from the net income/(loss), but which excludes taxes, financial income/(expenses) and the net income/(loss) from equity investments. EBIT is used to measure the ability to generate earnings, including the impacts deriving from investments;
- **EBIT adjusted:** is an alternative measure to the EBIT which excludes the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, and operating costs attributable to non-recurring, restructuring and one-off expenses.
- **EBIT margin:** is calculated by dividing the EBIT by revenues from sales and services. This measure is used to evaluate operating efficiency;
- **EBIT margin adjusted:** is calculated by dividing the EBIT adjusted by revenues from sales and services. This measure is used to evaluate operating efficiency excluding the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, and operating costs attributable to non-recurring, restructuring and one-off expenses.
- **Net income/(loss) adjusted:** is calculated by excluding the following items from the net income/(loss):
 - o the amortisation of intangible assets relative to assets recognised as a consequence of Business Combinations, and operating costs attributable to non-recurring, restructuring and one-off expenses;
 - o non-recurring expenses/income recognised under financial income and expenses;

- non-recurring expenses/income recognised under taxes, as well as the tax impact relative to the adjustments referred to in the previous points;
- **Fixed assets:** this measure is constituted of the sum of the Financial Statement items, "*Property, plant and equipment*", "*Intangible assets*", "*Investments in associates and joint ventures*", "*Other financial assets at fair value through other Comprehensive Income*" and "*Other non-current financial assets at fair value through the Income Statement*". Fixed assets represent the non-current assets included in the net invested capital;
- **Net operating working capital:** this measure is constituted by the sum of "*Inventory*", "*Trade receivables*" and "*Trade payables*";
- **Net working capital:** this measure is constituted by the net operating working capital and by other receivables and payables, including tax receivables and payables, and by the derivative financial instruments not included in the net financial position. This measure represents the short-term assets and liabilities included in the net invested capital and is used to measure short-term financial stability;
- **Net invested capital:** this measure is constituted by the sum of (i) fixed assets, and (ii) net working capital. Net invested capital is used to represent the investment of financial resources;
- **Provisions:** this measure is constituted by the sum of "*Provisions for liabilities and charges (current and non-current)*", "*Provisions for employee benefit obligations (current and non-current)*", "*Other non-current assets*", "*Deferred tax liabilities*" and "*Deferred tax assets*";
- **Net financial debt:** is calculated pursuant to the CONSOB Notice dated July 28, 2006 and in compliance with the ESMA Guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable as of May 5, 2021. Net financial debt represents borrowings from banks and other financial institutions net of cash and cash equivalents, of other current financial assets at fair value through the Income Statement, of current financial receivables (included in the Financial Statements under "*Other receivables*") and of the derivative hedging instruments for items included in the net financial position and included in the Financial Statements under current assets, current liabilities and non-current liabilities under "*Derivative financial instruments*";
- **Net financial position:** this measure represents the net financial debt less the non-current financial receivables (included in the Financial Statements under "*Other receivables*") and the non-current derivative financial hedging instruments for items included in the net financial position and included in the Financial Statements under non-current assets as "*Derivative financial instruments*". Net financial position is an alternative measure to net financial debt, but which includes non-current financial assets;
- **Liquidity margin:** this measure is constituted by the sum of the Financial Statement items, "*Cash and cash equivalents*", "*Other financial assets at fair value through the Income Statement*" and by the committed credit facilities that have not been utilised;
- **Operating net cash flow:** is calculated as the change in the net financial position relative to operations management;

