HALF-YEAR FINANCIAL REPORT AT JUNE 30, 2024

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 Directors[1]

Chairman	Jiao Jian
Executive Vice Chairman	Marco Tronchetti Provera
Chief Executive Officer	Andrea Casaluci
Director	Chen Aihua
Director	Zhang Haitao
Director	Chen Qian
Independent Director	Alberto Bradanini
Independent Director	Michele Carpinelli
Independent Director	Domenico De Sole
Independent Director	Fan Xiaohua
Independent Director	Marisa Pappalardo
Independent Director	Grace Tang
Independent Director	Roberto Diacetti
Independent Director	Paola Boromei
Independent Director	Giovanni Lo Storto

Secretary of the Board Alberto Bastanzio

Board of Statutory Auditors[2]

Chairman	Riccardo Foglia Taverna
Statutory Auditors	Maura Campra
Statutory Auditors	Francesca Meneghel
Statutory Auditors	Teresa Naddeo
Statutory Auditors	Riccardo Perotta
Alternate Auditors	Franca Brusco
Alternate Auditors	Roberta Pirola
Alternate Auditors	Enrico Holzmiller

[1] Appointment: July 31, 2023. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2025.
[2] Appointment: May 28, 2024. Expiry: Shareholders' Meeting convened for the approval of the Financial Statements at December 31, 2026.

Audit, Risk and Corporate Governance Committee

Chairman - Independent Director	Fan Xiaohua
Independent Director	Giovanni Lo Storto
Independent Director	Roberto Diacetti
Independent Director	Michele Carpinelli
	Chen Aihua

Committee for Related Party Transactions

Chairman - Independent Director	Marisa Pappalardo
Independent Director	Giovanni Lo Storto
Independent Director	Michele Carpinelli

Nominations and Successions Committee

Chairman	Marco Tronchetti Provera
Independent Director	Domenico De Sole
	Chen Aihua
	Zhang Haitao

Remuneration Committee

Chairman - Independent Director	Grace Tang
Independent Director	Michele Carpinelli
Independent Director	Paola Boromei
Independent Director	Alberto Bradanini
	Chen Aihua

Strategies Committee

Chairman	Marco Tronchetti Provera
	Jiao Jian
	Andrea Casaluci
Independent Director	Domenico De Sole
Independent Director	Alberto Bradanini
Independent Director	Roberto Diacetti
	Chen Qian
	Zhang Haitao

Sustainability Committee

Chairman	Marco Tronchetti Provera
	Jiao Jian
	Andrea Casaluci
Independent Director	Giovanni Lo Storto

Corporate General Manager[3]	Francesco Tanzi
Manager responsible for the preparation of the Corporate Financial Documents	Fabio Bocchio[4]
Independent Auditing Firm[5]	PricewaterhouseCoopers S.p.A.

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

[3] Appointment: August 3, 2023.
[4] Position confirmed by the Board of Directors' Meeting on August 3, 2023.
[5] 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.

MACROECONOMIC AND MARKET SCENARIO

Economic Overview

The first half-year of 2024 saw the consolidation of global growth, (+2.6% for the second quarter, +2.7% for the first three months of the year), thanks to the resilience of the US economy, and the gradual recovery of the European economy. Global inflation remained at 4.5% for the second quarter also, essentially stable compared to the levels of the previous two quarters.

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

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
EU	1.1	0.5	0.2	0.4	0.6	0.7
US	1.7	2.4	2.9	3.1	2.9	3.1
China	4.5	6.3	4.9	5.2	5.3	4.7
Brazil	3.7	3.4	2.4	2.2	1.7	1.5
World	2.4	3.0	2.7	2.8	2.7	2.6

Note: Percentage change compared to the same period of the previous year. Preliminary data for 2Q 2024 for the EU, the US and China and estimates for the other countries and regions. Source: National statistics offices and S&P Global Market Intelligence, July 2024.

Consumer Prices, Change in Year-on-Year Percentages

	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024
EU	9.4	7.2	5.7	3.4	2.8	2.6
US	5.8	4.0	3.5	3.2	3.2	3.2
China	1.3	0.1	-0.1	-0.3	0.0	0.3
Brazil	5.3	3.8	4.6	4.7	4.3	3.9
World	6.9	5.3	4.9	4.5	4.5	4.5

Source: National statistics offices and S&P Global Market Intelligence for World estimate, July 2024.

In the European Union, GDP growth during the second quarter (+0.7%, compared to +0.6% for the first quarter) was buoyed by the services sector, which offset the downturn in the manufacturing sector. Inflation fell to 2.6% for the second quarter (2.8% for the first quarter), permitting the European Central Bank to cut its benchmark interest rate, which had remained fixed since September 2023, by 25 basis points.

Positive developments in the labour market, together with consumer spending, lent support to GDP growth in the US, which recorded +3.1% for the second quarter of 2024, an acceleration compared to growth in the first quarter, driven by consumer spending and investments. Inflation for the second quarter of 2024 remained unchanged (+3.2%) compared to the first quarter of 2024, prompting the Fed to reduce their expectations to only one benchmark rate cut during the course of 2024, instead of the three that were previously expected.

GDP growth for the second quarter in China equalled +4.7%, having decelerated compared to +5.3% for the first quarter of 2024, mainly due to weak domestic demand, which was partially compensated by industrial activity.

In Brazil, the floods in April in the state of Rio Grande do Sul, impacted economic activity with second quarter GDP estimated at +1.5%, having slowed compared to +1.7% for the preceding quarter.

Despite the drop in inflation (+3.9% for the second quarter of 2024, compared to +4.3% for the first quarter), the Brazilian Central Bank carried out only one interest rate cut of 25 basis points, due to the depreciation of the Brazilian real during the second quarter, and the narrowing of the interest rate differential with the US.

Exchange Rates

The divergence between inflation trends and the monetary policies of the central banks, continued to drive the exchange rate momentum during the first half-year of 2024.

Key Exchange Rates	1Q		2Q		1HY	
	2024	2023	2024	2023	2024	2023
US$ per euro	1.09	1.07	1.08	1.09	1.08	1.08
Chinese renminbi per US$	7.10	6.85	7.11	7.01	7.11	6.93
Brazilian real per US$	4.95	5.20	5.14	4.95	5.08	5.07

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

The US dollar/euro exchange rate remained unchanged for the first half-year of 2024, compared to the same period of the previous year, with the US dollar averaging 1.08 against the euro after hitting a low of US$ 1.10 per euro at the beginning of the year, before recovering to US$ 1.07 in June.

In China, the easing of the monetary policy in support of the economy, as well as uncertainties over possible new tariffs especially by the US and also by the European Union, weakened the renminbi, which averaged 7.11 against the US dollar for the first half-year of 2024, depreciating by -2.5% compared to the same period of 2023 (renminbi 6.93).

The average exchange rate for the Brazilian real remained substantially stable against the US dollar during the first half-year of 2024, compared to the same period in 2023, averaging 5.08 (5.07 for first half-year of 2023). The narrowing of the differential between US and euro interest rates, and the growing risks on the fiscal and monetary front, gradually weakened the real against the US dollar which shifted from 4.95 for the first quarter, to 5.14 for the second quarter with a low of 5.39 in June.

Raw Materials Prices

Raw materials prices rose gradually during the course of the first six months of 2024, following the trajectory towards normalisation during 2023.

Raw Materials Prices	1Q			2Q			1HY		
	2024	2023	% chg.	2024	2023	% chg.	2024	2023	% chg.
Brent (US$ / barrel)	81.8	82.2	0%	85.0	78.0	9%	83.4	80.1	4%
European natural gas (€ / MWh)	28	53	-48%	32	35	-9%	30	44	-33%
Butadiene (€ / tonne)	812	970	-16%	978	937	4%	895	953	-6%
Natural rubber TSR20 (US$ / tonne)	1,574	1,373	15%	1,684	1,345	25%	1,629	1,359	20%

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

The average price for crude oil and natural gas remained relatively stable for the first half-year, despite fluctuations caused by geopolitical uncertainties. Brent crude averaged US$ 83.4 per barrel for the first half-year of 2024, (+4% compared to US$ 80.1 for the same half-year of 2023), in the presence of increased volatility. Monthly trends for the first six months of 2024, showed a peak of US$ 89 per barrel in April, which coincided with the raid launched by Iran on Israel. Fears of escalating tensions between the two countries then subsided in the following months, and the price of Brent fell to US$ 83 in June.

Natural gas prices in Europe (NGT) during the first half-year of 2024 averaged euro 30 per MWh, (down -33% compared to euro 44 for the corresponding period of 2023, a price that is still in a normalisation phase, following the interruption of gas flows from Russia in 2022 due to the sanctions associated with the Russia-Ukraine conflict). Despite high European stockpile levels, prices increased in the second quarter (+15% compared to the first three months of 2024), driven by an increase in global demand particularly from the Asian markets.

The price of butadiene also fell during the first half-year of 2024, due to the fall in the price of natural gas and lower logistics costs. The average price stood at euro 895 per tonne (-6% compared to the first half-year of 2023), with a progressive upwardly trend particularly during the second quarter (+21% compared to the first three months of the year), as a result of the reduction in market supply, and a reduction in the supply of natural rubber.

The average price of natural rubber for the first half-year of 2024, recorded an increase of +20% compared to the same period of 2023, to US$ 1,629 per tonne (US$ 1,359 per tonne for the first half-year of 2023), due to adverse weather conditions which impacted the supply by producing countries.

Trends in Car Tyre Markets

During the first half-year of 2024, the car tyre market recorded global level volume growth of +1.5%, compared to the same period of 2023.

Volume performance per channel differed:

- +0.8% for the Original Equipment channel, thanks to growth in APAC and North America, which offset the decline in demand in Europe and South America;
- +1.8% for the Replacement channel, due to the strong recovery in demand in North America and Europe.

Demand was more sustained for Car ≥18", which recorded growth of +6.1% compared to the first half-year of 2023 (+2.3% for Original Equipment, +8.8% for Replacement), with a positive performance particularly in North America and Europe.

Market demand for Car ≤17' was stable during the first half-year of 2024, compared to the same period of the previous year.

Trends in Car Tyre Markets

% change year-on-year	1Q 2023	2Q 2023	3Q 2023	4Q 2023	2023	1Q 2024	2Q 2024	1HY 2024
Total Car Tyre Market								
Total	**-0.9**	**2.3**	**1.1**	**6.4**	**2.2**	**2.1**	**0.9**	**1.5**
Original Equipment	6.1	16.6	4.7	9.6	9.1	1.2	0.5	0.8
Replacement	-3.5	-2.4	-0.1	5.2	-0.3	2.5	1.1	1.8
Market ≥ 18"								
Total	**5.4**	**8.6**	**8.1**	**12.0**	**8.5**	**6.5**	**5.6**	**6.1**
Original Equipment	13.5	22.1	7.8	11.3	13.5	1.5	3.2	2.3
Replacement	0.2	0.3	8.4	12.5	5.2	10.1	7.5	8.8
Market ≤ 17"								
Total	**-2.6**	**0.6**	**-0.7**	**4.9**	**0.5**	**0.8**	**-0.5**	**0.1**
Original Equipment	2.7	14.0	3.2	8.8	7.0	1.1	-0.9	0.1
Replacement	-4.3	-3.0	-1.8	3.7	-1.4	0.7	-0.3	0.2

Source: Pirelli estimates.

SIGNIFICANT EVENTS OF THE HALF-YEAR

On **January 30, 2024**, the European Commission announced the opening of an investigation against certain tyre manufacturers active in the European Economic Area, for alleged violations of the European Union competition laws, through the possible collusion on prices for new replacement tyres for cars and trucks, to be sold in the European Economic Area. At the same time, it conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter, affirmed the probity of its operations and to have always acted in full compliance with the applicable laws and regulations, and assured the authority of its full cooperation during the investigations.

On February 6, 2024, Pirelli was confirmed for the sixth consecutive year as one of the global leaders in the fight against climate change, earning a place on the 2023 Climate A List drawn up by the CDP, the international non-profit organisation that collects, disseminates, and promotes information on environmental issues. An *"A"* rating is the highest score attainable in the Climate section, and was awarded to only 346 companies out of more than 21,000 participants who were assessed based on their decarbonisation strategy, the effectiveness of their efforts to reduce emissions and climate risks and to develop a low carbon economy, as well as based on the completeness and transparency of the information provided and the adoption of best practices associated with environmental impacts.

On **February 7, 2024**, Pirelli was confirmed as being amongst the best companies in the world for sustainability, obtaining a ranking in the *"Top 1%"* - the only company in the Auto Components and Automotive Sector at global level - the highest recognition in the 2024 Sustainability Yearbook published by S&P Global, following its review of the sustainability profile of 9,400 companies. This result follows the score recorded by Pirelli in the 2023 Corporate Sustainability Assessment for the Dow Jones Sustainability Index of S&P Global, where the Company was awarded first place in the Auto Components and Automotive sectors of the Dow Jones Sustainability World and Europe Indexes, with a score of 84 points (revised from the initial 83).

On **March 6, 2024,** Pirelli approved the results for the 2023 financial year, which closed with revenues of euro 6.65 billion, an EBIT adjusted of just over euro 1 billion and a net income of euro 495.9 million. The Board of Directors proposed the distribution of a dividend of euro 0.198 per share for a total of euro 198 million to the Shareholders' Meeting. **On the same date,** the Board of Directors approved and disclosed the 2024-'25 Industrial Plan Update to the market, which represents the update of the 2021-2022|2025 Industrial Plan presented on March 31, 2021. Together with the presentation of the 2024-'25 Industrial Plan Update, Pirelli published its Sustainability Plan, with its targets for 2025-2030-2040, which was developed around four pillars: *Climate, Product, Nature and People.* All the sustainability targets forecast in the Plan for *"People", "Climate", "Product", "Nature", "Global value chains"* and *"Finance",* can be viewed on the page dedicated to the Industrial Plan in the *"Investors"* section of the Pirelli website at www.pirelli.com.

On **March 22, 2024**, Pirelli signed an agreement with a selected pool of international banks for a euro 600 million term loan credit facility maturing in October 2028. The new credit facility, entered into as part of the usual activity of managing and optimising the financial structure, is aimed at the early repayment of a portion of debt maturing in 2025, at the strengthening of the liquidity margin and at the extension of debt maturities. The new credit facility is parameterised to be consistent with the new and more challenging Science Based Target initiative (SBTi) targets, which Pirelli has set for itself as part of the 2024-‘25 Industrial Plan Update presented on March 6th.

On **May 7, 2024**, Pirelli parametrised the revolving credit facility signed on **December 22, 2023**, to the new and more challenging sustainability targets announced in the 2024-‘25 Industrial Plan Update, presented on March 6th, and which were not yet available in December at the time of signing.

On **May 16, 2024**, Pirelli made a disclosure document available to the public, which concerns the revision of some of the terms and conditions of the existing licences between the Pirelli Group and the Aeolus Tyre Co., Ltd. and the Prometeon Tyre Group S.r.l., which was prepared on a voluntary basis in accordance with the provisions of Article 5 of the Regulation approved by CONSOB through Resolution No. 17221 of March 12, 2010, as subsequently amended and integrated, and with the procedure for Related Party Transactions adopted by the Company.

On **May 28, 2024**, the Shareholders' Meeting approved, with more than 99.8% of the capital represented, the Financial Statements for the 2023 financial year, which closed with a net income for the Parent Company of euro 242.9 million and a consolidated net income of euro 495.9 million, and resolved to distribute a dividend of euro 0.198 per ordinary share, which is equal to a dividend pay-out of euro 198 million gross of statutory withholdings. The dividend was placed in payment on June 26, 2024 (with an ex-dividend date of June 24, and record date of June 25).

The Shareholders' Meeting appointed, on the basis of the lists submitted prior to **May 4, 2024**, the Board of Statutory Auditors for the 2024-2025-2026 financial years, which is composed of Riccardo Foglia Taverna (appointed Chairman), Maura Campra, Riccardo Perotta, Teresa Naddeo and Francesca Meneghel as Statutory Auditors, and Franca Brusco, Roberta Pirola and Enrico Holzmiller as Alternate Auditors. The Chairman of the Board of Statutory Auditors and the Alternate Auditor Franca Brusco, were drawn from a list submitted by a group of asset management companies and institutional investors who are Pirelli shareholders, while the other auditors were drawn from a list submitted by Marco Polo International Italy S.r.l., also on behalf of Camfin S.p.A., Camfin Alternative Assets S.r.l. and Longmarch Holding S.r.l. The Shareholders' Meeting also appointed KPMG S.p.A. to audit the accounts of Pirelli & C. S.p.A. for the 2026-2034 period, and determined the relevant fee.

The Shareholders' Meeting also approved the remuneration policy for 2024, and expressed its favourable opinion on the Report on remunerations paid for the 2023 financial year. The Shareholders' Meeting also approved the adoption of the 2024-2026 three-year monetary Long Term Incentive Plan (LTI Plan), for the Management sector of the Pirelli Group.

On **June 14, 2024**, the S&P Global Ratings agency revised its assessment for Pirelli, and confirmed its BBB- investment grade rating, but improved the outlook from *"stable"* to *"positive".* In explaining its upward revision of the outlook, the agency pointed out that Pirelli is well positioned to execute its Industrial Plan for 2024-2025, has a solid costs discipline and a strong positioning in High Value tyres, which allows it to generate a stable operating cash flow with a consequent reduction in financial leverage.

On **June 24, 2024** Pirelli announced that - with reference to the non-interest-bearing bond loan, the *"EUR 500 million Senior Unsecured Guaranteed Equity-linked Bonds due 2025"* - the conversion price of the bonds was changed from euro 6.0173 to euro 5.9522 in accordance with the regulations of the bond loan itself, effective as of June 24, 2022, following the resolution of the Shareholders' Meeting of May 28, 2024 to distribute a dividend of euro 0.198 per ordinary share.

On **June 25, 2024**, Pirelli placed a sustainability-linked bond with international institutional investors for a total nominal amount of euro 600 million, which is parameterised to Pirelli's sustainability objectives, subject to the validation of the Science Based Targets initiative (SBTi) and consistent with Pirelli's *"Sustainability-linked Financing Framework"*. The issuance was placed with over 210 international investors and saw demand equal to more than 4.6 times the supply, which amounted to approximately euro 2.8 billion. The transaction, which took place as part of the current EMTN Programme (Euro Medium Term Note Programme), allows for the optimisation of the debt structure, by extending maturities and diversifying sources. The transaction - which allowed for an improvement in the liquidity margin in guaranteeing coverage for maturities on borrowings from banks and other financial institutions until the end of the first quarter of 2028 - had a settlement date of **July 2, 2024**. The issuance has a maturity date of five years and an effective yield-to-maturity of 3.950%, which corresponds to a yield of 115 basis points above the reference rate (mid swap). These securities are listed on the Luxembourg Stock Exchange.

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 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's results for the first half-year of 2024, highlighted a solid operating performance which confirmed the efficacy of the business model and reflected the implementation of the key programmes of the Industrial Plan.

On the **Commercial** front:

- the reinforced positioning of the Car **High Value** segment. During the first half-year Pirelli recorded volume growth of +7% for Car ≥18" (stable for both quarters), compared to +6% for the market), gaining market share both for the Replacement channel (+10% for Pirelli, +9% for the market) and for the Original Equipment channel, (+3% for Pirelli volumes, +2% for the market);
- a reduction in exposure to the **Standard** segment (-6% for Pirelli Car ≤17" volumes, compared to a stable market). The strategy of greater selectivity in the Original Equipment channel and the increasing focus on higher rim diameters in the Replacement channel continued, (a +3 percentage point growth in volume share for 17"). Reduction of the Standard segment was more pronounced during the second quarter (-8% for Pirelli, -0.5% for the market), compared to the first quarter (-4% for Pirelli, +1% for the market), also due to the market weakness in South America in the second quarter (-8% for the market), which represents one of the main Standard markets for Pirelli.

The performance described above translates into an overall growth in Pirelli Car volumes for the first half-year of +2% (+1.5% for the market). For the second quarter, Pirelli's volume performance (+1%, consistent with the market), reflected the increased downturn for Standard, while High Value performance (+7%) was substantially stable during both quarters.