- **Net cash flow before dividends, extraordinary transactions and investments:** is calculated by adding the change in the net financial position due to financial and tax management, to the operating net cash flow;
- **Net cash flow before dividends paid by the Parent company:** is calculated by adding the change in the net financial position due to extraordinary transactions and the management of investments, to the net cash flow before dividends and extraordinary transactions and investments;
- **Net cash flow:** is calculated by subtracting the dividends paid by the Parent company, from the net cash flow before dividends paid by the Parent company;
- **Investments in intangible and owned tangible assets (CapEx):** is calculated as the sum of investments (increases) in intangible assets and investments (increases) in property, plant and equipment excluding any increases relative to the right of use;
- **Increases in the right of use:** is calculated as the increases in the right of use relative to lease contracts;
- **ROIC:** is calculated as the ratio between the EBIT adjusted net of tax effects and the average net invested capital net of provisions, which does not include *"Investments in associates and joint ventures"*, *"Other financial assets at fair value through other Comprehensive Income"*, *"Other non-current financial assets at fair value through the Income Statement"*, *"Other non-current assets"*, the intangible assets relative to assets recognised as a consequence of Business Combinations, the deferred tax liabilities relative to the latter and the *"Provisions for employee benefit obligations current and non-current"*.

OTHER INFORMATION

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors is responsible for the strategic guidance and supervision of the Company's overall business activities, with the power to direct the administration as a whole and with the authority to make the most significant decisions in financial/strategic terms, or in terms of their structural impact on management, or that are functional to the exercise of Pirelli's controlling and steering activities.

The Chairman is vested with the legal representation of the Company, including in legal proceedings, as well as with all other powers attributed to him under the Articles of Association.

The Executive Vice Chairman and Chief Executive Officer is exclusively delegated powers for the ordinary management of the Company and of the Group, as well as the power to make proposals to the Board of Directors regarding the Industrial Plan and budgets, as well as any deliberations concerning any industrial partnerships or strategic joint ventures to which Pirelli is a party.

The Deputy-CEO is attributed the powers for the operational management of the Group, which is to be exercised vicariously.

The Board has internally instituted the following Committees with advisory and propositional tasks:

- Audit, Risk, Sustainability and Corporate Governance Committee;
- Remuneration Committee;
- Committee for Related Party Transactions;
- Nominations and Successions Committee;
- Strategies Committee.

For more information on the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2022 Annual Report group of documents, as well as to the additional information published on the Pirelli website (www.pirelli.com) in the Corporate Governance section.

INFORMATION ON THE SHARE CAPITAL AND OWNERSHIP STRUCTURE

The subscribed and paid-up share capital at the date of the approval of this Financial Report amounted to euro 1,904,374,935.66 and was represented by 1,000,000,000 registered ordinary shares with no indication of their nominal value.

The Extraordinary Shareholders' Meeting held on March 24, 2021 resolved to increase the share capital in cash, by payment in one or more tranches, excluding option rights pursuant to Article 2441, paragraph 5, of the Italian Civil Code, for a total counter-value, including any share premium, of euro 500,000,000.00 to service the conversion of the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"*, to be paid in one or more tranches through the issue of ordinary shares of the Company, with regular dividend entitlements, up to a maximum amount of euro 500,000,000.00 to exclusively service the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* issued by the Company, in accordance with the criteria provided for in the relevant Regulation, it being understood that the final subscription date for the newly issued shares is set at December 31, 2025 and that in the event that the capital increase has not been fully subscribed by that date, the same shall in any case be deemed to have been increased by an amount equal to the subscriptions received and as of that date, with the express authorisation for the Directors to issue the new shares as they are subscribed. No fractions of shares will be issued or delivered and no cash payments or adjustments will be made in lieu of any such fractions.

The shareholder Marco Polo International Italy S.r.l. - pursuant to Article 93 of Legislative Decree No. 58/1998 - controls the Company with a stake of approximately 37% of the share capital, and does not exercise management and coordination activities over the Company.

Updated excerpts of the existing agreements between some of the shareholders, including indirect shareholders, of the Company, which contain the provisions of the Shareholders' Agreements relating, amongst other things, to the corporate governance of Pirelli, are available on the Company's website.

For more detailed information on the role of the Board of Directors, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2022 Annual Report group of documents, as well as to the additional information published on the Pirelli website (www.pirelli.com) in the Corporate Governance section.

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

The Board of Directors, taking into account the simplifications of the regulatory requirements introduced by CONSOB in the Issuer's Regulation No. 11971/99, resolved to avail itself of the option to waive, pursuant to the provisions of Article 70, paragraph 8 and Article 71, paragraph 1-bis of the aforesaid Regulation, the obligations to publish the prescribed disclosure documents in the event of significant mergers, de-mergers, capital increases through the contributions of assets in kind, acquisitions and disposals.

RELATED PARTY TRANSACTIONS

Related Party Transactions, are neither atypical nor unusual, but are part of the ordinary course of business for the companies of the Group and are carried out in the interests of the individual companies. These transactions are concluded under standard or market equivalent conditions. Furthermore, they are carried out in compliance with the Procedure for Related Party Transactions ("*RPT Procedure*").

The effects of the related party transactions contained in the Income Statement and the Statement of Financial Position on the consolidated data of the Group, were as follows:

STATEMENT OF FINANCIAL POSITION (in millions of euro)	03/31/2023			12/31/2022		
	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers
Other non-current receivables	7.2	-	-	6.7	-	-
<i>of which financial</i>	7.2	-	-	6.7	-	-
Trade receivables	12.7	1.4	-	14.7	4.8	-
Other current receivables	87.7	2.4	-	92.4	13.5	-
<i>of which financial</i>	79.2	-	-	81.4	-	-
Borrowings from banks and other financial institutions non-current	9.1	0.3	-	13.0	0.2	-
Other non-current payables	-	-	0.2	-	-	0.2
Provisions for liabilities and charges non-current	-	-	24.1	-	-	22.0
Provisions for employee benefit obligations non-current	-	-	8.1	-	-	7.2
Borrowings from banks and other financial institutions current	2.0	0.4	-	2.3	0.5	-
Trade payables	49.6	32.7	-	26.9	117.2	-
Other current payables	-	0.6	33.1	-	1.5	11.9

INCOME STATEMENT (in millions of euro)	01/01 - 03/31/2023			01/01 - 03/31/2022		
	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers
Revenues from sales and services	6.7	0.2	-	6.7	0.6	-
Other income	3.7	8.4	-	2.8	9.7	-
Raw materials and consumables used (net of change in inventories)	(0.6)	(2.2)	-	(0.3)	(2.2)	-
Personnel expenses	-	-	3.5	-	-	(3.5)
Other costs	(49.0)	(26.6)	4.5	(43.1)	(37.1)	(6.3)
Financial income	0.8	0.0	-	0.8	-	-
Financial expenses	(0.1)	(0.2)	-	(0.1)	-	-
Net income/ (loss) from equity investments	2.2	-	-	0.8	-	-

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

Transactions - Statement of Financial Position

The item **other non-current receivables** refers to financing granted by Pirelli Tyre S.p.A. to the Indonesian joint venture PT Evoluzione Tyres.

The item **trade receivables** mainly includes receivables for services rendered by the companies of the Group to the Chinese joint venture, the Jining Shenzhou Tyre Co., Ltd.

The item **other current receivables** mainly refers to:

- receivables for the royalties of Pirelli Tyre S.p.A. from PT Evoluzione Tyres and from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 1.4 million and euro 1.8 million respectively;
- receivables for service fees for the Pirelli Tyre Co., Ltd from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 4.6 million.

The financial portion refers to financing granted by the Pirelli Tyre Co., Ltd. to the Jining Shenzhou Tyre Co., Ltd.

The items **borrowings from banks and other financial institutions non-current** and **borrowings from banks and other financial institutions current**, refer to the payables of the company Pirelli Deutschland GmbH towards the associate company Industriekraftwerk Breuberg GmbH for machinery hire, and the payables of the Pirelli Tyre Co., Ltd. to the Jining Shenzhou Tyre Co., Ltd.

The item **trade payables** mainly refers to payables for the purchase of energy from Industriekraftwerk Breuberg GmbH to the amount of euro 37.9 million and payables to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 9 million.

Transactions - Income statement

The item **revenues from sales and services** mainly refers to the sales of materials and semi-finished products to the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 6.6 million.

The item **other income** refers to royalties to the amount of euro 1.9 million and to the charge-back of expenses and labour costs to the amount of euro 0.8 million.