On the **Innovation** front:

- approximately 150 new homologations were obtained for the Car sector, concentrated mainly in ≥19" and Specialties;
- for electric vehicles, Pirelli can count on a portfolio of approximately 700 homologations at global level, and a market share of 30% among Premium EV Original Equipment Manufacturers. In addition, homologations continued with the leading Prestige OEMs and Premium Chinese Electric Vehicle manufacturers;

- the range on offer was strengthened with the launch of six Car products: five at regional level (the Cinturato SF3, Powergy All Season and Winter tyres in Europe, the Scorpion MS in APAC and the Scorpion Zero AS Plus 3 in the USA), and one at global level: the PZero Winter 2.
- the presentation in early July at the Goodwood Festival of Speed, of the partnership with Pagani for the development and supply of the Cyber Tyre for the new Pagani Utopia. The sensors integrated into the tyre, thanks to Pirelli's proprietary software, will provide useful information to the vehicle for optimal driving performance.

On the **Operations** front:

- gross benefits were achieved from efficiencies of euro 71 million (approximately 50% of the annual target), consistent with expectations and the project development schedules. These efficiencies were obtained mainly from the programmes for the optimisation of the cost of the product, of the logistics network and warehouses, and from the recourse to the digitisation of internal processes;
- measures were implemented to mitigate the impact of the crisis in the Red Sea, with the aim of strengthening the resilience of the value-chain;
- the saturation level of the plants stood at approximately 88%, 96% for High Value;
- the programme to decarbonise manufacturing plants through the use of renewable energy sources and energy efficiency programmes continued, as well as the establishment of a multi-year roadmap for the development of platforms to support emissions reductions and the digitisation of the sustainability processes;
- coverage of the main factories with Industrial Internet of Things (IIoT) technology in order to improve the efficiency and productivity of production processes, and the introduction of additional levels of automation, continued.

On the **Sustainability** plan front, significant results were achieved that are founded on the engagement and passion of Pirelli's people. During the course of the first half-year, the accident frequency index fell by -35% compared to the first half-year of 2023. In addition, the *"Pirelli Manufacturing Excellence - PME"* programme, which had been announced when the Industrial Plan was presented, was launched, in which the development of skills plays a central role.
At the end of the first half-year of 2024, the decarbonisation plan, as already mentioned in the Operations programme, was continuing in line with expectations, thanks to energy efficiency projects and electrification projects for machinery in the manufacturing plants, which led to a reduction of 18% in emissions Scopes 1 and 2, compared to the first half-year of 2023, and thanks to the commitment of the most emissive suppliers with respect to the Scope 3 emissions reduction roadmap, from which Pirelli has obtained Life Cycle Assessments covering 60% of emissions related to raw materials purchased.

The product-side sustainability roadmap also continued. The new P Zero Winter 2 was presented at *"The Tire Cologne 2024"* trade fair, along with part of the range equipped with Elect technology, which is made from more than 50% natural or recycled material (with third-party certification). The version of the P Zero Winter 2, made specifically for the BMW 7 Series, is also the first winter tyre for cars with an *"A Class Rating"* in rolling resistance, a quality that is particularly important for electrified cars, which can in this way save energy and cover more kilometres on a battery charge.

At the 2024 Goodwood Festival of Speed, Pirelli announced a partnership with Jaguar Land Rover (JLR), to supply tyres made with materials derived from FSC-certified forests for a wide selection of luxury vehicles, while the world's first road tyre, containing FSC™-certified natural rubber and rayon produced by Pirelli, was presented in 2021.

Also, of note for 2024, was the introduction of tyres with FSC™ rubber into the Formula 1 championship, beginning with the first GP of the year, and the debut of the certification into the world of cycling also, with the new Pirelli P Zero Race RS1[6]. FSC™ forest management certification confirms that plantations are managed in a way that preserves biodiversity, and benefits the people who live and work in those areas. The FSC™ Chain of Custody certification process, ensures that FSC™ certified material is segregated from non-certified material, from the plantation to the tyre manufacturer.
As part of the Nature Programme, a reduction in the dependency on water resources plays a primary role: during the first half-year, Pirelli recorded a -15% reduction in the specific drawing of water compared to the first half-year of 2023.

Pirelli's results for the first half-year of 2024 were characterised by:

- **net sales** which equalled euro **3,447.5** million, substantially consistent with the first half-year of 2023 (+0.3%), with organic growth of +4.6%. This performance was supported by a positive volume performance (+1.8%) and by an improvement in the price/mix (+2.8%). The impact of the exchange rate effect was instead negative (-4.3%);
- **EBIT adjusted** which equalled euro **539.1** million, +4.2% compared to the first half-year of 2023, with profitability at 15.6%, an improvement of +0.5 percentage points year-on-year, thanks to the contribution of internal levers;
- **net income/loss** which amounted to an income of euro **231.3** million (euro 242.6 million for the first half-year of 2023), due to the impacts associated with the application of hyperinflation accounting;
- **Net Financial Position** which at June 30, 2024 showed a debt of euro 2,978.0 million (a debt of euro 2,261.7 million at December 31, 2023), with a cash absorption before dividends of euro -519.2 million in the first half-year of 2024, (euro -534.9 million in the first quarter of 2023. This result included the impact of the acquisition of Hevea-Tec (euro 23 million). Cash generation during the second quarter (euro 154.2 million), was largely consistent with the second quarter of 2023 (euro 156.5 million), despite higher capital expenditure (euro 90.2 million compared to euro 70.3 million during the second quarter of 2023);
- a **liquidity margin** equal to euro **2,390.7** million, which covers debt maturities until the first quarter of 2027.

[6] Natural rubber accounts for the following percentage of the tyre's total weight:
approximately 16% of the tyres for the BMW X5 xDrive45e Plug-In Hybrid;
approximately 15% of Formula 1 tyres;
approximately 23% of the P Zero Race RS.

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

(in millions of euro)	**1 HY 2024**	**1 HY 2023**
Net sales	**3,447.5**	**3,437.5**
EBITDA adjusted (°)	**768.3**	**739.1**
% of net sales	22.3%	21.5%
EBITDA	**752.7**	**718.6**
% of net sales	21.8%	20.9%
EBIT adjusted	**539.1**	**517.4**
% of net sales	15.6%	15.1%
Adjustments: - amortisation of intangible assets included in PPA	(56.9)	(56.9)
- one-off, non-recurring and restructuring expenses	(15.6)	(20.5)
EBIT	**466.6**	**440.0**
% of net sales	13.5%	12.8%
Net income/(loss) from equity investments	15.9	6.2
Financial income/(expenses)	(176.1)	(106.9)
Net income/(loss) before taxes	**306.4**	**339.3**
Taxes	(75.1)	(96.7)
Tax rate %	24.5%	28.5%
Net income/(loss)	**231.3**	**242.6**
Net income/(loss) attributable to owners of the Parent Company	215.6	232.1
Earnings/(loss) per share (in euro per basic share)	0.22	0.23
Net income/(loss) adjusted	283.0	298.3

(°) The adjustments refer to one-off, non-recurring and restructuring expenses to the amount of euro 15.6 million (euro 20.5 million for the first half-year of 2023).

(in millions of euro)		**06/30/2024**	**12/31/2023**	**06/30/2023**
Fixed assets		**8,748.0**	**8,812.1**	**8,821.7**
	Inventories	1,417.7	1,371.4	1,418.7
	Trade receivables	937.3	649.4	895.1
	Trade payables	(1,499.1)	(1,999.4)	(1,405.1)
Operating net working capital		**855.9**	**21.4**	**908.7**
% of net sales (*)		12.9%	0.3%	13.3%
	Other receivables/other payables	114.6	45.8	(101.7)
Net working capital		**970.5**	**67.2**	**807.0**
% of net sales (*)		14.6%	1.0%	11.8%
Net invested capital		**9,718.5**	**8,879.3**	**9,628.7**
Equity		**5,713.3**	**5,619.6**	**5,455.6**
Provisions		1,027.2	998.0	1,085.6
Net financial (liquidity)/debt position		**2,978.0**	**2,261.7**	**3,087.5**
Equity attributable to owners of the Parent Company		5,572.1	5,494.4	5,335.4
Investments in intangible and owned tangible assets (CapEx)		143.6	405.7	123.5
Increases in right of use		41.4	101.2	41.6
Research and development expenses		148.2	288.5	142.8
% of net sales		4.3%	4.3%	4.2%
Research and development expenses - High Value		139.2	269.4	132.5
% of High Value sales		5.2%	5.4%	5.2%
Employees (headcount at end of period)		31,284	31,072	31,212
Tyre production sites (number)		18	18	18

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

For a better understanding of the Group's performance, the following **quarterly performance figures** are provided below:

(in millions of euro)		**1 Q**		**2 Q**		**TOTAL 1 HY**	
		2024	**2023**	**2024**	**2023**	**2024**	**2023**
Net sales		**1,695.5**	1,699.7	**1,752.0**	1,737.8	**3,447.5**	3,437.5
	yoy	-0.2%		0.8%		0.3%	
	*organic yoy **	4.6%		4.5%		4.6%	
EBITDA adjusted		**376.3**	359.7	**392.0**	379.4	**768.3**	739.1
	% of net sales	22.2%	21.2%	22.4%	21.8%	22.3%	21.5%
EBITDA		**368.6**	350.7	**384.1**	367.9	**752.7**	718.6
	% of net sales	21.7%	20.6%	21.9%	21.2%	21.8%	20.9%
EBIT adjusted		**262.6**	248.1	**276.5**	269.3	**539.1**	517.4
	% of net sales	15.5%	14.6%	15.8%	15.5%	15.6%	15.1%
Adjustments: - amortisation of intangible assets included in PPA		(28.4)	(28.4)	(28.5)	(28.5)	(56.9)	(56.9)
- one-off, non-recurring and restructuring expenses		(7.7)	(9.0)	(7.9)	(11.5)	(15.6)	(20.5)
EBIT		**226.5**	210.7	**240.1**	229.3	**466.6**	440.0
	% of net sales	13.4%	12.4%	13.7%	13.2%	13.5%	12.8%
Net income/(loss) from equity investments		6.0	2.3	9.9	3.9	15.9	6.2
Financial income/(expenses)		(110.1)	(52.2)	(66.0)	(54.7)	(176.1)	(106.9)
Net income/(loss) before taxes		**122.4**	160.8	**184.0**	178.5	**306.4**	339.3
Taxes		(22.0)	(45.8)	(53.1)	(50.9)	(75.1)	(96.7)
Tax rate %		18.0%	28.5%	28.9%	28.5%	24.5%	28.5%
Net income/(loss)		**100.4**	115.0	**130.9**	127.6	**231.3**	242.6

*before exchange rate effect and hyperinflation in Argentina and Turkey.

Net sales amounted to euro 3,447.5 million, an increase of +0.3% compared to the first half-year of 2023, +4.6% excluding the combined impact of the exchange rate effect and the adoption of hyperinflation accounting (totalling -4.3%).

High Value sales accounted for 77% of total Group revenues (74% for the first half-year of 2023).

The following table shows the **changes in net sales performance** compared to the same period of the previous year:

	2024		
	1Q	**2Q**	**1HY**
Volume	2.3%	1.2%	1.8%
Price/mix	2.3%	3.3%	2.8%
Change on a like-for-like basis	**4.6%**	**4.5%**	**4.6%**
Exchange rate effect /Hyperinflation accounting in Argentina and Turkey	-4.8%	-3.7%	-4.3%
Total change	**-0.2%**	**0.8%**	**0.3%**

The positive **volume** performance (+1.8% for Car and Motorcycle), reflected the strategy of focusing on High Value, and the gradual reduction of exposure to the Standard segment, as already illustrated.

The improvement in the **price/mix** for the first half-year (+2.8%), was mainly attributable to the product mix.

The impact of the **exchange rate effect** was negative (-4.3%), and due mainly to the volatility of the currencies of emerging countries against the euro.

Net sales for the second quarter amounted to euro 1,752.0 million, with organic growth of +4.5% compared to the same period of 2023, +0.8% including the negative impact of the exchange rate effect. The trend for volumes was positive (+1.2%), but had slowed compared to the first quarter (+2.3%), due mainly to the aforementioned weakness of the Standard segment. The price/mix improved sharply (+3.3%, compared with +2.3% for the first quarter of 2024), thanks to the increased exposure to High Value and an improvement in the Region mix. The negativity of the exchange rate effect also persisted (-3.7%), albeit to a lesser extent than for the first quarter (-4.8%), due to the weakening of emerging currencies against the euro.

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

	1 HY 2024			1 HY 2023
(in millions of euro)		%	*YoY*	%
Europe	1,385.5	40.2%	*3.5%*	38.9%
North America	872.7	25.3%	*1.0%*	25.2%
APAC	563.7	16.4%	*3.7%*	15.8%
South America	379.5	11.0%	*-17.7%*	13.4%
Russia and MEAI	246.1	7.1%	*6.9%*	6.7%
Total	**3,447.5**	**100.0%**	***0.3%***	**100.0%**

EBITDA adjusted amounted to euro 768.3 million (euro 739.1 million for the first half-year of 2023), with a margin of 22.3% (21.5% for the first half-year of 2023), which reflected the dynamics described in the following paragraph in terms of the EBIT adjusted.

EBIT adjusted for the first half-year of 2024 amounted euro 539.1 million (euro 517.4 million for the same period of 2023), with an EBIT margin adjusted of 15.6%, an improvement compared to 15.1% for the first half-year of 2023, thanks to the contribution of internal levers.

More specifically, the **EBIT adjusted** mainly reflected:

- the **positive** contribution of the **price/mix** (euro +60.4 million) and **volumes** (euro +23.6 million);
- the positive effect of **efficiencies** (euro +71.4 million) which fully offset **inflation in the cost of production factors** (euro -68.3 million);
- the positive contribution of **raw materials** (euro +36.3 million), which partially offset the negative **exchange rate effect** (euro -62.3 million).

Lastly, the negative impact of **depreciation and amortisation** (euro -14.1 million) and of **other costs** (euro -25.3 million), mainly related to Marketing, Research and Development activities and to the reduction in inventories.

EBIT adjusted for the second quarter amounted to euro 276.5 million (+2.7% compared to euro 269.3 million for the second quarter of 2023), with the margin improving to 15.8% (15.5% for the second quarter of 2023), thanks to volume growth (euro +8.6 million). In addition, the contribution of the price/mix (euro +33.4 million) and of efficiencies (euro +39.4 million), covered the negative impact of inflation (euro -39.2 million) and of the exchange rate effect (euro -23.7 million) by approximately 1.2x.

The impact of raw materials was slightly positive (euro +6.9 million). Lastly, the impacts of depreciation and amortisation (euro -6.8 million) and other costs (euro -11.4 million), were negative.

(in millions of euro)	**1 Q**	**2 Q**	**1 HY**
2023 EBIT adjusted	**248.1**	**269.3**	**517.4**
- Internal levers:			
Volumes	15.0	8.6	23.6
Price/mix	27.0	33.4	60.4
Amortisation and depreciation	(7.3)	(6.8)	(14.1)
Efficiencies	32.0	39.4	71.4
Other	(13.9)	(11.4)	(25.3)
- External levers:			
Cost of production factors (commodities)	29.4	6.9	36.3
Cost of production factors (labour/energy/other)	(29.1)	(39.2)	(68.3)
Exchange rate effect	(38.6)	(23.7)	(62.3)
Total change	**14.5**	**7.2**	**21.7**
2024 EBIT adjusted	**262.6**	**276.5**	**539.1**

EBIT for the first half-year of 2024 amounted to euro 466.6 million (euro 440.0 million for the first half-year of 2023), and included the amortisation of the intangible assets identified in the PPA to the amount of euro 56.9 million, consistent with the first half-year of 2023, and one-off, non-recurring and restructuring expenses of euro 15.6 million.

Net income/(loss) from equity investments amounted to an income of euro 15.9 million, (positive to the amount of euro 6.2 million for the first half-year of 2023), and mainly refers to the pro-rata result of the investment in the joint venture Xushen Tyre (Shanghai) Co., Ltd., which was positive to the amount of euro 12.5 million (positive to the amount of euro 2.9 million for the first half-year of 2023), and in the joint venture PT Evoluzione Tyres in Indonesia which was positive to the amount of euro 1.6 million (positive to the amount of euro 1.6 million for the first half-year 2023).

Net financial expenses for the first half-year of 2024 amounted to euro 176.1 million, compared to euro 106.9 million for the first half-year of 2023. The figure for the first half-year 2024, includes the negative impact of approximately euro 69 million linked to the phenomena of currency depreciation and hyperinflation, without any impact on cash generation.

At June 30, 2024, the **cost of debt**, calculated as the average cost of debt for the last twelve months, stood at 5.29%, a slight increase compared to December 31, 2023 (5.08%).

Taxes for the first half-year of 2024 amounted to euro 75.1 million, a decrease compared to euro 96.7 million for the first half-year of 2023, due also to the benefits of the Patent Box which were not included for the same period of the previous year.

Net income/(loss) amounted to an income of euro 231.3 million, compared to an income of euro 242.6 million for the first half-year of 2023.

Net income/(loss) adjusted amounted to an income of euro 283.0 million, (euro 298.3 million for the first half-year of 2023). The following table shows the calculations:

(in millions of euro)	1 H	
	2024	**2023**
Net income/(loss)	**231.3**	**242.6**
Amortisation of intangible assets included in PPA	56.9	56.9
One-off, non-recurring and restructuring expenses	15.6	20.5
Taxes	(20.8)	(21.7)
Net income/(loss) adjusted	**283.0**	**298.3**

Net income/(loss) attributable to the owners of the Parent Company amounted to an income of euro 215.6 million, compared to an income of euro 232.1 million for the first half-year of 2023.

Equity went from euro 5,619.6 million at December 31, 2023 to euro 5,713.3 million at June 30, 2024.

Equity attributable to the owners of the Parent Company at June 30, 2024 equalled euro 5,572.1 million, compared to euro 5,494.4 million at December 31, 2023.

This change is shown in the table below:

(in millions of euro)	**Group**	**Non-controlling interests**	**Total**
Equity at 12/31/2023	**5,494.4**	**125.2**	**5,619.6**
Translation differences	(75.5)	5.3	(70.2)
Net income/(loss)	215.6	15.7	231.3
Fair value adjustment of financial assets / derivative instruments	4.2	-	4.2
Actuarial gains/(losses) on employee benefits	(11.7)	-	(11.7)
Dividends approved	(198.0)	(5.2)	(203.2)
Effect of hyperinflation in Turkey	9.4	-	9.4
Effect of hyperinflation in Argentina	135.1	-	135.1
Other	(1.4)	0.2	(1.2)
Total changes	**77.7**	**16.0**	**93.7**
Equity at 06/30/2024	**5,572.1**	**141.2**	**5,713.3**

Net financial position showed a debt of euro 2,978.0 million, compared to a debt of euro 2,261.7 million at December 31, 2023. It was composed as follows:

(in millions of euro)	**06/30/2024**	**12/31/2023**
Current borrowings from banks and other financial institutions	1,185.6	789.5
- of which lease liabilities	*102.7*	*99.1*
Current derivative financial instruments (liabilities)	11.5	18.2
Non-current borrowings from banks and other financial institutions	2,963.7	3,174.7
- of which lease liabilities	*365.5*	*383.4*
Non-current derivative financial instruments (liabilities)	-	-
Total gross debt	**4,160.8**	**3,982.4**
Cash and cash equivalents	(716.2)	(1,252.8)
Other financial assets at fair value through Income Statement	(174.5)	(228.8)
Current financial receivables **	(127.8)	(106.1)
Current derivative financial instruments (assets)	(43.7)	(7.3)
Net financial debt *	**3,098.6**	**2,387.4**
Non-current derivative financial instruments (assets)	(14.6)	(12.9)
Non-current financial receivables **	(106.0)	(112.8)
Total net financial (liquidity) / debt position	**2,978.0**	**2,261.7**

* 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 9.9 million at June 30, 2024 (euro 11.0 million at December 31, 2023).