The item **other costs** mainly refers to costs for:

- the purchase of energy from Industriekraftwerk Breuberg GmbH to the amount of euro 17,4 million;
- the purchase of Motorbike products from PT Evoluzione Tyres to the amount of euro 13.9 million;
- the purchase of tyres from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 13.7 million.

The item **financial income** refers to interest on financing disbursed to the two joint ventures.

The item **financial expenses** refers to interest relative to the aforementioned machine hire.

OTHER RELATED-PARTY TRANSACTIONS

The transactions detailed below refer mainly to transactions with the Aeolus Tyre Co., Ltd. and to transactions with the Prometeon Group, both of which are subject to the control of the direct Parent company or indirect Parent companies of Pirelli & C. S.p.A.

Transactions - Statement of Financial Position

The item **trade receivables** refers to receivables from companies of the Prometeon Group.

The item **other current receivables** refers mainly to receivables for royalties from the Aeolus Tyre Co., Ltd. to the amount of euro 2.2 million.

The items **borrowings from banks and other financial institutions non-current** and **borrowings from banks and other financial institutions current**, refer to payables of the company Pirelli Otomobil Lastikleri A.S. for machine hire from the company Prometeon Turkey Endüstriyel ve Ticari Lastikler A.S.

The item **trade payables** mainly refers to payables to companies of the Prometeon Group to the amount of euro 29.9 million.

Transactions - Income statement

The item **other income** includes royalties charged to the Aeolus Tyre Co., Ltd. to the amount of euro 1.8 million per year. The item also includes income from companies of the Prometeon Group to the amount of euro 6.6 million mainly relative to:

- royalties recorded in respect of the license agreement for the use of the Pirelli trademark to the amount of euro 3 million;
- the licence agreement for know-how charged by Pirelli Tyre S.p.A. to the amount of euro 2.5 million.

The item **raw and consumable materials used** refers to costs towards companies of the Sinochem Group for the purchase of direct materials by the Chinese companies Pirelli Tyre (Jiaozuo) Co., Ltd. and Pirelli Tyre Co., Ltd.

The item **other costs** mainly comprises costs payable to companies of the Prometeon Group mainly for:

- the purchase of truck products to the amount of euro 16 million carried out by the Brazilian company Comercial e Importadora de Pneus Ltda. and subsequently resold to retail customers, and to the amount of euro 1.8 million carried out by the German company Driver Reifen und KFZ-Technik GmbH;
- the purchase of Car/Motorbike and semi-finished products to the amount of euro 5.3 million which was almost exclusively was carried out by the Turkish company, Pirelli Otomobil Lastikleri A.S. in respect of the Off-Take contract.

The item **financial expenses** refers to interest relative to the aforementioned machine hire.

REMUNERATION FOR DIRECTORS AND KEY MANAGERS

Remuneration for Directors and Key Managers can be summarised as follows:

- the Statement of Financial Position items **provisions for liabilities and charges non-current** and **provisions for employee benefit obligations non-current**, include provisions for the monetary three-year 2021-2023, 2022-2024 and 2023-2025 LTI (Long Term Incentive) Plans to the amount of euro 10.6 million (euro 8.6 million at December 31, 2022), provisions for the STI (Short Term Incentive) Plan to the amount of euro 6.5 million (euro 5.9 million at December 31, 2022), as well as severance indemnities to the amount of euro 15.1 million (euro 14 million at December 31, 2022);
- the Statement of Financial Position item **other current payables** includes the short-term portion relative to the STI (Short Term Incentive) Plan and payables for the 2020-2022 LTI (Long Term Incentive) Plan;
- the items **personnel expenses** and **other costs** include euro 0.8 million relative to employees' leaving indemnities (TFR) and severance indemnities (euro 0.8 million for the first quarter of 2022), as well as provisions for short-term benefits, to the amount of euro 1.8 million (euro 2.1 million for the first quarter of 2022) and for long-term benefits, to the amount of euro 2 million (euro 3.8 million for the first quarter of 2022).

ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. 6064293 of July 28, 2006, it should be noted that during the course of the first quarter, the Company did not carry out any atypical and/or unusual transactions, as defined in the aforementioned Notice.

The Board of Directors

Milan, May 11, 2023

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(in thousands of euro)*

	03/31/2023	12/31/2022
Property, plant and equipment	3,370,857	3,399,628
Intangible assets	5,350,403	5,382,837
Investments in associates and joint ventures	82,285	80,227
Other financial assets at fair value through other Comprehensive Income	51,324	48,419
Deferred tax assets	175,012	176,969
Other receivables	231,589	231,151
Tax receivables	9,128	9,055
Other assets	126,267	120,481
Derivative financial instruments	24,579	26,430
Non-current assets	9,421,444	9,475,197
Inventories	1,458,366	1,457,711
Trade receivables	928,520	636,446
Other receivables	595,960	741,238
Other financial assets at fair value through Income Statement	190,813	246,884
Cash and cash equivalents	1,189,030	1,289,744
Tax receivables	29,906	27,649
Derivative financial instruments	15,369	22,681
Current assets	4,407,964	4,422,353
Total Assets	13,829,408	13,897,550
Equity attributable to the owners of the Parent Company:	5,453,395	5,323,794
Share capital	1,904,375	1,904,375
Reserves	3,437,375	3,001,659
Net income / (loss)	111,645	417,760
Equity attributable to non-controlling interests:	127,812	130,034
Reserves	124,486	111,894
Net income / (loss)	3,326	18,140
Total Equity	5,581,207	5,453,828
Borrowings from banks and other financial institutions	3,276,053	3,690,111
Other payables	74,129	74,574
Provisions for liabilities and charges	100,575	101,676
Deferred tax liabilities	1,033,515	1,041,848
Provisions for employee benefit obligations	184,388	180,558
Tax payables	12,791	12,780
Derivative financial instruments	-	-
Non-current liabilities	4,681,451	5,101,547
Borrowings from banks and other financial institutions	1,549,805	800,389
Trade payables	1,367,843	1,973,296
Other payables	463,208	405,578
Provisions for liabilities and charges	36,814	41,250
Tax payables	116,481	102,104
Derivative financial instruments	32,599	19,558
Current liabilities	3,566,750	3,342,175
Total Liabilities and Equity	13,829,408	13,897,550

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	01/01 - 03/31/2023	01/01 - 03/31/2022
Revenues from sales and services	1,699,737	1,521,091
Other income	79,727	77,399
Changes in inventories of unfinished, semi-finished and finished products	33,249	44,362
Raw materials and consumables used (net of change in inventories)	(614,592)	(544,482)
Personnel expenses	(303,390)	(280,797)
Amortisation, depreciation and impairment	(140,040)	(133,141)
Other costs	(544,505)	(488,855)
Net impairment of financial assets	65	(3,324)
Increases in fixed assets due to internal works	474	351
Operating income/(loss)	210,725	192,604
Net income/(loss) from equity investments	2,323	769
- <i>share of net income/(loss) of associates and joint ventures</i>	2,190	769
- <i>gains on equity investments</i>	133	-
Financial income	42,649	80,839
Financial expenses	(94,898)	(124,420)
Net income / (loss) before taxes	160,799	149,792
Taxes	(45,828)	(39,950)
Net income / (loss)	114,971	109,842
Attributable to:		
Owners of the Parent Company	111,645	107,519
Non-controlling interests	3,326	2,323
Total earnings / (losses) per share (in euro per basic share)	0.112	0.108