The **structure of gross debt** which amounted to euro 4,160.8 million, was as follows:

(in millions of euro)	**06/30/2024**	**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**
Bilateral EUR 400m ESG 2021 3y facility	399.8	399.8	-	-	-	-	-
Club Deal EUR 800m ESG 2020 5y	399.5	399.5	-	-	-	-	-
Schuldschein	20.0	-	20.0	-	-	-	-
Convertible bond	485.1	-	485.1	-	-	-	-
Bilateral EUR 300m ESG 2023 2.5y facility	299.6	-	299.6	-	-	-	-
Club Deal EUR 1.6bn ESG 2022 5y	598.5	-	-	598.5	-	-	-
Bond SLB EUR 600m 4.25% due 01/28	595.3	-	-	-	595.3	-	-
Club Deal EUR 600m ESG 2024 4.5y	597.7	-	-	-	-	597.7	-
Bank debt held by subsidiaries	207.7	206.0	-	1.7	-	-	-
Other financial debt	89.4	89.3	0.1	-	-	-	-
Lease liabilities	468.2	102.7	84.4	67.6	58.5	44.8	110.2
Total gross debt	**4,160.8**	**1,197.3**	**889.2**	**667.8**	**653.8**	**642.5**	**110.2**
		28.8%	*21.4%*	*16.1%*	*15.7%*	*15.4%*	*2.6%*

At June 30, 2024, the Group had a liquidity margin of euro 2,390.7 million consisting of euro 1,500.0 million in unutilised committed credit lines, euro 716.2 million in cash and cash equivalents, and euro 174.5 million in financial assets at fair value through the Income Statement. The liquidity margin guarantees coverage for maturities for borrowings from banks and other financial institutions, until the first quarter of 2027.

Net cash flow for the first half-year, in terms of change in the net financial position, can be summarised as follows:

(in millions of euro)	1 Q		2 Q		1 HY	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
EBIT adjusted	262.6	248.1	276.5	269.3	539.1	517.4
Amortisation and depreciation (excluding PPA amortisation)	113.7	111.6	115.5	110.1	229.2	221.7
Investments in intangible and owned tangible assets (CapEx)	(53.4)	(53.2)	(90.2)	(70.3)	(143.6)	(123.5)
Increases in right of use	(15.3)	(15.1)	(26.1)	(26.5)	(41.4)	(41.6)
Change in working capital and other	(845.8)	(868.8)	(16.9)	(6.8)	(862.7)	(875.6)
Operating net cash flow	**(538.2)**	**(577.4)**	**258.8**	**275.8**	**(279.4)**	**(301.6)**
Financial income / (expenses) paid	(63.2)	(60.2)	(45.7)	(58.1)	(108.9)	(118.3)
Taxes paid	(24.7)	(29.0)	(44.8)	(32.3)	(69.5)	(61.3)
Cash-out for one-off, non-recurring and restructuring expenses	(20.4)	(12.6)	(9.5)	(10.2)	(29.9)	(22.8)
Dividends paid to minority shareholders	(1.3)	-	(5.2)	(3.9)	(6.5)	(3.9)
Differences from foreign currency translation and other	(2.6)	(12.2)	0.1	(14.8)	(2.5)	(27.0)
Net cash flow before dividends, extraordinary transactions and investments	**(650.4)**	**(691.4)**	**153.7**	**156.5**	**(496.7)**	**(534.9)**
Hevea-Tec acquisition	(23.0)	-	0.5	-	(22.5)	-
Net cash flow before dividends paid by the Parent Company	**(673.4)**	**(691.4)**	**154.2**	**156.5**	**(519.2)**	**(534.9)**
Dividends paid by the Parent Company	-	-	(197.1)	-	(197.1)	-
Net cash flow	**(673.4)**	**(691.4)**	**(42.9)**	**156.5**	**(716.3)**	**(534.9)**

Net cash flow before dividends for the first half-year of 2024 amounted to euro -519.2 million, an improvement of euro 15.7 million compared to euro -534.9 million for the first half-year of 2023. Excluding the impact of the acquisition of Hevea-Tec which occurred in the first quarter (approximately euro -23 million), cash flow before dividends improved by approximately euro 38 million compared to the first half-year of 2023.

Operating net cash flow for the first half-year of 2024 was negative to the amount of euro 279.4 million, (negative to the amount of euro -301.6 million for the first half-year of 2023), and reflected:

- the improved operating performance compared to the previous year, (EBITDA adjusted for the first quarter of 2024 amounted to euro 768.3 million, compared to euro 739.1 million for the first half-year of 2023);
- investments in property, plant and equipment and intangible assets to the amount of euro 143.6 million for the first half-year of 2024, (euro 123.5 million for the first half-year of 2023), aimed mainly at High Value activities and at the continuous improvement of the mix and quality in all factories;
- the increase in the right of use of euro 41.4 million for the first half-year of 2024, (euro 41.6 million for the first half-year of 2023);
- a cash absorption of *"working capital and other"* during the course of the first half-year of 2024 to the amount of euro 862.7 million, an improvement compared to euro -875.6 million for the first half-year of 2023, and which reflected the careful management of inventories (21.3% of revenues for the last 12 months), the usual seasonality of trade receivables (14.1% of revenues for the last 12 months) and trade payables (22.5% of revenues for the last 12 months).

Net cash flow for the first half-year of 2024, also highlighted the following performances, compared to the first half-year of 2023:

- financial expenses were lower by euro 9.4 million;
- taxes paid were higher by euro 8.2 million;
- payments related to non-recurring and restructuring expenses were higher by approximately euro 7 million, for the restructuring programmes of the 2023 financial year;
- dividends paid to minority shareholders were higher by euro 2.6 million.

Net cash flow before dividends for the second quarter of 2024 was positive to the amount of euro 154.2 million, and substantially consistent with the second quarter of 2023 (euro 156.5 million), despite higher capital expenditure (euro 90.2 million in the second quarter of 2024, compared to euro 70.3 million in the second quarter of 2023).

OUTLOOK FOR 2024

(in billions of euro)	**March 2024**	**August 2024**
Revenues	~6.6 ÷ ~6.8	~6.6 ÷ ~6.8
EBIT margin adjusted	>15.0% ÷ ~15.5%	~15.5%
Investments (CapEx)	~0.40	~0.40
% of revenues	*~6%*	*~6%*
Net cash flow before dividends	~0.50 ÷ ~0.52	~0.50 ÷ ~0.52
Net financial position	~-1.95	~-1.95
NFP/EBITDA adj.	*~1.32x ÷ ~1.26x*	*~1.32x ÷ ~1.26x*
ROIC *post taxes*	~21%	~21%

The forecast for the **global Car tyre** market in 2024 is "flat" compared with ~ +1% estimated in May, because of greater weakness in the Standard segment (expected at ~-1% compared with "~-1% / flat" of previous estimate).

High Value is confirmed as the most resilient segment, with growth estimate of "mid-single digit" levels and about 7 percentage points higher compared with the expected performance of Standard (prior expectation +6 percentage points).

In particular, the estimated for the Car ≥18'' market are:

- in **Original Equipment** volumes are expected to grow at "mid-single digit" levels mainly thanks to demand in the Apac area;
- in **Replacement** volumes are expected to grow at "mid/high single digit" levels, gainly led by demand in all High Value regions.

In the Standard segment ≤17" expectations are for weaker demand compared with previous year, because of a weaker Original Equipment market and a slightly lower Replacement market in the main Standard regions.

In the light of first half results and the expected context, for 2024 Pirelli foresees:

- **Revenues confirmed** at about **6.6 / 6.8 billion euro** with:
    - **Volumes confirmed at** ~**+1.5% /** ~**+2.5%**;
    - **price/mix improvement** to ~**+2% / ~+2.5%** (previous estimate ~+ 2%) thanks to the ongoing improvement of the product mix;
    - **forex impact confirmed at ~-4% / ~-3%.**

- **Adjusted Ebit Margin** expected at **about 15.5%, at the higher end of previous guidance (** >15% / ~15.5%) thanks to the support of price/mix.

- **Net cash generation before dividends confirmed between ~500 and ~520 million** euro**,** thanks to operational performance and the management of working capital.

- **Investments confirmed** at 400 million euro (~6% of revenues).

- **Net financial position** confirmed at **~-1.95 billion euro**, with **NFP/ Adjusted Ebitda ratio confirmed between** ~1.32 /~1.26 times.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE HALF-YEAR

On **July 15, 2024**, Fitch Ratings revised Pirelli's Long-Term Issuer Default Rating (IDR) and senior unsecured debt rating upwards from *"BBB-"* to *"BBB",* with a stable outlook. The upward revision reflects Pirelli's high profitability and the solidity of its cash flow generation (free cash flow), elements that have allowed for a reduction in financial leverage that is consistent with the parameters required by the new rating.

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

- o non-recurring expenses/income recognised under financial income and expenses;
- o 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 by 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 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**: 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 "Derivative financial instruments" as current assets, current liabilities and non-current liabilities;

- **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 *"Derivative financial instruments*" as non-current assets. The 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 the committed but unutilised credit facilities;

- **Operating net cash flow**: 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**: 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, extraordinary transactions and investments;
- **Net cash flow**: 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)**: 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**: calculated as the increases in the right of use relative to lease contracts;
- **ROIC**: 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

For 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 2023 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 approval of this Financial Report was euro 1,904,374,935.66, represented by 1,000,000,000 registered ordinary shares without indication of their nominal value. Each share entitles the holder to one vote. There are no other categories of shares.

The Extraordinary Pirelli 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 countervalue, 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, with the understanding that the final subscription date for the newly issued shares is set as 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 shall be made in lieu of any such fractions.

Since October 4, 2017, the date on which trading of the Company's shares began on Euronext Milan organized and managed by Borsa Italiana S.p.A., Marco Polo International Italy S.r.l. (“MPI Italy”) has declared control pursuant to Art. 93 of the TUF over the Company, of which it holds approximately 37% of the share capital, without exercising activities of direction and coordination. MPI Italy, in turn is indirectly controlled by Sinochem Holdings Corporation Ltd (“Sinochem”), a state owned enterprise incorporated under the law of China, subject to control by the State-owned Assets Supervision and Administrative Commission of the State Council (SASAC) of the People’s Republic of China.
Note that, following the prescriptions of the provision communicated to the Company on June 16, 2023, by which the Council of Ministers exercised the special powers pursuant to Legislative Decree No. 21/2012 (the *"**Golden Power Prime Ministerial Decree**"*), the Board of Statutory Auditors together with management have been performed analysis regarding the permanence of the control by MPI Italy over Pirelli; also following recent indication by Consob, which refer to the application of international accounting standards, the Board of Directors is currently carrying out the necessary

assessments. Pending the conclusion of the mentioned assessments, the disclosure regarding MPI Italy's declaration of control at this stage has not changed.
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 regarding, amongst other things, the corporate governance of Pirelli, are available on the Company's website. For further details on the Company's corporate governance and ownership structure, reference should be made to the Report on Corporate Governance and Ownership Structure contained in the 2023 Annual Report group of documents, as well as to the additional information available on the Pirelli website (www.pirelli.com) in the Corporate Governance and Investor Relations sections.

WAIVER OF THE PUBLICATION OF INFORMATION DOCUMENTS

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

FOREIGN SUBSIDIARIES NOT BELONGING TO THE EUROPEAN UNION (EXTRA-EU COMPANIES)

Pirelli & C. S.p.A. directly or indirectly controls some companies based in countries which do not belong to the European Community ("*Extra-EU Companies*"), which hold particular significance pursuant to Article 15 of CONSOB Regulation No. 20249 of December 28, 2017, concerning Market Regulations.

With reference to data at June 30, 2024, the Extra-EU Companies controlled directly or indirectly by Pirelli & C. S.p.A., which are of relevance pursuant to Article 15 of the Market Regulations, are:

Pirelli Tyre Russia (Russia); Pirelli Pneus Ltda. (Brazil); Pirelli Comercial de Pneus Brasil Ltda. (Brazil); Comercial e Importadora de Pneus Ltda. (Brazil); Pirelli Tire LLC (USA); Pirelli Tyre Co., Ltd. (China); Pirelli Otomobil Lastikleri A.S. (Turkey); Pirelli Neumaticos S.A.I.C. (Argentina); Pirelli Neumaticos S.A. de C.V. (Mexico); Pirelli UK Tyres Ltd. (United Kingdom) and Pirelli Tyre (Suisse) S.A. (Switzerland); Pirelli Tyre (Jiaozuo) Co., Ltd. (China); Pirelli Asia Pte Ltd. (Singapore).

Also pursuant to the same previously mentioned provisions, the Company has specific and appropriate Group Operating Regulations in place which ensure immediate, constant and full compliance with the provisions of the aforementioned CONSOB Regulation. In particular, the competent Company managements provide the punctual and periodic identification and publication of the relevant Extra-EU Companies pursuant to the Market Regulation and - with the necessary and appropriate cooperation of the companies concerned - guarantee the collection of data and information and the verification of the circumstances referred to in the aforementioned Article 15, ensuring the availability of the information and data provided by the subsidiaries in the event of a request by CONSOB. A periodic flow of information is also provided for in order to guarantee to the Board of Statutory Auditors of the Company, that the prescribed and appropriate checks are performed. Lastly, the previously mentioned Operating Regulation, consistent with regulatory provisions, governs the disclosure to the public of the Financial Statements (that is the Statement of Financial Position and Income Statement), of the relevant non-EU companies, which are used to prepare the consolidated Financial Statements of Pirelli & C. S.p.A. It should therefore be noted that the Company has fully complied, with the provisions of Article 15 of the aforementioned CONSOB Regulation No. 20249 of December 28, 2017 and that the conditions required by the same have been met.

RELATED PARTY TRANSACTIONS

During the periodic review of existing procedures on May 9, 2024, the Company's Board of Directors - subject to the unanimous opinion of the Committee for Related Party Transactions, which deliberated with the presence of all its members - confirmed the Procedure for Related Party Transactions ("*RPT Procedure*"), which has been applied as of July 1, 2021, and updated most recently on the same date during the usual three-yearly review, in order to take into account the changes to the Company's organisational structure which had occurred in the interim. The RPT Procedure is available for perusal on the Company's website (www.pirelli.com).

Related Party Transactions do not qualify as either atypical or unusual, but are instead part of the ordinary course of business for the companies of the Group, and are carried out in the interest of the individual companies. These transactions are carried out in accordance with conditions that are standard or market equivalent. Furthermore, they are carried out in compliance with the RPT Procedure.

Pursuant to Article 5, paragraph 8 of CONSOB Regulation No. 17221 of March 12, 2010, as subsequently amended and integrated, (most recently by CONSOB Resolution No. 22144 of December 22, 2021), concerning Related Party Transactions, it should be noted that during the first half-year of 2024, that no transaction of significant importance as defined by Article 3, paragraph 1, letter b) of the aforesaid Regulation, was submitted to the Board of Directors of Pirelli & C. S.p.A. for approval.

It is to be noted that, the Company's Board of Directors, following the announcement made on May 9, 2024, and after having received the favourable opinion of the Committee for Related Party Transactions, on this date, approved amongst other things, the signing of the agreements to revise the terms and conditions of the existing licences between the Pirelli Group and the Aeolus Tyre Co., Ltd. (“***Aeolus***”) and the Prometeon Tyre Group S.r.l. ("***PTG***"), aimed, amongst other things, at the renegotiation of the duration and amounts for royalties due. These agreements are part of a broader negotiation context, that also includes other agreements with Aeolus and PTG that were originally signed as part of the industrial business segregation, carried out by the Group between 2016 and 2017. As already stated, these agreements do not affect the targets of the 2024-'25 Industrial Plan Update announced on March 6, 2024. The overall transaction, even if in terms of its value it would qualify as a transaction of minor significance, has been treated by the Company, on a prudential and voluntary basis, as a transaction of major significance. Therefore, on May 16, the Company - in keeping with this approach - made available, again on a voluntary basis, a specific disclosure document which was prepared in compliance with CONSOB regulations, and with its own internal procedures on the matter.

The figures relevant to Related Party Transactions included in this present document, already reflect the impact of the renegotiated royalties described above.

The information on Related Party Transactions as required, pursuant to CONSOB Notice No. DEM/6064293 of July 28, 2006 is presented in the Financial Statements, and in the Note entitled *"Related Party Transactions"* contained in the Condensed Half-Year Financial Report at June 30, 2024. Related party transactions do not qualify as either atypical or unusual, but are instead part of the ordinary course of business for the companies of the Group, and are carried out in the interest of the individual companies. Such transactions, when not settled under standard conditions or are dictated by specific regulatory conditions, are in any case regulated by conditions consistent with those of the market. Furthermore, they are carried out in compliance with the RPT Procedure.

Furthermore, there were no Related Party Transactions - or changes or developments to the transactions described in the preceding Financial Report - that have significantly affected the Group's financial position or results for the first half-year of 2024.

ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Notice No. DEM/6064293 of July 28, 2006, it should be noted that during the course of the first half-year of 2024, the Company did not carry out any atypical and/or unusual transactions, as defined in the aforementioned Notice.

The Board of Directors

Milan, August 1, 2024

CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

AT JUNE 30, 2024

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

	Note	06/30/2024	of which related parties (note 41)	12/31/2023	of which related parties (note 41)
Property, plant and equipment	**8**	3,377,520		3,409,114	
Intangible assets	**9**	5,210,213		5,263,787	
Investments in associates and joint ventures	**10**	102,080		86,397	
Other financial assets at fair value through other Comprehensive Income	**11**	58,186		52,837	
Deferred tax assets	**12**	178,048		202,849	
Other receivables	**14**	374,496	*7,274*	408,625	*7,240*
Tax receivables	**15**	10,330		11,318	
Other assets	**21**	112,545		115,894	
Derivative financial instruments	**26**	14,615		12,886	
Non-current assets		**9,438,033**		**9,563,707**	
Inventories	**16**	1,417,669		1,371,436	
Trade receivables	**13**	937,335	*11,384*	649,406	*9,358*
Other receivables	**14**	484,870	*100,319*	419,249	*98,729*
Other financial assets at fair value through Income Statement	**17**	174,509		228,759	
Cash and cash equivalents	**18**	716,192		1,252,769	
Tax receivables	**15**	70,963		32,574	
Derivative financial instruments	**26**	46,458		13,027	
Current assets		**3,847,996**		**3,967,220**	
Total Assets		**13,286,029**		**13,530,927**	
Equity attributable to the owners of the Parent Company:	**19.1**	**5,572,051**		**5,494,393**	
Share capital		1,904,375		1,904,375	
Reserves		3,452,077		3,110,938	
Net income / (loss)		215,599		479,080	
Equity attributable to non-controlling interests:	**19.2**	**141,239**		**125,201**	
Reserves		125,537		108,376	
Net income / (loss)		15,702		16,825	
Total Equity	**19**	**5,713,290**		**5,619,594**	
Borrowings from banks and other financial institutions	**22**	2,963,674	*17,497*	3,174,678	*8,322*
Other payables	**24**	71,346	-	77,932	*212*
Provisions for liabilities and charges	**20**	99,127	*15,422*	109,548	*22,144*
Deferred tax liabilities	**12**	985,692		990,870	
Provisions for employee benefit obligations	**21**	167,661	*5,656*	180,218	*3,181*
Tax payables	**25**	4,263		14,391	
Derivative financial instruments	**26**	-		-	
Non-current liabilities		**4,291,763**		**4,547,637**	
Borrowings from banks and other financial institutions	**22**	1,185,609	*3,404*	789,527	*2,242*
Trade payables	**23**	1,499,059	*79,651*	1,999,418	*126,064*
Other payables	**24**	402,604	*5,121*	412,173	*21,371*
Provisions for liabilities and charges	**20**	35,305	*7,299*	35,323	-
Provisions for employee benefit obligations	**21**	30,067	*6,830*	820	-
Tax payables	**25**	105,673		105,193	
Derivative financial instruments	**26**	22,659		21,242	
Current liabilities		**3,280,976**		**3,363,696**	
Total Liabilities and Equity		**13,286,029**		**13,530,927**	

CONSOLIDATED INCOME STATEMENT (in thousands of euro)

	Note	01/01 - 06/30/2024	of which related parties (note 41)	01/01 - 06/30/2023	of which related parties (note 41)
Revenues from sales and services	**28**	**3,447,526**	*29,492*	**3,437,523**	*13,850*
Other income	**29**	150,914	*29,968*	159,847	*25,098*
Changes in inventories of unfinished, semi-finished and finished products		11,738		43,967	
Raw materials and consumables used (net of change in inventories)		(1,092,807)	*(6,216)*	(1,185,637)	*(5,573)*
Personnel expenses	**30**	(649,676)	*(8,737)*	(621,278)	*(8,508)*
Amortisation, depreciation and impairment	**31**	(285,719)		(278,697)	
Other costs	**32**	(1,109,356)	*(156,281)*	(1,109,190)	*(163,365)*
Net impairment of financial assets	**33**	(7,190)		(7,681)	
Increases in fixed assets due to internal works		1,204		1,127	
Operating income/(loss)		**466,634**		**439,981**	
Net income/(loss) from equity investments	**34**	15,895		6,212	
- share of net income/(loss) of associates and joint ventures		*14,073*	*14,073*	*4,527*	*4,527*
- gains on equity investments		*-*		*133*	
- dividends		*1,822*		*1,552*	
Financial income	**35**	81,749	*1,848*	99,486	*1,662*
Financial expenses	**36**	(257,920)	*(421)*	(206,332)	*(454)*
Net income / (loss) before taxes		**306,358**		**339,347**	
Taxes	**37**	(75,057)		(96,714)	
Net income / (loss)		**231,301**		**242,633**	
Attributable to:					
Owners of the Parent Company		215,599		232,090	
Non-controlling interests		15,702		10,543	
Total earnings / (losses) basic/diluted per share (in euro)	**38**	**0.216**		**0.232**	