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(in thousands of euro)*

	01/01 - 03/31/2023	01/01 - 03/31/2022
A Total Net income / (loss)	114,971	109,842
- Remeasurement of employee benefits	-	-
- Tax effect	13	247
- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	2,903	(4,589)
B Total items that may not be reclassified to Income Statement	2,916	(4,342)
Exchange rates differences from translation of foreign Financial Statements		
- Gains / (losses)	(22,195)	109,327
- (Gains) / losses reclassified to Income Statement	-	-
- Tax effect	-	-
Fair value adjustment of derivatives designated as cash flow hedges:		
- Gains / (losses)	(4,033)	28,096
- (Gains) / losses reclassified to Income Statement	(2,499)	(1,557)
- Tax effect	1,534	(5,994)
Cost of hedging		
- Gains / (losses)	-	(119)
- (Gains) / losses reclassified to Income Statement	-	(1,477)
- Tax effect	-	136
Share of other Comprehensive Income related to associates and joint ventures, net of taxes	(132)	1,646
C Total items reclassified / that may be reclassified to Income Statement	(27,324)	130,058
D Total other Comprehensive Income (B+C)	(24,408)	125,716
A+D Total Comprehensive Income / (loss)	90,563	235,558
Attributable to:		
- Owners of the Parent Company	92,785	234,937
- Non-controlling interests	(2,222)	621

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 03/31/2023

<i>(in thousands of euro)</i>	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Other O.C.I. reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2022	1,904,375	(510,386)	12,768	3,917,037	5,323,794	130,034	5,453,828
Other components of Comprehensive Income	-	(16,778)	(2,082)	-	(18,860)	(5,548)	(24,408)
Net income / (loss)	-	-	-	111,645	111,645	3,326	114,971
Total comprehensive income / (loss)	-	(16,778)	(2,082)	111,645	92,785	(2,222)	90,563
Effects of hyperinflation accounting in Turkey	-	-	-	4,966	4,966	-	4,966
Effects of hyperinflation accounting in Argentina	-	-	-	32,660	32,660	-	32,660
Other	-	-	-	(810)	(810)	-	(810)
Total at 03/31/2023	1,904,375	(527,164)	10,686	4,065,498	5,453,395	127,812	5,581,207

BREAKDOWN OF OTHER O.C.I. RESERVES*

<i>(in thousands of euro)</i>	Reserve for fair value adjustment of financial assets at fair value through other Comprehensive Income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	Other O.C.I. reserves
Total at 12/31/2022	(11,074)	-	54,376	38,703	(69,237)	12,768
Other components of Comprehensive Income	2,903	-	(6,532)	-	1,547	(2,082)
Total at 03/31/2023	(8,171)	-	47,844	38,703	(67,690)	10,686

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 03/31/2022

<i>(in thousands of euro)</i>	Attributable to the Parent Company					Non-controlling interests	Total
	Share Capital	Translation reserve	Other O.C.I. reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2021	1,904,375	(565,143)	(1,408)	3,570,288	4,908,112	134,527	5,042,639
Other components of Comprehensive Income	-	112,675	14,743	-	127,418	(1,702)	125,716
Net income / (loss)	-	-	-	107,519	107,519	2,323	109,842
Total comprehensive income / (loss)	-	112,675	14,743	107,519	234,937	621	235,558
Effects of hyperinflation accounting in Argentina	-	-	-	15,298	15,298	-	15,298
Other	-	-	107	395	502	(9)	493
Total at 03/31/2022	1,904,375	(452,468)	13,442	3,693,500	5,158,849	135,139	5,293,988

BREAKDOWN OF OTHER O.C.I. RESERVES*

<i>(in thousands of euro)</i>	Reserve for fair value adjustment of financial assets at fair value through other Comprehensive Income	Reserve for cost of hedging	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	Other O.C.I. reserves
Total at 12/31/2021	(2,597)	1,595	(3,085)	66,107	(63,428)	(1,408)
Other components of Comprehensive Income	(4,589)	(1,596)	26,539	-	(5,611)	14,743
Other changes	-	1	-	106	-	107
Total at 03/31/2022	(7,186)	-	23,454	66,213	(69,039)	13,442