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

		Note	01/01 - 06/30/2024	01/01 - 06/30/2023
A	**Total Net income / (loss)**		**231,301**	**242,633**
	- Remeasurement of employee benefits	**21**	(15,970)	(46,306)
	- Tax effect		4,233	11,712
	- Fair value adjustment of other financial assets at fair value through Other Comprehensive Income	**11**	5,279	5,915
B	**Total items that may not be reclassified to Income Statement**		**(6,458)**	**(28,679)**
	Exchange rates differences from translation of foreign Financial Statements			
	- Gains / (losses)	**19**	(71,709)	(55,355)
	Fair value adjustment of derivatives designated as cash flow hedges:			
	- Gains / (losses)	**26**	7,898	4,047
	- (Gains) / losses reclassified to Income Statement	**26**	(9,365)	(8,739)
	- Tax effect		355	1,102
	Share of Other Comprehensive Income related to associates and joint ventures	**10**	1,545	(3,192)
C	**Total items reclassified / that may be reclassified to Income Statement**		**(71,277)**	**(62,137)**
D	**Total Other Comprehensive Income (B+C)**		**(77,735)**	**(90,816)**
A+D	**Total Comprehensive Income / (loss)**		**153,566**	**151,817**
	Attributable to:			
	- Owners of the Parent Company		132,528	156,286
	- Non-controlling interests		21,038	(4,469)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 06/30/2024

(in thousands of euro)	Attributable to the Parent Company (note 19.1)					Non-controlling interests (19.2)	Total (note 19)
	Share Capital	Translation reserve	Other O.C.I. reserves *	Other reserves/ retained earnings	Total attributable to the Parent Company		
Total at 12/31/2023	**1,904,375**	**(667,280)**	**(22,600)**	**4,279,898**	**5,494,393**	**125,201**	**5,619,594**
Other components of Comprehensive Income	-	(75,500)	(7,571)	-	(83,071)	5,336	(77,735)
Net income / (loss)	-	-	-	215,599	215,599	15,702	231,301
Total comprehensive income / (loss)	**-**	**(75,500)**	**(7,571)**	**215,599**	**132,528**	**21,038**	**153,566**
Dividends approved	-	-	-	(198,000)	(198,000)	(5,216)	(203,216)
Effects of hyperinflation accounting in Turkey	-	-	-	9,356	9,356	-	9,356
Effects of hyperinflation accounting in Argentina	-	-	-	135,145	135,145	-	135,145
Other	-	-	(475)	(896)	(1,371)	216	(1,155)
Total at 06/30/2024	**1,904,375**	**(742,780)**	**(30,646)**	**4,441,102**	**5,572,051**	**141,239**	**5,713,290**

(in thousands of euro)	BREAKDOWN OF OTHER O.C.I. RESERVES*				
	Reserve for fair value adjustment of financial assets at fair value through Other Comprehensive Income	Reserve for cash flow hedge	Remeasurement of employee benefits	Tax effect	**Other O.C.I. reserves**
Total at 12/31/2023	**(6,666)**	**31,958**	**8,653**	**(56,545)**	**(22,600)**
Other components of Comprehensive Income	5,279	(1,467)	(15,970)	4,587	(7,571)
Other changes	-	-	(439)	(36)	(475)
Total at 06/30/2024	**(1,387)**	**30,491**	**(7,756)**	**(51,994)**	**(30,646)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 06/30/2023

(in thousands of euro)	Attributable to the Parent Company (note 19.1)					Non-controlling interests (note 19.2)	Total (note 19)
	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	-	(43,535)	(32,269)	-	(75,804)	(15,012)	(90,816)
Net income / (loss)	-	-	-	232,090	232,090	10,543	242,633
Total comprehensive income / (loss)	**-**	**(43,535)**	**(32,269)**	**232,090**	**156,286**	**(4,469)**	**151,817**
Dividends approved	-	-	-	(218,000)	(218,000)	(5,202)	(223,202)
Effects of hyperinflation accounting in Turkey	-	-	-	6,054	6,054	-	6,054
Effects of hyperinflation accounting in Argentina	-	-	-	66,734	66,734	-	66,734
Other	-	-	(190)	701	511	(141)	370
Total at 06/30/2023	**1,904,375**	**(553,921)**	**(19,691)**	**4,004,616**	**5,335,379**	**120,222**	**5,455,601**

(in thousands of euro)	BREAKDOWN OF OTHER O.C.I. RESERVES*					
	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	5,915	-	(4,691)	(46,306)	12,814	(32,269)
Other changes	(190)	-	-	-	-	(190)
Total at 06/30/2023	**(5,349)**	**-**	**49,685**	**(7,603)**	**(56,424)**	**(19,691)**

CONSOLIDATED STATEMENT OF CASH FLOWS (in thousands of euro)

		Note	01/01 - 06/30/2024	01/01 - 06/30/2023
	Net income / (loss) before taxes		306,358	339,347
	Reversal of amortisation, depreciation, impairment losses and restatement of property, plant and equipment and intangible assets	**31**	285,719	278,697
	Reversal of Financial (income) / expenses	**35/36**	176,171	106,846
	Reversal of Dividends	**34**	(1,822)	(1,552)
	Reversal of gains / (losses) on equity investments	**34**	-	(133)
	Reversal of share of net result from associates and joint ventures	**34**	(14,073)	(4,527)
	Reversal of accruals to provisions and other accruals		36,103	44,829
	Net Taxes paid	**37**	(69,469)	(61,310)
	Change in Inventories		(46,614)	10,676
	Change in Trade receivables		(296,131)	(290,786)
	Change in Trade payables		(415,875)	(429,875)
	Change in Other receivables		(85,651)	(44,433)
	Change in Other payables		(6,472)	(42,523)
	Uses of Provisions for employee benefit obligations		(9,424)	(11,657)
	Uses of Provisions for liabilities and charges		(14,932)	(13,844)
A	**Net cash flow provided by / (used in) operating activities**		**(156,112)**	**(120,245)**
	of which related parties	**41**	*(163,599)*	*(209,534)*
	Investments in owned tangible assets		(214,263)	(193,248)
	Disposal of owned tangible assets		1,438	1,480
	Investments in intangible assets		(5,730)	(7,091)
	(Acquisition) of investments in subsidiaries		(20,205)	-
	(Acquisition) of investments in associates and joint ventures		(65)	-
	Change in Financial receivables from associates and joint ventures		(10,313)	(1,425)
	Dividends received	**34**	1,822	1,552
B	**Net cash flow provided by / (used in) investing activities**		**(247,316)**	**(198,732)**
	of which related parties	**41**	*(10,313)*	*(1,425)*
	Change in Borrowings from banks and other financial institutions due to draw downs	**22**	704,722	792,028
	Change in Borrowings from banks and other financial institutions due to repayments and other	**22**	(505,712)	(509,055)
	Change in Financial receivables / Other current financial assets at fair value through Income Statement		63,666	220,654
	Financial income / (expenses)		(146,755)	(135,065)
	Dividends paid		(203,587)	(3,853)
	Repayment of principal and payment of interest for lease liabilities		(62,181)	(60,504)
C	**Net cash flow provided by / (used in) financing activities**		**(149,847)**	**304,205**
	of which related parties	**41**	*(2,493)*	*(2,193)*
D	**Total cash flow provided / (used) during the period (A+B+C)**		**(553,275)**	**(14,772)**
E	**Cash and cash equivalents at the beginning of the financial year**		**1,248,850**	**1,283,388**
F	**Exchange rate differences from translation of cash and cash equivalents**		(5,093)	(21,349)
G	**Cash and cash equivalents at the end of the period (D+E+F) (°)**	**18**	**690,482**	**1,247,267**
(°)	**of which:**			
	cash and cash equivalents		716,192	1,256,024
	bank overdrafts		(25,710)	(8,757)

EXPLANATORY NOTES

1. GENERAL INFORMATION

Pursuant to Article 154-ter of Legislative Decree No. 58/1998, the Pirelli & C. Group has prepared these Condensed Consolidated Half-Year Financial Statements pursuant to IAS 34, which governs half-yearly financial reporting, in summary form.

The information contained in the Explanatory Notes, should be read in conjunction with the remaining sections of the Half-Year Financial Report, of which the Condensed Consolidated Half-Year Financial Statements are a part, and the Annual Report for the year ended December 31, 2023.

The present Condensed Consolidated Half-Year Financial Statements have been prepared using the euro as the reporting currency, with all values rounded to the nearest thousand euro, unless otherwise indicated.

These Condensed Consolidated Half-Year Financial Statements at June 30, 2024, of Pirelli & C. were approved by the Board of Directors on August 1, 2024.

Since October 4, 2017, the date on which trading of the Company's shares began on Euronext Milan organized and managed by Borsa Italiana S.p.A., Marco Polo International Italy S.r.l. (“MPI Italy”) has declared control pursuant to Art. 93 of the TUF over the Company, of which it holds approximately 37% of the share capital, without exercising activities of direction and coordination. MPI Italy, in turn is indirectly controlled by Sinochem Holdings Corporation Ltd (“Sinochem”), a state owned enterprise incorporated under the law of China, subject to control by the State-owned Assets Supervision and Administrative Commission of the State Council (SASAC) of the People’s Republic of China.

Note that, following the issuance of the Golden Power Prime Ministerial Decree, the Board of Statutory Auditors together with management have been performed analysis regarding the permanence of the control by MPI Italy over Pirelli; also following recent indication by Consob, which refer to the application of international accounting standards, the Board of Directors is currently carrying out the necessary assessments. Pending the conclusion of the mentioned assessments, the disclosure regarding MPI Italy's declaration of control at this stage has not changed.

2. BASIS OF PRESENTATION

Financial Statements

The Group has applied the provisions of CONSOB Resolution No. 15519 of July 27, 2006 to the financial statements, and of CONSOB Notice No. 6064293 of July 28, 2006 to the corporate disclosures.

The Condensed Consolidated Half-Year Financial Statements at June 30, 2024 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes, and are an integral part of the Half-Year Financial Report.

The format adopted for the Statement of Financial Position provides for the distinction of assets and liabilities according to whether they are current or non-current.

The Group has opted to present the components of the results for the period in a separate Income Statement, rather than include these components directly in the Statement of Comprehensive Income. The Income Statement format which has been adopted provides for the classification of costs by nature.

The Statement of Comprehensive Income includes the results for the period and, for the homogeneous categories, the income and expenses which according to the IFRS are not recognised in the Income Statement.

The Group has opted for the presentations of tax effects and the reclassifications to the Income Statement of the gains/losses which were recognised in equity in previous financial years, directly in the Statement of Comprehensive Income and not in the Explanatory Notes.

The Statement of Changes in Equity includes, in addition to the total gains/losses for the period, the amounts from transactions with equity holders and the movements which occurred in the reserves during the period.

In the Statement of Cash Flows, the financial flows derived from operating activities are presented using the indirect method, by way of which the gains or losses for the period are adjusted by the effects of non-monetary transactions, by any deferment or accrual of past or future collections or payments for operating activities, and by revenue or cost items connected with the financial flows arising from investment or financing activities.

Scope of Consolidation

The scope of consolidation includes the subsidiaries, associates and agreements for joint arrangements.

Subsidiaries are defined as all the companies over which the Group contemporarily holds:

- the power of decision making, or the capacity to direct the relevant activities of the subsidiary, that is activities that have a significant influence on the results of the subsidiary;
- the exposure or the right to the variable (positive or negative) results from the investment in the entity;
- the capacity to utilise its decision-making power to determine the amounts for results arising from the investment in the entity.

The Financial Statements of subsidiaries are included in the Condensed Consolidated Half-Year Financial Statements as of the date when control is assumed until such time when control ceases to exist. The share of equity and of the results attributable to non-controlling interests, are reported separately and respectively in the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income and in Equity.

Associates are all companies over which the Group is able to exercise significant influence as defined by IAS 28 - Investments in Associates and Joint Ventures. This influence is legally presumed to exist when the Group holds a percentage of voting rights of between 20% and 50%, or when - even in the case of a lower share of voting rights – it has the power to participate in determining financial and operating policies by virtue of specific legal relationships, such as, for example, the participation in Shareholders' Agreements together with other forms of the significant exercise of corporate governance rights.

Joint arrangements are agreements under which two or more parties have joint control under a contract. Joint control is the shared control of a business activity, established by agreement which exists only when decisions relative to the activity require the unanimous consent of all parties who share control. These agreements may give rise to joint ventures or joint operations.

A joint venture is an agreement for the joint control of an entity whereby the parties that have joint control, have rights to the net assets of the said entity. Joint ventures are distinguished from joint operations which instead are configured as agreements which give the parties of the agreement, which have joint control of the initiative, the rights to the individual assets and the obligations of the individual liabilities relative to the agreement. The Group does not currently have any agreements in place for joint operations.

The following is a summary of the changes, that occurred in the first half-year of 2024, in the scope of consolidation:

- the acquisition, on January 3, 2024, of the subsidiary Hevea-Tec Industria E Comércio Ltda.;
- the liquidation, on May 17, 2024, of the company Pirelli Trading (Beijing) Co., Ltd.

A complete list of subsidiaries is contained in the attachment, "*Scope of Consolidation – Companies Consolidated on a Line-by-Line Basis".*

In addition, the Middle East and North Africa Tyre Company (Joint Stock Company) was incorporated on May 19, 2024, in which Pirelli has subscribed to 25% of the share capital. The company is included in the attachment "*Scope of Consolidation – List of Investments Accounted for Using the Equity Method*".

3. ADOPTED ACCOUNTING STANDARDS

3.1 Adopted Accounting Standards

The accounting standards adopted are the same as those used for the preparation of the Consolidated Financial Statements at December 31, 2023, to which reference should be made for further details, with the exception of the following amendments which are applicable as of January 1, 2024:

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

  The amendments clarify the criteria to be applied in classifying liabilities as current or non-current, and specify that the classification of a liability is not affected by the probability that settlement of the liability will be deferred for 12 months following the relevant financial year. The Group's intention to settle liabilities in the short-term, had no impact on their classification. These amendments have no impact on the Group's Consolidated Financial Statements at June 30, 2024.

- Amendments to IAS 1 - Presentation of Financial Statements - Non-current Liabilities with Covenants

  These amendments specify that the covenants to be complied with after the reporting, date do not affect the classification of debt as current or non-current at the reporting date, and instead, require that the company disclose information about such covenants in the explanatory notes accompanying the financial statements.

These amendments have no impact on the Group's Consolidated Financial Statements at June 30, 2024.

- Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback

  These amendments specify the requirements for accounting for a sale and leaseback after the transaction date.
  In particular, in the subsequent valuation of the liability arising from the leasing contract, the seller-lessee determines the *"lease payments"* and *"revised lease payments"* in such a way that no gain or loss is recognised that relates to the retained right of use.
  These amendments have no impact on the Group's Consolidated Financial Statements at June 30, 2024.

- Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Supplementary Information - Supplier Finance Arrangements
  These amendments introduce new disclosure requirements to improve the transparency of information provided on supplier financing arrangements, particularly with regard to the effects of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.
  The new disclosure is not required for the interim financial statements of the first year of application, therefore, shall be included for the first time in the annual financial statements of the year ending December 31, 2024.
  These amendments have no impact on the Group's Consolidated Financial Statements at June 30, 2024.

- Amendments to IAS 12 - Income Taxes: International Tax Reform - Pillar Two Model Rules

  These amendments offer a temporary exemption to the accounting of deferred taxes resulting from the application of the new tax rules (the so-called *"GloBE rules"*) of European origin, for the implementation of the Global Minimum Tax, introduced by the Organisation for Economic Co-operation and Development (OECD). The OECD published the Pillar Two Model Rules in December 2021, to ensure that large multinational companies are subjected to a minimum tax rate of 15%. In addition to the above exemption, the amendments provide for the publication of disclosures aimed at assisting investors to better understand the income tax impact of the reform.

  The Group's Financial Statements at June 30, 2024 make use of the above-mentioned temporary exception.

It should also be noted that income taxes, are recognised based on the best estimate of the weighted average tax rate expected for the entire financial year, adjusted to include any non-recurring items in the relevant reporting period, consistent with the guidelines provided by IAS 34 for the preparation of Interim Financial Statements.

3.2 International Accounting Standards and/or Interpretations Issued but not yet in force in 2024

The new standards or interpretations that had already been issued, but had not yet entered into force or had not yet been approved by the European Union at June 30, 2024 and were therefore not applicable, are indicated below.

- Amendments to IAS 21 - Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

  These amendments clarify when a currency is exchangeable for another currency and, consequently, when it is not. When one currency is not exchangeable for another, these amendments define the method for determining the exchange rate to be applied. The amendments also specify the information that must be provided when a currency is not exchangeable.
  These amendments, which will enter into force on January 1, 2025, have not yet been approved by the European Union. The impact of these amendments on the Group's Consolidated Financial Statements is currently being analysed.

- Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments

  These amendments:

  - clarify the date of recognition and derecognition of certain financial assets and financial liabilities, by providing a new exception for certain financial liabilities settled through electronic money transfer systems. By applying this exception, a financial liability may be derecognised at an earlier date, if the money transfer is made through an electronic payment system and if specific conditions are met. In particular, the entity making the payment must not have:

    - the practical ability to withdraw, interrupt or cancel the instruction for payment;
    - the practical ability to access cash;
    - a significant settlement risk.

    This exception does not apply to payment methods, such as cheques, and must be selected for each payment system used.

  - clarify and provide further guidance on assessing whether a financial asset meets the *"principal and interest payments only"* criterion (the SPPI test). The amendments concern financial assets which have the following characteristics, and for which a careful assessment must be performed:

    - contractual terms that can change cash flows based on contingent events (for example, interest rates linked to ESG objectives);

- non-recourse features, that is, financial assets where the creditor has the right of recovery limited only to the assets pledged as collateral, with no further rights over the debtor's other assets;
- contractually-linked instruments (CLIs).

- introduces new disclosure requirements for financial instruments whose cash flows may vary due to events not directly related to changes in the credit risk, (for example, certain instruments with features linked to the achievement of ESG objectives);
- introduces new disclosure requirements for equity instruments designated as FVOCI.

These amendments, which will enter into force on January 1, 2026, have not yet been approved by the European Union. The impact of these amendments on the Group's Consolidated Financial Statements and disclosures is currently being analysed.

- IFRS 18 - Presentation and Disclosure in Financial Statements

The key points of the new standard are as follows:

- structure of the Income Statement: all revenue and cost items must be classified into five categories and grouped into three subtotals. The standard provides precise guidance on the classification of the various items within each category;
- definition of Management Performance Measures (MPM), that is, performance indicators defined by management and used in public disclosures. These indicators must be explained in detail in the notes, and a reconciliation with the comparable subtotals as specified by the IFRS, must be provided;
- guidance on how to aggregate and disaggregate information: items with similar characteristics must be aggregated, while those with dissimilar characteristics must be disaggregated.

This standard, which will enter into force on January 1, 2027, has not yet been approved by the European Union. The Consolidated Income Statement is expected to be impacted, mainly as a result of the reclassification of certain items from financial items to operating items.

- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The new standard reduces and simplifies the IFRS separate financial statement disclosure requirements for those companies that have a parent company which prepares consolidated financial statements in accordance with the IFRS, with relief from an operational point of view and lower costs. Entities that may apply IFRS 19, are those whose equity or debt instruments are not traded on a public market.

This standard, which will enter into force on January 1, 2027, has not yet been approved by the European Union. The impact on the financial statements of subsidiaries which apply the IFRS standards in separate financial statements, is currently being analysed.

Seasonality

The amount for trade receivables at June 30, 2024 was impacted by the usual seasonal factors, which, all things being equal, lead to an increase in the amounts at the end of the half-year, compared to the corresponding values at the end of the financial year. These phenomena, which are more pronounced in the more seasonal markets such as Europe, generally lead to lower year-end trade receivables than those recorded during the year, due to the almost total collection of receivables relating to winter product revenues in these markets, in the fourth quarter, while the collection of a large portion of receivables relative to summer product revenues, is generally completed in the same markets during the third quarter.

4. ESTIMATES AND ASSUMPTIONS

The estimates and assumptions used to prepare these Condensed Consolidated Half-Year Financial Statements are consistent with those used to prepare the Consolidated Financial Statements at December 31, 2023, to which reference should be made.

5. INFORMATION ON FAIR VALUE

5.1 Fair Value Measurement

In relation to financial instruments measured at fair value, the classification of these instruments based on the hierarchy of the levels as provided for by IFRS 13, which reflects the significance of the inputs used in determining their fair value, is shown below. The levels are defined as follows:

– level 1 – unadjusted prices quoted on an active market for assets or liabilities subject to evaluation;
– level 2 – inputs other than the quoted prices referred to in the previous point, which are observable on the market either directly (as in the case of prices), or indirectly (because they are derived from prices);
– level 3 - inputs that are not based on observable market data.

The following table shows the financial assets and liabilities measured at fair value at **June 30, 2024**, subdivided into the three levels defined above:

(in thousands of euro)	Note	Carrying amount at 06/30/2024	Level 1	Level 2	Level 3
FINANCIAL ASSETS:					
Financial assets at fair value through Income Statement:					
Other current financial assets at fair value through Income Statement	17	174,509	163,568	10,941	-
Current derivative financial instruments	26	46,458	-	46,458	-
Derivative hedging instruments:					
Current derivative financial instruments	26	-	-	-	-
Non-current derivative financial instruments	26	14,615	-	14,615	-
Other financial assets at fair value through Other Comprehensive Income:					
Securities and shares		58,163	18,175	28,508	11,480
Investment funds		23	-	23	-
	11	58,186	18,175	28,531	11,480
TOTAL ASSETS		**293,768**	**181,743**	**100,545**	**11,480**
FINANCIAL LIABILITIES:					
Financial assets at fair value through Income Statement:					
Current derivative financial instruments	26	(22,659)	-	(22,659)	-
TOTAL LIABILITIES		**(22,659)**	**-**	**(22,659)**	**-**

The following table shows the financial **assets and liabilities measured at fair value at December 31, 2023**, subdivided into the three levels defined above:

(in thousands of euro)	Note	Carrying amount at 12/31/2023	Level 1	Level 2	Level 3
FINANCIAL ASSETS:					
Financial assets at fair value through Income Statement:					
Other current financial assets at fair value through Income Statement	17	228,759	196,198	32,561	-
Current derivative financial instruments	26	13,027	-	13,027	-
Derivative hedging instruments:					
Current derivative financial instruments	26	-	-	-	-
Non-current derivative financial instruments	26	12,886	-	12,886	-
Other financial assets at fair value through Other Comprehensive Income:					
Securities and shares		52,813	18,299	23,416	11,098
Investment funds		24	-	24	-
	11	52,837	18,299	23,440	11,098
TOTAL ASSETS		**307,509**	**214,497**	**81,914**	**11,098**
FINANCIAL LIABILITIES:					
Financial assets at fair value through Income Statement:					
Current derivative financial instruments	26	(21,242)	-	(21,242)	-
TOTAL LIABILITIES		**(21,242)**	**-**	**(21,242)**	**-**

The financial instruments, included in level 1, include the equity investments classified as financial assets at fair value through Other Comprehensive Income, and the listed Argentine dollar-linked bond instruments classified as financial assets at fair value through the Income Statement. Since the objective of the Argentine instruments was to mitigate the effects of depreciation in the local currency, which was recorded as a loss/gain in the net monetary position, the option was exercised to also recognise the change in the fair value of these instruments in the Income Statement. For further information, reference should be made to Note 35, *"Financial income"* and Note 36, *"Financial expenses".*

The following table shows **changes that occurred in the financial assets** classified in **level 3, during the course of the first half-year of 2024**:

(in thousands of euro)	
Opening balance 01/01/2024	**11,098**
Translation differences	5
Fair value adjustments through Other Comprehensive Income	312
Other changes	65
Closing balance 06/30/2024	**11,480**

These financial assets are mainly represented mainly by equity investments in the Istituto Europeo di Oncologia (European Institute of Oncology) (euro 8,580 thousand), Telco S.r.l. (euro 450 thousand) and Genextra S.p.A. (euro 284 thousand).

During the course of half-year which closed at June 30, 2024, there were no transfers from level 1 to level 2 or vice versa, nor from level 3 to other levels and vice versa.

6. ACQUISITION HEVEA-TEC (BRAZIL)

On January 3, 2024, 100% of Hevea-Tec, Brazil's largest independent operator in natural rubber processing was acquired, for a consideration of euro 23.2 million.

With the acquisition of Hevea-Tec, Pirelli will increase its share of natural rubber resources in LatAm, and ensure the continuity of its own supply in the Region, with therefore greater efficiency. The transaction will enable the Company to launch innovative natural rubber projects, with the aim of increasing the use of non-fossil materials in tyres, in keeping with the Company's objectives, and will allow for further improvement in the control of the natural rubber supply chain, the reduction of CO_2 emissions, thanks to the *"local for local"* supply, and the launch of new FSC certification projects.

The agreement also provides for the payment of an additional consideration (the so-called earn-out), that will be paid to the counterparty at the achievement of the contractually defined levels of profitability and production capacity, for a maximum of euro 2.8 million (at January 3, 2024 exchange rates).

The process of allocating the price paid at fair value of the assets acquired for the business combination (Purchase Price Allocation - PPA), in accordance with the provisions of the accounting standard IFRS 3 (Business combinations), has not yet been completed. The consequent determination of the goodwill deriving from the acquisition, is therefore to be considered provisional and will be completed, in accordance with the provisions of the standard, within 12 months of the acquisition date.

The provisional fair value of the net assets acquired was estimated to be equal to the carrying amount and is equal to euro 14.8 million. The provisional fair values for the items in the financial statements, are as follows:

Amounts in euro thousands	**01/03/2024**
Tangible and intangible assets	3,714
Inventories	7,800
Trade receivables and other receivables	2,877
Cash and cash equivalents	2,989
TOTAL ASSETS	**17,381**
Equity	14,842
Trade payables and other payables	2,099
Deferred tax liabilities	440
TOTAL LIABILITIES AND EQUITY	**17,381**

The difference, at the date of the transaction, between the total consideration of euro 26.0 million and the provisional fair value of the net assets acquired of euro 14.8 million, was euro 11.1 million, and was recorded as goodwill under Intangible Assets.

7. OPERATING SEGMENTS

IFRS 8 - Operating segments, defines an operating segment as a component:

- which involves entrepreneurial activities which generate revenues and costs;
- whose operating results are periodically reviewed by the Chief Executive Officer, in his role as Chief Operating Decision Maker (CODM);
- for which separate Income Statement, Statement of Financial Position and Financial Statements data is available.

For the purposes of IFRS 8, the activities performed by Consumer Activities are identifiable in a single operating sector.

Revenues from **sales and services according to geographical region** were as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Europe	1,385,547	1,338,261
North America	872,657	864,237
APAC	563,748	543,675
South America	379,505	461,206
Russia and MEAI	246,069	230,145
Total	**3,447,526**	**3,437,523**

Non-current assets consisting of property, plant and equipment and intangible assets **by geographic region** allocated on the basis of the country where the assets are located, were as follows.

(in thousands of euro)	06/30/2024		12/31/2023	
Europe	5,065,964	58.99%	5,125,651	59.10%
North America	579,689	6.75%	601,589	6.94%
APAC	470,505	5.48%	476,559	5.49%
South America	462,451	5.39%	475,836	5.49%
Russia and MEAI	114,859	1.34%	108,341	1.25%
Non-current unallocated assets	1,894,265	22.05%	1,884,925	21.73%
Total	**8,587,733**	**100.00%**	**8,672,901**	**100.00%**

The **non-current allocated assets** reported in the preceding table consist of property, plant and equipment and intangible assets, excluding goodwill. The **non-current unallocated assets** are relative to goodwill.

8. PROPERTY, PLANT AND EQUIPMENT

Their composition was as follows:

(in thousands of euro)	06/30/2024	12/31/2023
Total Net Value:	**3,377,520**	**3,409,114**
- Owned tangible assets	2,951,773	2,968,578
- Right of use	425,747	440,536

8.1 – Owned Tangible Assets

Their composition and changes were as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Gross Value	Accumulated Depreciation	Net Value	Gross Value	Accumulated Depreciation	Net Value
Land	148,086	-	**148,086**	150,747	-	**150,747**
Buildings	915,788	(281,595)	**634,193**	910,760	(264,911)	**645,849**
Plants and machinery	3,280,971	(1,423,712)	**1,857,259**	3,198,867	(1,325,128)	**1,873,739**
Industrial and trade equipment	754,840	(521,019)	**233,821**	722,625	(496,244)	**226,381**
Other assets	159,614	(81,201)	**78,414**	149,367	(77,505)	**71,862**
Total	**5,259,299**	**(2,307,526)**	**2,951,773**	**5,132,366**	**(2,163,788)**	**2,968,578**

NET VALUE (in thousands of euro)	**12/31/2023**	**Hyperinflation Argentina and Turkey**	**Currency translation differences**	**Businnes combination**	**Increases**	**Decreases**	**Depreciation**	**Devaluation**	**Recl./Other**	**06/30/2024**
Land	**150,747**	2,017	(5,180)	159	340	-	-	-	3	**148,086**
Buildings	**645,849**	8,386	(8,583)	2,538	8,997	(139)	(18,727)	-	(4,129)	**634,193**
Plants and machinery	**1,873,739**	27,528	(26,301)	933	77,346	(1,002)	(103,883)	374	8,525	**1,857,259**
Industrial and trade equipment	**226,381**	6,109	(2,875)	-	44,074	(897)	(34,745)	-	(4,226)	**233,821**
Other assets	**71,862**	4,471	(650)	59	7,067	166	(5,776)	1	1,215	**78,414**
Total	**2,968,578**	**48,511**	**(43,588)**	**3,688**	**137,824**	**(1,872)**	**(163,130)**	**375**	**1,389**	**2,951,773**

NET VALUE (in thousands of euro)	12/31/2022	Hyperinflation Argentina and Turkey	Currency translation differences	Increases	Decreases	Depreciation	Devaluation	Recl./Other	06/30/2023
Land	**147,977**	1,535	3,360	-	(331)	-	(36)	(145)	**152,360**
Buildings	**674,758**	4,175	(5,491)	7,332	19	(18,385)	(0)	(8,588)	**653,820**
Plants and machinery	**1,830,411**	20,099	(564)	71,812	(641)	(99,039)	(38)	9,485	**1,831,525**
Industrial and trade equipment	**229,239**	2,099	(6,565)	32,646	(299)	(36,386)	(17)	(14,011)	**206,706**
Other assets	**70,395**	2,916	(4,693)	4,605	(100)	(5,292)	(0)	17,759	**85,590**
Total	**2,952,780**	**30,824**	**(13,953)**	**116,395**	**(1,352)**	**(159,102)**	**(91)**	**4,500**	**2,930,001**

The item **Hyperinflation Argentina and Turkey** refers to the revaluation, for the first half-year of 2024, of the assets held by the subsidiaries in Argentina and Turkey, whose financial statements are subject to hyperinflation accounting, (euro 42,802 thousand for Argentina and euro 5,709 thousand for Turkey). This effect was partially counterbalanced by **currency translation differences** (euro 4,517 thousand for Argentina and euro 1,872 thousand for Turkey).

Increases, totalling euro 137,824 thousand, were primarily aimed at the High Value segment, at the continuous improvement in the mix and quality in the manufacturing plants, as well as projects for energy efficiency and the electrification of machinery.

The ratio of investments to depreciation for the first half-year of 2024 was equal to 0.84, (0.73 for the same period of 2023).

Property, plant and equipment in progress at June 30, 2024, included in the individual fixed asset categories, amounted to euro 275,878 thousand, (euro 298,600 thousand at December 31, 2023). The main projects included under property, plant and equipment in progress concerned the initiation of new projects to increase production capacity, the constant technological upgrading of manufacturing plants and machinery, also aimed at increasing their safety from an Environmental, Health and Safety (EHS) perspective, and at investments in machinery for the development of new product lines and the improvement of existing products. These investments were concentrated in Mexico, Romania, China, Germany and Italy.

It should be noted that the companies of the Group did not pledge any property, plant and equipment as collateral.

8.2 - Right of Use

The net value of the assets for which the Group has entered into lease contracts, is detailed as follows:

(in thousands of euro)	**06/30/2024**	**12/31/2023**
Right of use land	16,098	16,807
Right of use buildings	332,642	347,227
Right of use plants and machinery	19,549	18,362
Right of use other assets	57,458	58,140
Total net right of use	**425,747**	**440,536**

The increases in the right of use for the first half-year of 2024, including remeasurements, amounted to euro 41,375 thousand were mainly attributable to:

- the signing of a new contract with the Prometeon Tyre Group for the lease of the production site in Izmit (Turkey) for euro 11,118 thousand. The contract replaces the previous lease agreement that had a residual value at the date of signing of euro 534 thousand;
- new lease contracts for offices in Brazil to the amount of euro 1,658 thousand;
- new lease agreements for retail outlets in Sweden to the amount of euro 1,822 thousand;
- the extension of the duration of lease agreement for a warehouse in the UK to the amount of euro 1,637 thousand, and for a warehouse in Germany to the amount of euro 1,504 thousand;
- a new contract for the expansion of the water cooling network in Germany to the amount of euro 3,730 thousand.

The increase also includes the adjustment for inflation where contractually provided for.

During the first half-year of 2024, there were no contracts subject to reassessment or significant amendments.

For the first half-year of 2024, depreciation of the right of use, recognised in the Income Statement and included under the item *"Depreciation, Amortisation and Impairments"* (Note 31), was composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Land	807	755
Buildings	40,056	36,636
Plants and machinery	2,398	2,623
Other assets	10,616	9,870
Total depreciation of right of use	**53,877**	**49,884**

For interest on lease liabilities, reference should be made to Note 36, *"Financial Expenses".*

Information on the costs for lease contracts with a duration of less than twelve months, lease contracts for assets with a low unit value, and lease contracts with variable rates, is included in Note 32, *"Other Costs".*

9. INTANGIBLE ASSETS

Their composition and changes were as follows:

NET VALUE (in thousands of euro)	12/31/2023	Currency translation differences	Business combination	Increase	Amortisation	Recl./Other	06/30/2024
Concessions, licenses and trademarks - finite useful life	**64,613**	708	-	126	(1,794)	255	**63,908**
Pirelli Brand - indefinite useful life	**2,270,000**	-	-	-	-	-	**2,270,000**
Goodwill	**1,884,925**	(1,801)	11,141	-	-	-	**1,894,265**
Customer relationships	**169,453**	(370)	-	-	(17,252)	-	**151,831**
Technology	**814,917**	-	-	-	(38,425)	-	**776,492**
Software applications	**45,020**	(125)	26	3,814	(10,414)	(237)	**38,084**
Patents and design patent rights	**14,455**	-	-	1,788	(1,052)	-	**15,191**
Other intangible assets	**404**	(37)	-	2	(151)	224	**442**
Total	**5,263,787**	**(1,625)**	**11,167**	**5,730**	**(69,088)**	**242**	**5,210,213**

NET VALUE (in thousands of euro)	12/31/2022	Currency translation differences	Increase	Amortisation	Recl./Other	06/30/2023
Concessions, licenses and trademarks - finite useful life	**69,711**	(1,974)	65	(1,803)	107	**66,106**
Pirelli Brand - indefinite useful life	**2,270,000**	-	-	-	-	**2,270,000**
Goodwill	**1,884,629**	424	-	-	-	**1,885,053**
Customer relationships	**204,289**	(339)	-	(17,282)	(28)	**186,640**
Technology	**891,767**	-	-	(38,425)	-	**853,342**
Software applications	**49,620**	15	5,404	(10,959)	(90)	**43,990**
Patents and design patent rights	**12,457**	-	1,622	(857)	-	**13,222**
Other intangible assets	**364**	(62)	-	(294)	284	**292**
Total	**5,382,837**	**(1,936)**	**7,091**	**(69,620)**	**273**	**5,318,645**

Intangible assets were composed as follows:

- the Pirelli Brand (indefinite useful life) to the amount of euro 2,270,000 thousand. It should be noted that the evaluation of the useful life of brands is based on a series of factors including the competitive environment, market share, history of the Brand, life cycles of the underlying product, operating plans and the macroeconomic environment of the countries in which the related products are sold. Specifically, the useful life of the Pirelli Brand was assessed as indefinite on the basis of its history of over one hundred and fifty years of success (established in 1872), and on the intention and ability of the Group to continue investing in order to support and maintain the Brand;
- the Metzeler Brand (useful life of 20 years) to the amount of euro 40,535 thousand which is included under the item "*Concessions, licenses and trademarks – finite useful life";*
- Customer relationships (useful life of 10-20 years) to the amount of euro 151,831 thousand, which mainly includes the value of commercial relationships for both the Original Equipment and Replacement channel;
- Technology which includes the value of both product and process technologies as well the value of the *In-Process R&D* (being formed at the time of the acquisition of the Group in 2015 by Marco Polo Industrial Holding S.p.A.) amounted to euro 746,492 thousand and euro 30,000 thousand respectively. The useful life of product and process technology was determined to be 20 years, while the useful life of In-Process R&D was determined to be 10 years;
- Goodwill to the amount of euro 1,894,265 thousand, of which euro 1,877,363 thousand was recognised at the time of the acquisition of the Group in September 2015. The remainder refers to the goodwill determined as part of the acquisition of the company, JMC Pneus Comercio Importação e Exportação Ltda. which occurred in 2018, and to the provisional goodwill related to the acquisition of the company Hevea-Tec Industria E Comércio Ltda. which took place in the first half-year.

Increases, which totalled euro 5,730 thousand, were concentrated in application software (euro 3,814 thousand), and were mainly carried out for the realisation of the Company's digitisation programme.

With reference to the goodwill - allocated to the *"Consumer Activities"* Group of CGUs (Cash Generating Units) - and to the intangible assets with an indefinite useful life (the Pirelli Brand), the company has proceeded to verify, in accordance with the prescriptions of IAS 36, that there were no prerequisites for the preparation of the impairment test as of June 30, 2024.

10. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Movements for the half-year in investments in associates and joint ventures were as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Associates	**JV**	**Total**	**Associates**	**JV**	**Total**
Opening balance	**7,469**	**78,928**	**86,397**	**7,812**	**72,415**	**80,227**
Increases	-	231	231	-	-	-
Distribution of dividends	(166)	-	(166)	(1,648)	-	(1,648)
Share of net income / (loss)	(28)	14,101	14,073	1,301	10,345	11,646
Share of other components recognised in Equity	-	1,545	1,545	-	(3,832)	(3,832)
Other	-	-	-	4	-	4
Closing balance	**7,275**	**94,805**	**102,080**	**7,469**	**78,928**	**86,397**

10.1. Investments in Associates

The details of the item were as follows:

(in thousands of euro)	**12/31/2023**	**Distribution of dividends**	**Share of net income / (loss)**	**06/30/2024**
Eurostazioni S.p.A.	**6,281**	-	-	**6,281**
Investments in other associates	**1,188**	(166)	(28)	**994**
Total	**7,469**	**(166)**	**(28)**	**7,275**

The investments in associated companies which were evaluated using the equity method, were not relevant in terms of the impact on total consolidated assets, either individually or in aggregate form.

10.2. Investments in Joint Ventures

The details of the item were as follows:

(in thousands of euro)	**12/31/2023**	**Increases**	**Share of net income / (loss)**	**Share of other components recognised in Equity**	**06/30/2024**
Xushen Tyre (Shanghai) Co., Ltd	**64,538**	-	12,520	1,918	**78,976**
PT Evoluzione Tyres	**14,390**	-	1,581	(373)	**15,598**
Middle East and North Africa Tyre Company	**-**	231	-	-	**231**
Total	**78,928**	**231**	**14,101**	**1,545**	**94,805**

The main joint ventures are:

- a 49% stake in the company Xushen Tyre (Shanghai) Co., Ltd. a joint venture which, through the company Jining Shenzhou Tyre Co., Ltd. owns a Consumer tyre manufacturing plant in China. The joint venture agreement relative to Xushen Tyre (Shanghai) Co., Ltd. provides for a for a Call Option in favour of Pirelli Tyre S.p.A., exercisable, also according to communications between the shareholders, from January 1, 2025 until March 31, 2026, which - if exercised - would allow Pirelli Tyre S.p.A. to increase its stake in the company to up to 70%.