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

	01/01 - 03/31/2023	01/01 - 03/31/2022
Net income / (loss) before taxes	160,799	149,792
Reversal of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	140,040	133,141
Reversal of Financial (income) / expenses	52,249	43,581
Reversal of gains / (losses) on equity investments	(133)	-
Reversal of share of net result from associates and joint ventures	(2,190)	(769)
Reversal of accruals to provisions and other accruals	14,398	34,833
Net Taxes paid	(28,986)	(32,908)
Change in Inventories	(18,833)	(102,193)
Change in Trade receivables	(307,174)	(233,976)
Change in Trade payables	(499,770)	(422,295)
Change in Other receivables	(32,905)	(62,080)
Change in Other payables	57,851	(7,416)
Uses of Provisions for employee benefit obligations	(6,015)	(10,858)
Uses of Provisions for liabilities and charges	(10,384)	(7,258)
A Net cash flow provided by / (used in) operating activities	(481,053)	(518,406)
Investments in owned tangible assets	(120,984)	(85,475)
Disposal of owned tangible assets	2,721	1,822
Investments in intangible assets	(3,087)	(5,896)
Change in Financial receivables from associates and joint ventures	(871)	(903)
B Net cash flow provided by / (used in) investing activities	(122,221)	(90,452)
Change in Borrowings from banks and other financial institutions due to draw downs	807,568	806,724
Change in Borrowings from banks and other financial institutions due to repayments and other	(444,955)	(1,257,240)
Change in Financial receivables / Other current financial assets at fair value through Income Statement	229,494	(4,442)
Financial income / (expenses)	(50,331)	27,597
Repayment of principal and payment of interest for lease liabilities	(30,148)	(27,045)
C Net cash flow provided by / (used in) financing activities	511,628	(454,406)
D Total cash flow provided / (used) during the period (A+B+C)	(91,646)	(1,063,264)
E Cash and cash equivalents at the beginning of the financial year	1,283,388	1,883,544
F Exchange rate differences from translation of cash and cash equivalents	(4,263)	18,671
G Cash and cash equivalents at the end of the period (D+E+F) (*)	1,187,479	838,951
(*) of which:		
cash and cash equivalents	1,189,030	842,872
bank overdrafts	(1,551)	(3,921)

FORM AND CONTENT

The publication of this Interim Financial Report at March 31, 2023 has been carried out on a voluntary basis pursuant to Article 82-ter of the Issuers' Regulation. It has not been prepared in accordance IAS 34 (Interim Financial Reporting). For the recognition and measurement of the accounting values, reference has been made to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and their relative interpretations, issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission and in force at the time of the approval of this Interim Financial Report, which are the same as those used in the preparation of the Consolidated Financial Statements at December 31, 2022, to which reference should be made for more details, with the exception of:

- the following amendments to existing standards, which are applicable from January 1, 2023, but which do impact on the Group:
 - Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies;
 - Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors;
 - Amendments to IAS 12 - Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
 - IFRS 17 - Insurance Contracts and Amendments to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 - Comparative Information;
- income taxes, which are recognised on the basis of the best estimate of the weighted average tax rate expected for the entire financial year, consistent with the indications provided by IAS 34 for the preparation of the Interim Financial Statements;
- IAS 36, with specific reference to the impairment testing of intangible assets with an indefinite useful life, such as goodwill and the Pirelli Brand, which is not applied to Interim Financial Reports at March 31 and September 30.

EXCHANGE RATES

<i>(local currency vs euro)</i>	Period-end Exchanges Rates		Change in %	Average Exchange Rates 1Q		Change in %
	03/31/2023	12/31/2022		2023	2022	
Swedish Krona	11.2760	11.1283	1.33%	11.1969	10.4834	6.81%
Australian Dollar	1.6268	1.5693	3.66%	1.5701	1.5491	1.35%
Canadian Dollar	1.4737	1.4440	2.06%	1.4513	1.4207	2.16%
Singaporean Dollar	1.4464	1.4300	1.15%	1.4302	1.5169	(5.72%)
US Dollar	1.0875	1.0666	1.96%	1.0730	1.1217	(4.34%)
Taiwan Dollar	33.1546	32.7766	1.15%	32.6199	31.4334	3.77%
Swiss Franc	0.9968	0.9847	1.23%	0.9925	1.0364	(4.24%)
Egyptian Pound	33.6643	26.4357	27.34%	32.3180	18.1162	78.39%
Turkish Lira	20.8021	19.9349	4.35%	20.8021	15.6208	33.17%
Romanian Leu	4.9491	4.9474	0.03%	4.9192	4.9463	(0.55%)
Argentinian Peso	227.2984	188.9589	20.29%	227.2984	123.2322	84.45%
Mexican Peso	19.6894	20.7073	(4.92%)	20.0661	23.0217	(12.84%)
South African Rand	19.3275	18.0986	6.79%	19.0602	17.0819	11.58%
Brazilian Real	5.5244	5.5694	(0.81%)	5.5764	5.8827	(5.21%)
Chinese Renminbi	7.4730	7.4284	0.60%	7.3476	7.1231	3.15%
Russian Rouble	83.7639	75.6553	10.72%	78.1191	98.0041	(20.29%)
British Pound Sterling	0.8792	0.8869	(0.87%)	0.8831	0.8364	5.58%
Japanese Yen	144.8300	140.6600	2.96%	141.9806	130.4636	8.83%