- a 63.04% stake of in PT Evoluzione Tyres, an entity which operates in Indonesia and is active in the production of tyres for motorcycles. Even though the company is 63.04% owned, as a result of contractual agreements between Shareholders, it falls under the definition of a joint venture, in that the governance regulations explicitly provide for the unanimous approval of decisions regarding significant business activities.

The **share of net income/(loss)** which was positive to the amount of euro 14,101 thousand, refers to the euro 12,520 thousand pro-rata share of the income for the first half-year 2024, attributable to the joint venture Xushen Tyre (Shanghai) Co., Ltd., and to the pro-rata share of income for the first half-year 2024 of euro 1,581 thousand attributable to the joint venture PT Evoluzione Tyres.

The portion of Other Comprehensive Income refers to the pro-rata difference from the currency translation of the equity of the two companies.

The investments in joint ventures were not relevant in terms of their impact on the total consolidated assets.

11. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Other financial assets at fair value through Other Comprehensive Income amounted to euro 58,186 thousand. Movements in the half-year were as follows:

(in thousands of euro)	
Opening balance at 01/01/2024	**52,837**
Translation differences	5
Fair Value adjustment through Other Comprehensive Income	5,279
Other	65
Closing balance 06/30/2024	**58,186**

The composition of the item by individual security is as follows:

(in thousands of euro)		06/30/2024	12/31/2023
Listed securities			
RCS MediaGroup S.p.A.		18,175	18,299
	Total	**18,175**	**18,299**
Unlisted securities			
Fin. Priv. S.r.l.		28,508	23,416
Fondo Anastasia		23	24
Istituto Europeo di Oncologia S.r.l.		8,580	8,357
Tlcom I LP		195	190
Telco S.r.l.		450	450
Other companies		2,255	2,101
	Total	**40,011**	**34,538**
Total other financial assets at Fair Value through Other Comprehensive Income		**58,186**	**52,837**

The **fair value adjustments through Other Comprehensive Income** equalled a positive net amount of euro 5,279 thousand, and mainly refers to Fin. Priv. S.r.l. (positive to the amount of euro 5,092 thousand).

12. DEFERRED TAX ASSETS AND LIABILITIES

(in thousands of euro)	06/30/2024	12/31/2023
Deferred tax assets	178,048	202,849
Deferred tax liabilities	(985,692)	(990,870)
Total	**(807,644)**	**(788,021)**

Deferred tax assets and liabilities are offset where there exists a legal right to offset current tax receivables and current tax payables, and the deferred taxes pertain to the same legal entity and tax authority.

13. TRADE RECEIVABLES

Trade receivables can be analysed as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Total	Non-current	Current	Total	Non-current	Current
Trade receivables	1,011,986	-	1,011,986	720,406	-	720,406
Bad debt provision	(74,651)	-	(74,651)	(71,000)	-	(71,000)
Total	**937,335**	**-**	**937,335**	**649,406**	**-**	**649,406**

The carrying amount of trade receivables is considered to approximate their fair value.

14. OTHER RECEIVABLES

Other receivables were analysed as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Financial receivables	243,673	114,598	129,075	229,856	122,430	107,426
Trade accruals and deferrals	68,487	4,175	64,312	33,447	3,986	29,461
Receivables from employees	10,579	547	10,032	8,579	459	8,120
Receivables from social security and welfare institutions	2,848	-	2,848	2,168	-	2,168
Receivables from tax authorities not related to income taxes	461,161	229,848	231,313	473,852	253,513	220,339
Other receivables	84,075	33,957	50,118	91,687	37,839	53,848
	870,823	**383,125**	**487,698**	**839,589**	**418,227**	**421,362**
Bad debt provision for other receivables and financial receivables	(11,457)	(8,629)	(2,828)	(11,715)	(9,602)	(2,113)
Total	**859,366**	**374,496**	**484,870**	**827,874**	**408,625**	**419,249**

Financial receivables non-current (euro 114,598 thousand) refers mainly to euro 64,417 thousand, the sum deposited as guarantees for tax and legal disputes in relation to the subsidiary Pirelli Pneus Ltda. (Brazil) and remunerated at market rates, to euro 14,595 thousand, the sum deposited into escrow accounts in favour of the pension funds of Pirelli UK Ltd., to euro 14,464 thousand in contributions paid in cash at the time of signing an association in participation contract and to euro 7,274 thousand in loans, disbursed in favour of the Indonesian joint venture PT Evoluzione Tyres.

Financial receivables current (euro 129,075 thousand) refers mainly to euro 87,280 thousand for the short-term portion of loans disbursed to the Jining Shenzhou Tyre Co., Ltd. joint venture, for which there was no significant increase in credit risk compared to the date of disbursement, and to euro 21,645 thousand which was generated at the reporting date, due to a delayed settlement by bank counterparties of some derivative contracts for the hedging of exchange rate risks, which expired before the end of the half-year. This receivable was collected on July 1.

The item **bad debt provision for other receivables and financial receivables** (euro 11,457 thousand) mainly includes euro 9,857 thousand relative to the impairment of financial receivables.

Trade accruals and deferrals mainly refer to fees for IT licences and sponsorship agreements paid in advance and pertaining to periods after June 30, 2024.

The item **receivables from tax authorities not related to income taxes** (euro 461.161 thousand compared to euro 473,852 thousand for at December 31, 2023) is mainly comprised of receivables for IVA (value added tax) and other indirect taxes whose recoverability is expected in future financial years.

Other receivables non-current (euro 33,957 thousand) refers mainly to amounts deposited as guarantees for legal and tax disputes for the Brazilian companies (euro 32,148 thousand).

Other receivables current (euro 50.118 thousand) includes:

- advances to suppliers amounting to euro 16,583 thousand;
- receivables from associates and joint ventures to the amount of euro 11,539 thousand, mainly for royalties and the sale of materials and moulds;
- receivables for insurance reimbursements and other indemnities to the amount of euro 4,027 thousand;
- receivables to the amount of euro 1,012 thousand in yet to be collected state grants.

For other receivables current and non-current, the carrying amount is considered to approximate their fair value.

15. TAX RECEIVABLES

Tax receivables refers to income taxes which amounted to euro 81,293 thousand (of which euro 10,330 thousand was non-current) compared to euro 43,892 thousand at December 31, 2023 (of which euro 11,318 thousand was non-current). More specifically, they mainly refer to receivables for advance payments on income taxes for the financial year.

16. INVENTORIES

The following is an inventories analysis:

(in thousands of euro)	**06/30/2024**	**12/31/2023**
Raw and auxiliary materials and consumables	222,718	198,585
Sundry materials	27,574	16,294
Unfinished and semi-finished products	95,021	83,580
Finished products	1,071,838	1,072,160
Advances to suppliers	517	817
Total	**1,417,669**	**1,371,436**

For further information on the performance of inventories, reference should be made to the section "*Group Performance and Results"* in this document.

Inventories were not subject to any guarantee restrictions.

17. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH THE INCOME STATEMENT - CURRENT

Other financial assets at fair value through the Income Statement - current amounted to euro 174,509 thousand at June 30, 2024, compared to euro 228,759 thousand at December 31, 2023.

The amount at June 30, 2024 included euro 163,568 thousand (euro 196,198 thousand at December 31, 2023), relative to investments made by the Argentine subsidiary in listed dollar-linked bond instruments, to mitigate the effects of depreciation on the local currency. This reduction compared to the amount at December 31, 2023, was attributable to, in addition to the change in the fair value of the instruments, the divestment made during the first half-year for approximately euro 60 million that was used by the Argentine subsidiary, for the payment of trade and other payables due to third-party suppliers and of intragroup payables.

Changes in the fair value for the period were recognised in the Income Statement as *"Financial Income,"* Note 35.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents went from euro 1,252,769 thousand at December 31, 2023 to euro 716,192 thousand at June 30, 2024, and refer to current bank account balances and short-term bank deposits.

Details of the change in the balance are provided in the Consolidated Statement of Cash Flows.

They are concentrated in the treasury centres of the Group, and in companies that generate liquidity and use it locally. They are mainly deployed, in accordance with risk diversification principles and with minimum rating levels, in the market for short-term deposits with bank counterparties at interest rates that are consistent with the prevailing market conditions. The credit risk associated with cash and cash equivalents is considered to be limited as the counterparties are leading national and international banks.

For the Statement of Cash Flow, the balance of cash and cash equivalents was recorded net of bank overdrafts, in the amount of 25,710 thousand at June 30, 2024). This liability was generated at the reporting date, due to a delayed settlement by bank counterparties of some derivative contracts for the hedging of exchange rate risks, which had expired before the end of the half-year. This receivable was collected on July1.

19. EQUITY

19.1 Attributable to the Owners of the Parent Company

Equity attributable to the Owners of the Parent Company went from euro 5,494,393 thousand at December 31, 2023 to euro 5,572,051 thousand at June 30, 2024.

The subscribed and paid-up **share capital** at June 30, 2024 amounted to euro 1,904,375 thousand and was represented by 1,000,000,000 registered ordinary shares without indication of their nominal value.

The **translation reserve**, generated by the conversion into euro of the financial statements of subsidiaries that use a currency other than the euro as their functional currency, was negative to the amount of euro 742,780 thousand at June 30, 2024, (negative to the amount of euro 667,280 thousand at December 31, 2023). Movements for the period included a negative change of euro 75,500 thousand, mainly related to the subsidiaries in Brazil, Argentina and Mexico, which was partially offset by a positive change in China and Russia.

Changes in other reserves through Other Comprehensive Income went from a positive euro 22,600 thousand at December 31, 2023, to a negative euro 30,646 thousand at June 30, 2024, mainly due to the negative effect of actuarial losses on pension funds (euro 16,409 thousand) and of the cash flow hedge reserve (euro 1,467 thousand), which was partially offset by the tax effect (positive to the amount of euro 4,551 thousand) and by the adjustment of financial assets at fair value through Other Comprehensive Income (positive to the amount of euro 5,279 thousand).

Other reserves/retained earnings went from euro 4,279,898 thousand at December 31, 2023 to euro 4,441,102 thousand at June 30, 2024, essentially due to the net result for the period (positive to the amount of euro 215,599 thousand), to hyperinflation in Argentina and Turkey (positive to the amount of euro 135,145 thousand and euro 9,356 thousand respectively, which was offset by a negative change in the translation reserve of euro 15,233 thousand and euro 2,926 thousand, respectively) and due to approved dividends (negative to the amount of euro 198,000 thousand).

19.2 Attributable to Non-Controlling Interests

Equity attributable to Non-Controlling Interests went from euro 125,201 thousand at December 31, 2023 to euro 141,239 thousand at June 30, 2024, an increase owing to the positive change attributable to the results for the period to the amount of euro 15,702 thousand, and gains on currency translation differences which amounted to euro 5,336 thousand, net of dividends paid to minority shareholders in the amount of euro 5,216 thousand.

20. PROVISIONS FOR LIABILITIES AND CHARGES

Movements in the non-current portion of provisions that occurred during the period are shown below:

PROVISION FOR LIABILITIES AND CHARGES - NON-CURRENT PORTION *(in thousands of euro)*	**12/31/2023**	**Currency translation differences**	**Increases**	**Uses**	**Releases**	**Reclass.**	**06/30/2024**
Provision for labour disputes	16,929	(1,557)	4,276	(2,397)	(1,553)	-	15,698
Provision for tax risks not related to income taxes	4,218	(313)	24	(292)	(870)	-	2,767
Provision for environmental risks	35,748	(790)	-	(85)	(32)	-	34,841
Provision for restructuring and reorganisation	-	-	-	-	-	-	-
Provision for other risks and expenses	52,653	221	3,254	(5,092)	(7)	(5,208)	45,821
Total	**109,548**	**(2,439)**	**7,554**	**(7,866)**	**(2,462)**	**(5,208)**	**99,127**

Increases mainly refers to accruals to the provisions for labour disputes particularly for the Brazilian subsidiaries to the amount of euro 3,196 thousand. With regard to other risks, the increase for the period mainly refers to the STI (Short Term Incentive) and LTI (2023-2025 and 2024-2026 Long Term Incentive) Plans, for the Directors participating in the plan.

Uses were mainly attributable to labour disputes and the closure of existing disputes. With regard to other risks, the use resulted from the partial liquidation of the provision for severance indemnities paid to Directors.

Reclassifications refers mainly to the reclassification from non-current provisions to current provisions of the portion for the 2022-2024 LTI and the STI Plans accrued in previous years, which should the parameters be reached, will be paid out during the first half-year of 2025.

Movements in the current portion of provisions that occurred during the period, are shown below:

PROVISION FOR LIABILITIES AND CHARGES - CURRENT PORTION *(in thousands of euro)*	**12/31/2023**	**Currency translation differences**	**Increases**	**Uses**	**Releases**	**Reclass.**	**06/30/2024**
Provision for labour disputes	394	(26)	73	(34)	(283)	-	124
Provision for tax risks not related to income taxes	2,439	82	-	(13)	(900)	-	1,608
Provision for environmental risks	2,424	(9)	80	(321)	-	-	2,174
Provision for restructuring and reorganisation	1,827	(185)	-	-	-	-	1,642
Provisions for product claims and warranties	12,874	35	286	(36)	(1,565)	-	11,594
Provision for other risks and expenses	15,365	(69)	5,935	(6,664)	(1,612)	5,208	18,163
Total	**35,323**	**(172)**	**6,374**	**(7,068)**	**(4,360)**	**5,208**	**35,305**

Increases to the provisions for other risks were mainly attributable to the purchase of greenhouse gas emission allowances, consistent with the provisions of the European Emission Trading Schemes to the amount of euro 3,339 thousand and to the provision for the LTI (2022-2024 Long Term Incentive) Plan.

Uses refer mainly to greenhouse gas emission allowances, consistent with European Emission Trading Schemes, to the amount of euro 6,087 thousand.

21. PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS AND OTHER ASSETS

Provisions for Employee Benefit Obligations and Other Assets – non-current portion

The item is composed as follows:

(in thousands of euro)	**06/30/2024**	**12/31/2023**
Pension funds in surplus	112,545	115,894
Total other assets	**112,545**	**115,894**
Pension funds in deficit	63,675	68,554
Employees' leaving indemnities (TFR - Italian companies)	20,463	19,830
Healthcare plans	11,230	12,079
Other benefits	72,293	79,755
Total provisions for employee benefit obligations	**167,661**	**180,218**

Pension Funds

The following table shows the **composition of pension funds at June 30, 2024:**

				06/30/2024				
(in thousands of euro)	**Germany**	**Sweden**	**Total unfunded pension funds**	**USA**	**UK**	**Switzerland**	**Total funded pension funds**	**Total**
Present value of liabilities	58,819	2,134	**60,953**	76,210	703,670	33,900	**813,780**	**874,733**
Fair value of plan assets				(77,381)	(815,044)	(31,178)	**(923,603)**	**(923,603)**
Total Assets in surplus				(1,171)	**(111,374)**		**(112,545)**	**(112,545)**
Total Liabilities in deficit	**58,819**	**2,134**	**60,953**			**2,722**	**2,722**	**63,675**
Total pension funds								**(48,870)**

The following table shows the **composition of pension funds at December 31, 2023:**

				12/31/2023				
(in thousands of euro)	**Germany**	**Sweden**	**Total unfunded pension funds**	**USA**	**UK**	**Switzerland**	**Total funded pension funds**	**Total**
Present value of liabilities	62,115	2,229	**64,344**	78,358	719,618	35,077	**833,053**	**897,397**
Fair value of plan assets				(77,526)	(835,512)	(31,699)	**(944,737)**	**(944,737)**
Total Assets in surplus					**(115,894)**		**(115,894)**	**(115,894)**
Total Liabilities in deficit	**62,115**	**2,229**	**64,344**	**832**		**3,378**	**4,210**	**68,554**
Total pension funds								**(47,340)**

Movements for the first half-year of 2024 in the defined benefits pension funds (refers to funded and unfunded pension funds), were as follows:

(in thousands of euro)	**Present value of gross liabilities**	**Fair value of plan assets**	**Total**
Opening balance at January 1, 2024	897,397	(944,737)	(47,340)
Currency translation differences	19,999	(23,205)	(3,206)
Movements through Income Statement:			
- current service costs	513	-	513
- interest expense / (income)	20,205	(22,123)	(1,918)
	20,718	**(22,123)**	**(1,405)**
Remeasurements recognised in equity:			
- actuarial (gains) / losses from change in demographic assumptions	(2,544)	-	(2,544)
- actuarial (gains) / losses from change in financial assumptions	(32,303)	-	(32,303)
- experience adjustment (gains) / losses	2,015	-	2,015
- return on plan assets, net of interest income	-	48,690	48,690
	(32,832)	**48,690**	**15,858**
Employer contributions	-	(12,524)	(12,524)
Employee contributions	117	(115)	2
Benefits paid	(30,666)	28,209	(2,457)
Other	-	2,202	2,202
Closing balance at June 30, 2024	**874,733**	**(923,603)**	**(48,870)**

Current and past service costs are included under "*Personnel Expenses*" (Note 30), and net interest payables are included under "*Financial Expenses*" (Note 36).

Employees' Leaving Indemnities (TFR)

Movements for the half-year in the provision for employees' leaving indemnities were as follows:

(in thousands of euro)	**06/30/2024**	**12/31/2023**
Opening balance	**19,830**	**20,064**
Movements through Income Statement:		
- current service cost	502	121
- interest expense	385	917
Remeasurements recognised in equity:		
- actuarial (gains) / losses from changes in financial assumptions	(486)	598
- effect of experience adjustments	1,219	-
Liquidation/advances	(344)	(1,772)
Other	(643)	(98)
Closing balance	**20,463**	**19,830**

The current service cost, for services rendered by employees, is included under "*Personnel Expenses*" (Note 30) and interest payables are included under "*Financial Expenses*" (Note 36).

Healthcare Plans

This item refers exclusively to the healthcare plan in place in the United States.

(in thousands of euro)	USA
Liabilities recognised in the Financial Statements at 06/30/2024	11,230
Liabilities recognised in the Financial Statements at 12/31/2023	12,079

Movements for the period were as follows:

(in thousands of euro)	06/30/2024	12/31/2023
Opening balance	**12,079**	**13,075**
Translation differences	377	(442)
Movements through Income Statement:		
- current service cost	-	1
- interest expense	303	634
Remeasurements recognised in equity:		
- actuarial / (gains) losses from changes in financial assumptions	(275)	221
- effect of experience adjustments	(569)	(471)
Grant/benefits paid	(685)	(939)
Closing balance	**11,230**	**12,079**

The service cost is included under "*Personnel Expenses*" (Note 30), and interest payables are included under "*Financial Expenses*" (Note 36).

Additional Information on Post-Employment Benefits

Net actuarial losses accrued during the first half-year of 2024 and recorded directly in Other Comprehensive Income amounted to euro 15,970 thousand, (net actuarial losses at December 31, 2023 had amounted to euro 30,025 thousand).

The main actuarial assumptions used at **June 30, 2024** were the following:

	Italy	Germany	Sweden	UK	USA	Switzerland
Discount rate	3.70%	3.75%	3.50%	5.20%	5.31%	1.65%
Inflation rate	2.00%	2.25%	1.70%	3.47%	N/A	1.00%

The main actuarial assumptions used at **December 31, 2023** were the following:

	Italy	Germany	Sweden	UK	USA	Switzerland
Discount rate	3.40%	3.50%	3.10%	4.80%	4.90%	1.45%
Inflation rate	2.00%	2.00%	1.60%	3.29%	N/A	1.75%

Other Long-Term Benefits

The composition of other benefits was as follows:

(in thousands of euro)	**06/30/2024**	**12/31/2022**
Long Term Incentive plans	17,553	24,532
Jubilee awards and other long-term benefits	43,297	43,961
Leaving indemnities	11,443	11,262
Total	**72,293**	**79,755**

The item **Long-term Incentive Plans** refers to the amount allocated for the three-year monetary 2023-2025 and 2024-2026 LTI incentive plans intended for the Group's management sector, while the portion related to the 2022 - 2024 Plan was reclassified for the half-year to provisions for employee benefit obligations current, in that, should the parameters underlying the plans be met, they are expected to be liquidated in the first half-year of 2025. It should be noted that the existing incentive plans are based on a rolling mechanism (each year therefore a new three-year Incentive Plan will be proposed). For further details, reference should be made to the Remuneration Report in the 2023 Annual Report.

Provisions for Employee Benefit Obligations** – **current portion

the Statement of Financial Position item **provisions for employee benefit obligations current**, includes the amount relative to the 2022-2024 LTI Plan that will be paid out in the first half-year of 2025 to the Group's management, if the targets underlying the plan are achieved.

22. BORROWINGS FROM BANKS AND OTHER FINANCIAL INSTITUTIONS

Borrowings from banks and other financial institutions were as follows:

(in thousands of euro)		**06/30/2024**			**12/31/2023**	
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Bonds	1,100,431	1,100,431	-	1,095,029	1,095,029	-
Borrowings from banks	2,527,056	1,495,779	1,031,276	2,316,825	1,696,123	620,702
Borrowings from other financial institutions	20,649	119	20,530	29,494	-	29,494
Lease liabilities	468,147	365,462	102,686	482,485	383,389	99,096
Accrued financial expenses and deferred financial income	26,880	-	26,880	37,759	-	37,759
Other financial payables	6,119	1,882	4,237	2,614	137	2,476
Total	**4,149,283**	**2,963,674**	**1,185,609**	**3,964,205**	**3,174,678**	**789,527**

The item **bonds** refers to:

- the senior unsecured guaranteed equity-linked non-interest-bearing bond loan (the *"convertible bond loan"*), for a nominal value of euro 500 million maturing on December 22, 2025. This bond loan, reserved for institutional investors, was issued by Pirelli & C. S.p.A. on December 22, 2020, guaranteed by Pirelli Tyre S.p.A., and admitted for trading on the Vienna MTF, a multilateral trading facility operated by the Vienna Stock Exchange. The bond loan is convertible, at the discretion of the bondholders, into new ordinary shares of the Company at the price of euro 5.9522 per share (originally euro 6.235 per share), subject to further anti-dilutive adjustments as provided for in the loan regulations. At June 30, 2024, the item recorded under financial payables non-current amounted to euro 485.1 million. The difference in the nominal value, refers to the fair value of the option held by the subscribers of the loan to convert the bond loan into new ordinary shares of the Company at a predefined price. This value was recognised at inception under equity reserves to the amount of euro 41.2 million (net of transaction costs);

- the *"Schuldschein"* financing with a floating interest rate (EURIBOR + spread) for a total nominal amount of euro 20 million, classified entirely under non-current financial payables (maturing July 2025). This financing, signed by leading market operators, was originally composed of three tranches totalling euro 525 million: one tranche of euro 82 million maturing in three years (original maturity in July 2021), which was repaid in advance in January 2021, a second tranche of euro 423 million maturing in five years (original maturity July 2023), which was repaid in advance in January 2022 and January 2023, and a third tranche of euro 20 million maturing in seven years (maturity in July 2025). On June 27, 2024, the Company sent a notice of early repayment to extinguish this last tranche, at the same time as the interest payment was due, at the end of July;
- a rated sustainability-linked bond loan with a nominal value of euro 600 million, placed on January 11, 2023 with international institutional investors, with a fixed coupon of 4.25% and maturing in January 2028. The transaction, fully classified under non-current financial liabilities, was issued as part of the EMTN Programme (Euro Medium Term Note Programme), and approved by the Board of Directors on February 23, 2022. These securities are listed on the Luxembourg Stock Exchange. The regulation governing these securities provides for each of the two contractually specified sustainability parameters (linked to the Group's sustainability objectives), with a coupon increase of 0.25% in the event that each of the relevant targets is not met by 2025. At June 30, 2024, the rating assigned by the two rating agencies Standard & Poor's and Fitch was BBB-, revised upwards by the latter in July, as reported in the section *"Significant Events Subsequent to the End of the Half-Year*" in the Half-Year Financial Report.

The **carrying amount for the item bonds** was determined as follows:

(in thousands of euro)	**06/30/2024**	**12/31/2023**
Nominal value	1,120,000	1,120,000
Equity component of the convertible bond loan	(41,791)	(41,791)
Transaction costs	(11,251)	(11,244)
Bond loan discount	(1,776)	(1,776)
Amortisation of the effective interest rate	6,265	5,085
Non-monetary interest on convertible bond loan	28,985	24,755
Total	**1,100,431**	**1,095,029**

The item **borrowings from banks**, which amounted to euro 2,527,056 thousand, is subdivided as follows:

(in thousands of euro)				06/30/2024		
	Due Date	Interest rate	Nominal value	Balance	Non - current	Current
Club Deal EUR 1.6 bn ESG 2022 5y	02/22/2027	EURIBOR + spread	600,000	598,490	598,490	-
Club Deal EUR 800 m ESG 2020 5y	04/02/2025	EURIBOR + spread	800,000	399,534	-	399,534
Club Deal EUR 400 m ESG 2022 19m	12/27/2024	EURIBOR + spread	400,000	399,804	-	399,804
Bilateral ESG EUR 300 m 2023 2.5y facility	02/27/2026	EURIBOR + spread	300,000	299,591	299,591	-
Club Deal EUR 600 m ESG 2024 4.5y	10/20/2028	EURIBOR + spread	600,000	597,698	597,698	-
Borrowings from banks of foreign Companies				231,939	-	231,939
Total borrowings from banks				**2,527,056**	**1,495,779**	**1,031,276**

It mainly refers to:

- the use of the "*Club Deal EUR 1.6bn ESG 2022 5y*" financing by Pirelli & C. S.p.A. to the amount of euro 598,490 thousand, classified under non-current financial payables. This financing facility with a floating interest rate (EURIBOR + spread), is guaranteed by Pirelli Tyre S.p.A. and was signed on February 21, 2022, with a pool of leading Italian and international banks, with a five-year maturity. This facility, which is parametrised to the Group's ESG objectives, consists of three tranches totalling euro 1.6 billion, distributed as follows:
    - the Pirelli & C. S.p.A. term loan with a nominal value of euro 600,000 thousand that was fully utilised and a revolving cash credit facility for euro 100,000 thousand, which at June 30, 2024 had not been utilised;
    - the Pirelli International Treasury S.p.A. revolving cash credit facility for euro 900,000 thousand, which at June 30, 2024 had not been utilised.

  It should be noted that following the most recent accounting for the sustainable KPIs, and having achieved the targets for the year, the Group is benefiting from the relative incentives to reduce the cost of the credit facility.

- the *"Club Deal EUR 800m ESG 2020 5y"* financing for euro 399,534 thousand, relative to the credit facility originally for euro 800 million, with a floating interest rate (EURIBOR + spread), guaranteed by Pirelli Tyre S.p.A., and signed on March 31, 2020 with a pool of leading Italian and international banks, with a five-year maturity (classified under current financial payables). This bank credit facility consists of a so-called "*sustainable*" tranche of euro 600 million (euro 300 million at June 30, 2024), that is parametrised to the Group's financial and environmental sustainability objectives (sustainable KPIs), and a so-called "*sustainable*" tranche of an original amount of euro 200 million (euro 100 million at June 30, 2024), that is parametrised to the Group's circular economy objectives. It is to be noted, that the Group is benefiting from the incentives to reduce the cost of the credit facility which is linked to the objectives of financial and environmental sustainability, and the objectives of the circular economy.

- the *"bilateral ESG 400m 2021 3y facility"* for euro 399,605 thousand, relative to the bilateral financing for a nominal amount of euro 400 million disbursed in December 2021 in favour of Pirelli & C. S.p.A. by a leading bank, with a three-year maturity and guaranteed by Pirelli Tyre S.p.A. This financing, at a floating rate (EURIBOR + spread), is parametrised to some of the Group's sustainability targets and is classified under current financial payables. It should be noted, that following the most recent accounting of the sustainable KPIs, and having achieved the targets for the year, the Group is benefiting from the relative incentives to reduce the cost of the credit facility;

- the *"bilateral ESG 300m 2023 2.5y facility"* for euro 299,591 thousand relative to the bilateral financing for a nominal amount of euro 300 million, disbursed in July 2023 in favour of Pirelli & C. S.p.A. by a leading bank, with maturity in February 2026 and guaranteed by Pirelli Tyre S.p.A. This financing, at a floating rate (EURIBOR + spread), is parametrised to some of the Group's sustainability targets and is classified under non-current financial payables. It should be noted that following the most recent accounting of the sustainable KPIs, and having achieved the targets for the year, the Group has recently begun benefit from the relative incentives to reduce the cost of this credit facility.
- the “*Club Deal EUR 600m ESG 2024 4.5y*” financing for euro 597,698 thousand, relative to the euro 600 million credit facility with a floating interest rate (EURIBOR + spread), guaranteed by Pirelli Tyre S.p.A., and signed on March 22, 2024 with a pool of leading Italian and international banks, and maturing in four and a half years. This financing - classified under non-current financial payables - is parametrised to some of the Group's sustainability targets, with annual accounting commencing with the publication of the 2024 Consolidated Financial Statements;
- the *"Club Deal EUR 500m ESG 2023 4y RCF"* committed revolving credit facility signed with a selected pool of international banks for the amount of euro 500 million, with a four-year maturity (December 2027), guaranteed by Pirelli Tyre S.p.A. and parametrised to the Group's new sustainability targets (reporting beginning with the figures for 2024). At June 30, 2024, the credit facility was unutilised;
- euro 129,276 thousand (euro 141,175 thousand at December 31, 2023) related to financing disbursed in Brazil by local and international banks, and entirely classified under current borrowings from banks;
- borrowings from banks and the use of credit facilities disbursed in favour of subsidiaries in China, (equivalent to euro 21,903 thousand and classified under current borrowings from banks), in Russia (equivalent to euro 24,887 thousand and entirely classified under current borrowings from banks), and in Turkey (equivalent to euro 25,852 thousand and classified under current borrowings from banks).

At June 30, 2024, the Group had a liquidity margin of euro 2,390,701 thousand, calculated as the sum of cash and cash equivalents which equalled euro 716,192 thousand, other financial assets at fair value through the Income Statement to the amount of euro 174,509 thousand and unutilised credit facilities to the amount of euro 1,500,000 thousand. The above-mentioned liquidity margin is sufficient in covering financial debt maturities, until the first quarter of 2027.

Lease liabilities represent the financial liabilities relative to leasing contracts. The change compared to the previous financial year, refers to the remeasurement of existing contracts, which was more than offset by the payment of leasing fees.

Non-discounted future payments for lease contracts, for which the exercise of extension options is not considered to be reasonably certain, and which were therefore not included in the item lease liabilities, amounted to euro 150,641 thousand (euro 148,501 thousand at December 31, 2023).

Accrued financial expenses and deferred financial income (euro 26,880 thousand), mainly refers to accrued interest matured on bond loans to the amount of euro 11,949 thousand (euro 24,780 thousand at December 31, 2023), and to accrued interest on borrowings from banks to the amount of euro 13,788 thousand (euro 11,939 thousand at December 31, 2023).

At June 30, 2024, there were no financial payables secured by collateral guarantees (pledges and mortgages).

For current financial payables, it is considered that their carrying amount approximates their relative fair value.

For non-current financial payables, their fair value is shown below, compared with their carrying amount:

(in thousands of euro)	06/30/2024		12/31/2023	
	Carrying amount	***Fair value***	**Carrying amount**	***Fair value***
Bonds	1,100,431	1,106,499	1,095,029	1,114,812
Borrowings from banks	1,495,779	1,520,292	1,696,123	1,724,866
Other financial payables	2,001	2,001	137	137
Total non-current financial payables	**2,598,212**	**2,628,792**	**2,791,289**	**2,839,815**

The fair value of the debt component of the convertible bond, of the "*Schuldschein*" financing and of current borrowings from banks, was calculated by discounting each expected debt cash flow at the market swap-rate for the currency and the relevant maturity date, increased by the Group's credit rating for other debt instruments that are similar in nature and technical characteristics, and therefore rank in level 2 of the hierarchy as provided for by IFRS 13 - Fair Value Measurement.

The fair value of the rated sustainability-linked bond issued by Pirelli & C. S.p.A. as part of the EMTN programme is listed, and its relative fair value was measured using period-end prices. Therefore, it was classified in level 1 of the hierarchy provided for by IFRS 13 – Fair Value Measurement.

At June 30, 2024, there were outstanding interest rate derivatives on some floating-rate debt.

Considering the effects of hedging derivatives, the Group's exposure to changes in interest rates on financial payables, both in terms of the type of interest rate and in terms of the date of the renegotiation of the same (resetting), was subdivided between:

- floating rate payables to the amount of euro 1,836,584 thousand, whose interest rate is subject to a reset during the course of 2024;
- fixed rate payables to the amount of euro 2,229,665 thousand, (euro 1,761,518 thousand excluding lease liabilities), whose interest rate is not subject to any reset until the natural maturity of the debt to which it refers (euro 263,772 thousand, with maturity in the next twelve months and euro 1,965,893 thousand euro, with maturity beyond twelve months).

With reference to the cost of debt, the year-on-year figure at June 30, 2024, (calculated as the average for the last twelve months), stood at 5.29% compared to 5.08% at December 31, 2023.

With reference to the presence of financial covenants, on borrowings from banks and other financial institutions, it should be noted that a portion equal to euro 24,887 thousand of the borrowings from local banks held by the Russian subsidiary, is subject to the following financial covenants:

a) the current portion amounting to euro 10,820 thousand: a maximum ratio of net debt to gross operating margin, and a maximum ratio of net debt to equity;

b) the current portion amounting to euro 14,067 thousand: a maximum ratio of net debt to gross operating margin, and a maximum ratio of net short-term debt plus interest paid to gross operating margin.

The failure to comply with these financial covenants is identified as an event of default or non-performance.

Specifically, an event of default or non-performance will result in the termination of the contract and the early repayment of the said financing.

It is to be noted that at June 30, 2024, no event of default or non-performance event had occurred.

The *"Club Deal EUR 1.6bn ESG 2022 5y"* financing, the *"Schuldschein"* financing, the *"Club Deal EUR 800m ESG 2020 5y"* financing, the *"bilateral ESG 400m 2021 3y facility"*, the *"bilateral EUR 300m ESG 2023 2.5y facility"* and the *"Revolving 500m 4y committed credit facility"* also contain Negative Pledge clauses and/or other customary provisions, whose terms are consistent with the market standards for each of the above types of credit facility.

23. TRADE PAYABLES

Trade payables were composed as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Trade payables	1,442,337	-	1,442,337	1,864,417	-	1,864,417
Bill and notes payable	56,722	-	56,722	135,001	-	135,001
Total	**1,499,059**	**-**	**1,499,059**	**1,999,418**	**-**	**1,999,418**

For trade payables, it is considered that their carrying amount approximates their relative fair value.

24. OTHER PAYABLES

Other payables were as follows:

(in thousands of euro)	06/30/2024			12/31/2023		
	Total	**Non-current**	**Current**	**Total**	**Non-current**	**Current**
Accrued expenses and deferred income	60,285	35,407	24,878	58,149	38,664	19,485
Tax payables not related to income taxes	154,858	6,750	148,107	98,643	7,209	91,434
Payables to employees	130,036	2,645	127,391	187,192	2,458	184,734
Payables to social security and welfare intitutions	66,240	25,644	40,596	77,112	28,436	48,676
Dividends approved	1,017	-	1,017	1,374	-	1,374
Contract liabilities	2,658	9	2,648	3,222	10	3,212
Other payables	58,858	891	57,967	64,413	1,155	63,257
Total Other payables	**473,950**	**71,346**	**402,604**	**490,105**	**77,932**	**412,173**

Accrued expenses and deferred income non-current included euro 35,407 thousand, which refer to capital contributions received for investments carried out mainly in Romania, and whose benefits are recognised in the Income Statement in proportion to the costs for which the contribution was disbursed.

Accrued expenses and deferred income current includes euro 11,845 thousand in government grants and tax incentives received mainly in Italy and Romania, and euro 5,188 thousand for the costs of insurance coverage.

The item **tax payables not related to income taxes** is mainly comprised of IVA payables (value added tax) and other indirect taxes, withholding taxes for employees and other taxes not related to income taxes.

The item **payables to employees** mainly includes amounts matured during the period but not yet paid. The decrease compared to the previous financial year mainly refers to the payment of the STI and 2021-2023 LTI incentive plans.

The item **contract liabilities** from contracts with customers, refers to advanced payments received from customers for which the performance obligation has not yet been completed.

The item **other payables** (euro 58,858 thousand) mainly includes:

- euro 12,753 thousand in refunds received from the tax authorities for tax disputes for which the outcome of the final judgement remains uncertain;
- euro 10,384 thousand in payables to representatives, agents, professionals and consultants;
- euro 10,032 thousand for payables for customs duties, import and transport costs;
- euro 2,667 thousand in payables to Directors, Auditors and supervisory bodies.

25. TAX PAYABLES

Tax payables were for the most part for national and regional income taxes in different countries and amounted to euro 109,936 thousand, (of which euro 4,263 thousand was for non-current payables), compared to euro 119,584 thousand at December 31, 2023, (of which euro 14,391 thousand was for non-current payables). Income tax payables included the assessments made by Management with respect to the possible effects of uncertainty regarding the treatment of income taxes.

26. DERIVATIVE FINANCIAL INSTRUMENTS

The item includes the fair value measurement of derivative instruments. The **details** are as follows:

(in thousands of euro)	06/30/2024				12/31/2023			
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Derivative Financial Instruments not in Hedge Accounting								
Foreign exchange derivatives - commercial positions		2,707		(11,098)		5,667		(3,058)
Foreign exchange derivatives - included in net financial position		43,751		(11,561)		7,360		(18,184)
Derivative Financial Instruments in Hedge Accounting - cash flow hedge:								
Interest rate derivatives - included in net financial position	14,615				12,886			
	14,615	**46,458**	**-**	**(22,659)**	**12,886**	**13,027**	**-**	**(21,242)**
Total derivatives included in net financial position	14,615	43,751	-	(11,561)	12,886	7,360	-	(18,184)

The **composition of the items according to the type of derivative instrument** was as follows:

(in thousands of euro)	06/30/2024	12/31/2023
Current assets		
Forward foreign exchange contracts - fair value recognised in the Income Statement	46,458	13,027
Total current assets	**46,458**	**13,027**
Non-current assets		
Interest rate swaps - cash flow hedge	14,615	12,886
Total non-current assets	**14,615**	**12,886**
Current liabilities		
Forward foreign exchange contracts - fair value recognised in the Income Statement	(22,659)	(21,242)
Total current liabilities	**(22,659)**	**(21,242)**
	38,414	**4,671**

Derivative financial instruments not in hedge accounting

The value of **exchange rate derivatives** included in current assets and liabilities corresponds to the fair value measurement of forward currency buy/sell contracts outstanding at the closing date for the period. These are transactions which mirror the commercial and financial transactions of the Group, for which the hedge accounting option has not been adopted. Their fair value was determined by using the forward exchange rate at the reporting date.

Derivative Financial Instruments in Hedge Accounting

The value of **interest rate derivatives** recognised under non-current assets to the amount of euro 14,615 thousand, refers to the fair value of seven interest rate swaps:

Derivative	Hedged element	Notional amount (in millions of euro)	Start date	Maturity	
IRS	Schuldschein	20.0	July 2020	July 2025	receive floating / pay fixed
IRS	Club Deal EUR 1.6bn ESG 2022 5y	500.0	February 2023	February 2026	receive floating / pay fixed
Total		**520.0**			

For these derivatives, cash flow hedge accounting was adopted. Items subjected to hedge accounting were:

- future interest flows on floating-rate liabilities in EUR;
- future interest flows on the *"Schuldschein"* financing, (refer to Note 22, *"Borrowings from Banks and Other Financial Institutions"*).

The change in the fair value for the period was positive to the amount of euro 8,308 thousand. This change was entirely suspended under Other Comprehensive Income.

Income to the amount of euro 9,365 thousand was reversed to the Income Statement under the item *"Financial Expenses"* (Note 36), correcting the financial expenses recognised on the hedged liability. This amount was composed of:

- euro 6,552 thousand in interest receivables on the IRS in hedge accounting;
- euro 2,813 thousand, which corresponds to the portion of the positive cash flow hedge reserve matured on the forward start pre-hedge receive floating EURIBOR / pay fixed EURIBOR IRS that were closed early in 2022. This amount corrects the financial expenses of the relative hedge item, a sustainability-linked bond issued in January 2023, for the total nominal amount of euro 600 million.