NET FINANCIAL POSITION

<i>(in thousands of euro)</i>	03/31/2023	12/31/2022
Current borrowings from banks and other financial institutions	1,549,805	800,389
Current derivative financial instruments (liabilities)	28,744	15,046
Non-current borrowings from banks and other financial institutions	3,276,053	3,690,111
Non-current derivative financial instruments (liabilities)	-	-
Total gross debt	4,854,602	4,505,546
Cash and cash equivalents	(1,189,030)	(1,289,744)
Other financial assets at fair value through Income Statement	(190,813)	(246,884)
Current financial receivables **	(93,620)	(270,916)
Current derivative financial instruments (assets)	(6,107)	(14,223)
Net financial debt *	3,375,032	2,683,779
Non-current derivative financial instruments (assets)	(24,579)	(26,430)
Non-current financial receivables **	(106,442)	(104,767)
Total net financial (liquidity) / debt position	3,244,011	2,552,582

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

** The item "financial receivables" is reported net of the relative provisions for impairment which amounted to euro 10,633 thousand at March 31, 2023 (euro 10,545 thousand at December 31, 2022).

Net financial debt is summarised below based on the format provided by the ESMA guidelines:

<i>(in thousands of euro)</i>	03/31/2023	12/31/2022
Cash and cash equivalents	(1,189,030)	(1,289,744)
Other current financial assets	(290,540)	(532,023)
<i>of which Current financial receivables</i>	<i>(93,620)</i>	<i>(270,916)</i>
<i>of which Current derivative financial instruments (assets)</i>	<i>(6,107)</i>	<i>(14,223)</i>
<i>of which Other financial assets at fair value through Income Statement</i>	<i>(190,813)</i>	<i>(246,884)</i>
Liquidity	(1,479,570)	(1,821,767)
Current borrowings from banks and other financial institutions	1,549,805	800,389
Current derivative financial instruments (liabilities)	28,744	15,046
Current financial debt	1,578,549	815,435
Current net financial debt	98,979	(1,006,332)
Non-current borrowings from banks and other financial institutions	3,276,053	3,690,111
Non-current derivative financial instruments (liabilities)	-	-
Non current financial debt	3,276,053	3,690,111
Net financial debt *	3,375,032	2,683,779

* Pursuant to CONSOB Notice of July 28, 2006 and in compliance with the ESMA guidelines regarding disclosure requirements pursuant to the Prospectus Regulation applicable from May 5, 2021.

DECLARATION OF THE MANAGER RESPONSIBLE FOR THE PREPARATION OF THE CORPORATE AND ACCOUNTING DOCUMENTATION PURSUANT TO THE PROVISIONS OF ARTICLE 154-BIS, PARAGRAPH 2 OF THE LEGISLATIVE DECREE 58/1998

Fabio Bocchio, as Manager responsible for the preparation of the corporate and accounting documentation, pursuant to the provisions of Article 154-bis, paragraph 2 of the Legislative Decree 58/1998, hereby certifies that the accounting information contained in the Interim Financial Report at March 31, 2023 corresponds to what contained in the accounting documentation, books and records.

Milan, May 11, 2023



Fabio Bocchio