27. COMMITMENTS AND RISKS

Commitments for the purchase of property, plant and equipment and intangible assets

The commitments to purchase property, plant and equipment and intangible assets in the second half of 2024 and subsequent financial years amounted to euro 225,042 thousand and euro 4,649 thousand respectively, and refer mainly to subsidiaries in Mexico, Romania, Italy, Germany, Brazil and China.

Commitments for Lease Contracts

At June 30, 2024, the total amount for non-discounted future payments for lease contracts not yet in force and against which no financial debt was recognised, equalled euro 63,971 thousand, and mainly refers to the rental contract for a new warehouse in Brazil, the rental contract for new offices in New York and rental contracts for offices and sales outlets in Sweden.

Other Risks

Litigations against Companies of the Prysmian Group before the Milan Court of Appeal

In June 2024, Pirelli appealed to the Milan Court of Appeal against the decision of the Court of Milan published in May 2024, concerning the dispute between Pirelli and some companies of the Prysmian Group. The Court ruled that Pirelli and Prysmian Cavi e Sistemi S.r.l. (*"Prysmian CS"*) should bear an equal share of the European Commission's sanction (which they have already paid) as well as any damages that they may be ordered to pay jointly and severally in the follow-on proceedings brought by Terna (see below - *Other Disputes Consequent to the Decision of the European Commission*), rejecting the reciprocal requests for full indemnification made by the parties.

This dispute is a consequence of the decision issued on April 2, 2014 by the European Commission (later confirmed in the last instance by the Court of Justice of the European Union on October 28, 2020) at the conclusion of the antitrust investigation into restrictive conduct in the European high voltage electrical cable market. The Commission's decision had imposed a sanction on Prysmian CS, as it was directly involved in the cartel, a portion of which (euro 67 million) Pirelli, despite not having been found to be directly involved in the activities of the cartel, had been held to be jointly and severally liable with Prysmian CS, based solely on the application of the EU principle, the so-called *"parental liability"*, since during part of the period of the infraction, the share capital of Prysmian CS was held, either directly or indirectly by Pirelli.

On December 31, 2020, Pirelli proceeded to pay its share of the aforementioned sanction to the European Commission (corresponding to 50% of the sanction, plus interest), for which it had previously made appropriate provisions.

Pending the settlement of the aforementioned EU Court proceedings, in 2014 and in 2019, Pirelli brought two proceedings before the Court of Milan, (the first) against Prysmian CS and (the second) against Prysmian CS and Prysmian S.p.A., to obtain, in addition to the reimbursement of the sanction imposed by the European Commission, a ruling that these parties hold Pirelli harmless and indemnified against any charges, expenses, costs and/or damages arising from claims by public and/or private third parties in connection with and/or consequential to the facts that are the subject of the European Commission's decision.

Pirelli has also requested that the liabilities of Prysmian CS and Prysmian S.p.A. be determined in relation to certain unlawful conduct connected with the aforesaid anti-competitive cartel put in place by them and, as a consequence, be ordered to pay compensation for all damages suffered and to be suffered by Pirelli.

Prysmian CS and Prysmian S.p.A. entered an appearance in the above proceedings, seeking the dismissal of Pirelli's claims and, by way of a counter-claim, to be held harmless and indemnified by

Pirelli against any consequences arising from claims by private and/or public third parties relating to, connected with and/or consequential to the facts that are the subject of the decision of the European Commission.

In April 2021, the two judgements (that of 2014 and that of 2019) were joined, and, in 2022, two segments of the proceedings brought by Terna S.p.A. - Rete Elettrica Nazionale (*"Terna"*), were subsequently were also joined to the proceedings, against inter alia, Pirelli, Prysmian CS and Prysmian S.p.A. With regard to these segments, Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., on the other, have submitted reciprocal indemnity claims with regard to what they were ordered to pay to Terna (refer to the section below - *Other Disputes Consequent to the Decision of the European Commission*).

Based on careful analyses supported by authoritative external legal opinions, the assessment of the risk related to the dispute described above, is such as to not require the allocation of any specific provision in the Consolidated Financial Statements at June 30, 2024.

Other Disputes Consequent to the Decision of the European Commission

In November, 2015, a number of companies of Prysmian Group served Pirelli with a summons in the action for the compensation of damages brought before the London High Court of Justice against them and other defendants of the Decision of the European Commission of April 2, 2014, by National Grid and Scottish Power, the companies who claim to have been harmed by the cartel. Specifically, the companies of the Prysmian Group have requested that Pirelli, by reason of its role as Parent Company for part of the period of the cartel, hold them harmless with respect to any obligations to pay damages (as yet unquantifiable) to the National Grid and Scottish Power. As the aforementioned action, brought before the Court of Milan in November 2014, is still pending, Pirelli has challenged the lack of jurisdiction of the London High Court of Justice, contending that the decision on the merits must be referred to the Court which had previously heard the case. In April 2016, the High Court of Justice, at the request of Pirelli and the companies in the Prysmian Group, suspended the judgement against Pirelli until final judgment is passed, that would settle the already pending Italian proceedings.

In April 2019, before the Court of Milan, Terna, brought proceedings before the Court of Milan, jointly and severally, against Pirelli, three companies of the Prysmian Groupand another company named in the aforementioned European Commission decision, in order to obtain compensation for the damages allegedly suffered as a consequence of the anti-competitive conduct, currently quantified by the plaintiff as totalling euro 199.9 million. Pirelli appeared in court contesting Terna's claims, filed a counterclaim for recourse in the event that it was held jointly and severally liable for the anti-competitive cartel.

In October 2021, the Judge dismissed from the proceedings, the portion of the litigation consisting of the indemnity cross-claims between Pirelli, on the one hand, and Prysmian CS and Prysmian S.p.A., on the other, ordering that it be joined with the litigation pending between the two parties before the Court of Milan (refer to the section above - *Litigation against Companies of the Prysmian Group before the Milan Court of Appeal).*

Lastly, also in April 2019, the Electricity & Water Authority of Bahrain, GCC Interconnection Authority, Kuwait Ministry of Electricity and Water and Oman Electricity Transmission Company, served a writ of summons against Pirelli, some of the Prysmian Group companies and other defendants of the aforementioned decision of the European Commission, suing them jointly and severally to obtain compensation for the damages allegedly suffered as a result of the alleged anti-competitive conduct for the total amount of euro 472 million, which was quantified during the course of the proceedings. These proceedings were brought before the Court of Amsterdam, which with its ruling dated November 25, 2020, upheld the objection raised by Pirelli and excluded its own jurisdiction over Pirelli. In February 2021, the plaintiffs appealed against this ruling before the Amsterdam Court of Appeal, proceedings that have to date been suspended, following an interlocutory issue raised by the Amsterdam Court of Appeal itself before the Court of Justice of the European Union.

Based on careful analyses supported by authoritative external legal opinions, the assessment of the risk related to the disputes described above is such as to not require the allocation of any specific provision in the Consolidated Financial Statements at June 30, 2024.

US Class Actions

On January 30, 2024, the European Commission announced the opening of an investigation against certain tyre manufacturers active in the European Economic Area, for alleged violations of the European Union competition laws, through the possible collusion of prices for new replacement tyres for cars and trucks, to be sold in the European Economic Area. At the same time, it conducted inspections at the offices of the aforementioned tyre manufacturers, including those of Pirelli. The latter confirmed the probity of its operations and to have always acted in compliance with the applicable antitrust laws and regulations.

Following the European Commission's announcement of the aforementioned actions, in February 2024, a number of class action suits - later merged into a single proceeding - were commenced before Courts in the United States, relating to alleged similar issues that had allegedly occurred in the United States. The claims for damages have not been quantified.

Based on the assessment carried out, supported by the authoritative opinions of external lawyers, Pirelli, also in light of the limited information available to date, did not deem it necessary to recognise any specific provision in the Consolidated Financial Statements at June 30, 2024.

Tax Disputes

The subsidiaries Pirelli Pneus Ltda. and Pirelli Comercial de Pneus Brasil Ltda. with headquarters in Brazil, are involved in certain disputes and tax proceedings. The most significant are described below:

Litigation concerning the IPI Tax Rate applicable to specific Types of Tyres

The subsidiary Pirelli Pneus Ltda. is party to a tax dispute with the Brazilian tax authorities concerning the IPI tax rate (Imposto sobre Produtos Industrializados or tax on industrialised products) particularly with reference to the tax rate applicable to the production and importation of tyres for the Sports Utility Vehicle (*"SUV"*), vans and other industrial transportation vehicles (such as, for example, trucks). According to statements by the Brazilian tax authorities in the tax assessment notices issued during the course of 2015, 2017 and 2021 the aforementioned tyres should have been subjected to the IPI tax rate for the production and importation of tyres for cars – with an applicable rate of 15% - instead of the 2% rate applied by Pirelli Pneus Ltda., as is required for the production and importation of tyres destined for heavy industrial use vehicles. To date, the dispute is pending before the competent tax authorities and the Group believes it has a good chance of winning in the courts. This position is also supported by, (i) an appraisal prepared by a Brazilian government institution (the INT - National Institute of Technology) specifically commissioned by Pirelli Pneus Ltda. who concluded their analysis by comparing the tyres in question, in light of their similar characteristics, with those used for heavy industrial vehicles, (ii) court decisions favourable to taxpayers.

The risk is estimated at approximately euro 45 million, inclusive of tax, interests and penalties.

The risk of losing the case has not been assessed as probable and, therefore, as a result no liability has been accrued in the Financial Statements for this dispute.

Litigation concerning Transfer Pricing applied to some Intragroup Transactions

Pirelli Pneus Ltda. is involved in a dispute with the Brazilian tax authorities for income tax purposes (*IRPJ - Imposto sobre a renda das pessoas jurídicas*) and social security contributions (*CSLL - Contribuição Social sobre o Lucro Líquido*) due from the company for the 2008, 2011 and 2012 tax periods, deriving from the application of the so-called transfer pricing regulations to import transactions with related parties. Based on the notices of the assessment served on the company during the course of 2013, 2015 and 2016, the Brazilian tax authorities are mainly contesting the incorrect application by the company, of the methodology provided for by the administrative practice in force at the time (IN - *Instrução Normativa 243*), for the assessment of transfer prices applied to the importation of goods from related parties.

To date, part of this litigation is pending before the competent administrative-judicial courts, and part was settled during the first half-year of 2023. The Group maintains that it has a good chance of winning and, in this regard, Pirelli Pneus Ltda.has already obtained a favourable ruling from the administrative court, which has recognised the company's arguments by reducing the amount originally contested by the Brazilian tax authorities.

In light of the above, the risk is estimated at approximately euro 20 million inclusive of taxes, sanctions and interest.

The risk of losing the case has not been assessed as probable and, therefore, as a result no liability has been accrued in the Financial Statements for this dispute.

Disputes concerning the IPI Tax Rate for the Sale of Tyres to the Automotive Sector

Pirelli Pneus Ltda. is also party to a dispute concerning the IPI tax rate, (Imposto sobre Produtos Industrializados, that is a tax on industrialised products), concerning the sale of components to companies operating in the automotive sector. According to the Brazilian tax authorities in a notice of assessment issued in 2013, Pirelli Pneus Ltda. was not entitled to benefit, with reference to its secondary office located in the city of Ibiritè in the Federal State of Minas Gerais, from the IPI exemption provided for by law in the case of sales of particular components to companies operating in the automotive sector. The dispute is under discussion before the competent administrative-judicial courts however, the Group maintains that it has well founded reasons to object to the tax administration's claim.

The risk is estimated at approximately euro 23 million, inclusive of tax, interests and penalties.

The risk of losing the case has not been assessed as probable and, therefore, as a result no liability has been accrued in the Financial Statements for this dispute.

Litigation concerning the Tax Impact deriving from the so-called "*Plano Verão*"

Pirelli Pneus Ltda is involved in a tax dispute with the Brazilian tax authorities, which, in the company's opinion, in the period from 1989 to 1994, levied taxes in excess of what was actually due as a result of the so-called *"Plano Verão"*, an economic measure introduced by the then Brazilian government, in order to control the phenomenon of the hyperinflation that was affecting the country, by freezing prices. However, the difference between the actual and the indexed inflation had the effect of creating significant distortions in the financial statements of companies and ultimately, the amount of taxes paid by them. Pirelli Pneus Ltda. used the actual inflation rate for its financial statement assessments, and, at the same time, initiated legal proceedings to assert its arguments regarding the correct amount of taxes due. During the course of the aforementioned proceedings, Pirelli Pneus Ltda. first adhered to an amnesty for tax disputes in order to settle the dispute in question and, only subsequently, on the basis of a ruling with binding effect *erga omnes* by the Brazilian Supreme Court, did it request the annulment of the effects of the amnesty, to which it had previously adhered.

Proceedings are underway before the competent judicial courts and the risk is estimated to be up to a maximum euro 34 million, inclusive of taxes, interest and sanctions.

The risk of losing the case has not been assessed as probable and, therefore, as a result no liability has been accrued in the Financial Statements for this dispute.

Litigation concerning "*ICMS Substituicão Tributária*" *(Tax Substitution)*

Pirelli Comercial de Pneus Brasil Ltda. has become involved in a new dispute concerning ICMS (*Imposto sobre Circulaçao de Mercadorias e Serviços - Substituicão Tributária*) tax credits. According to the claims made in a notice of assessment issued during 2022 by the Brazilian tax authorities for the 2018 and 2019 tax periods, Pirelli Comercial de Pneus Brasil Ltda. allegedly transferred ICMS-ST credits to Pirelli Pneus Ltda without the prior formal authorisation of the Brazilian tax authorities.

In 2023, Pirelli Pneus Ltda also received a contestation from the State of São Paulo on the same matter, for allegedly failing to comply with formal obligations in relation to the use of the ICMS-ST credits transferred by Pirelli Comercial.

Proceedings are underway before the competent administrative bodies and the risk is estimated at approximately euro 59 million, including taxes, interest and penalties.

The risk of losing the case has not been assessed as probable and, therefore, as a result no liability has been accrued in the Financial Statements for this dispute.

28. REVENUES FROM SALES AND SERVICES

Revenues from sales and services were as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Revenues from the sales of goods	3,351,650	3,353,481
Revenues from services	95,876	84,043
Total	**3,447,526**	**3,437,523**

These revenues refer to contracts with customers.

For further information on the performance of revenues from sales and services, reference should be made to the section *"Group Performance and Results"* in the Half-Year Financial Report.

29. OTHER INCOME

The item is composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Sales of Industrial products	55,884	60,428
Other income from the Prometeon Group	16,019	12,929
Recoveries and reimbursements	13,380	10,857
Government grants	9,914	19,568
Gains on disposal of property, plant and equipment	872	966
Rent income	1,427	1,463
Income from subleases of right of use assets	472	501
Other income	52,946	53,135
Total	**150,914**	**159,847**

The item **sales of industrial products** mainly refers to revenues generated by the sale of tyres for trucks and agricultural vehicles, purchased mainly from the Prometeon Group, and which are sold by the distribution network controlled by the Pirelli Group.

The item **other income from the Prometeon Group** includes:

- euro 8,000 thousand for the license agreement for the use of the Pirelli trademark;
- euro 5,500 thousand for the license agreement for know-how;
- euro 567 thousand for services rendered and costs recovery;
- euro 412 thousand for the sales of raw materials, semi-finished and finished products.

The above figures reflect the impact of the renegotiations concluded in the second quarter of 2024, of the agreements in place with the Prometeon Group concerning technology and trademark licences aimed at, among other things, reformulating the duration and amounts of royalties due.

The item **recoveries and reimbursements** includes, in particular:

- tax refunds and customs duty refunds totalling euro 6,959 thousand, received mainly by the Brazilian and German subsidiaries;
- income from the sale of tyres for testing, and the recovery of transport expenses in Germany to the amount of euro 865 thousand.

- costs recovery totalling euro 2,065 thousand, mainly attributable to the Chinese subsidiary to the amount of euro 1,353 thousand.

The item **government grants** included, among other things, euro 2,000 thousand for tax refunds on Research and Development activities, received in Italy, euro 2,271 thousand in tax subsidies for commercial exports received in Brazil, and euro 2,755 thousand received in Romania in relation to projects for the development and efficiency upgrading of the subsidiary's production facilities.

The item **other** includes income related to the sale of goods and services in connection with sports events linked to sponsorship agreements to the amount of euro 20,084 thousand,

30. PERSONNEL EXPENSES

The item is composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Wages and salaries	499,422	486,153
Social security and welfare contributions	96,394	92,715
Costs for employee leaving indemnities and similar	12,263	8,462
Costs for defined contribution pension funds	13,402	12,306
Costs for defined benefit pension funds	501	522
Costs for jubilee awards	5,911	6,155
Costs for defined contribution healthcare plans	16,542	13,921
Other costs	5,241	1,044
Total	**649,676**	**621,278**

31. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

The item is composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Amortisation	69,088	69,620
Depreciation of own assets	163,130	159,102
Depreciation of right of use	53,877	49,884
Impairment net of reversals	(376)	91
Total	**285,719**	**278,697**

For the composition of the depreciation of the right of use, reference should be made to Note 8.2, "*Right of Use*".

32. OTHER COSTS

The item is subdivided as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Selling costs	215,696	224,833
Purchases of goods for resale	211,202	200,785
Advertising	116,411	111,480
Fluids and energy	132,796	168,919
Warehouse operating costs	36,937	41,363
IT expenses	30,570	30,439
Consultants	33,629	23,063
Maintenance	38,880	33,318
Insurance	19,450	19,278
Leases and rentals	23,779	18,433
Outsourcing	29,778	21,484
Stamp duties, levies and local taxes	25,139	17,786
Other provisions	10,589	17,952
Travel expenses	20,896	20,039
Remuneration for Key Managers	8,358	12,039
Cleaning expenses	12,105	9,714
Canteen	16,087	13,948
Security expenses	8,507	6,729
Waste disposal	7,018	5,488
Telephone expenses	2,355	2,678
Other	109,174	109,422
Total	**1,109,356**	**1,109,190**

The item **fluids and energy** includes the cost of purchasing greenhouse gas emission allowances and renewable energy certificates.

The item **leases and rentals** is composed as follows:

- euro 11,225 thousand for lease contracts with a duration of less than twelve months (euro 9,297 thousand for the first half-year of 2023);
- euro 7,639 thousand for lease contracts with variable payments not based on an index or a rate (euro 5,366 thousand for the first half-year of 2023);
- euro 4,915 thousand for lease contracts for assets with a low unit value (euro 3,770 thousand for the first half-year of 2023).

The item **other** includes, labour provided by third parties to the amount of euro 7,435 thousand, (euro 15,584 thousand for the first half-year of 2023), expenses for the testing of technology to the amount of euro 8,372 thousand (euro 10,263 thousand for the first half-year of 2023), costs for the transport of materials to the amount of euro 5,013 thousand (euro 8,636 thousand for the first half-year of 2023) and euro 2,496 thousand for costs allocated to training activities (euro 1,917 thousand for the first half-year of 2023).

33. NET IMPAIRMENT OF FINANCIAL ASSETS

This item, which was negative to the amount of euro 7,190 thousand compared to euro 7,681 thousand for the first half-year of 2023, mainly included the net impairment of trade receivables to the amount of euro 6,369 thousand (net impairment of euro 7,704 thousand for the first half-year of 2023).

34. NET INCOME/(LOSS) FROM EQUITY INVESTMENTS

34.1 Share of Net Income/(Loss) from Equity Investments in Associates and Joint Ventures

The share of the net income/(loss) from equity investments in associates and joint ventures, which is evaluated using the equity method, was positive to the amount of euro 14,073 thousand and mainly refers to the pro-rata result of the investment in the joint venture Xushen Tyre (Shanghai) Co., Ltd. which was positive to the amount of euro 12,520 thousand (positive to the amount of euro 2,886 thousand for the first half-year of 2023), and in the joint venture PT Evoluzione Tyres in Indonesia, which was positive to the amount of euro 1,581 thousand (a net income of euro 1,608 thousand for the first half-year of 2023).

34.2 Dividends

For the first half-year 2024, they amounted to euro 1,822 thousand (euro 1,552 thousand for the first half-year 2023), of which euro 1,729 thousand was received from the RCS Mediagroup S.p.A.

35. FINANCIAL INCOME

The item is composed as follows:

(in thousands of euro)	**01/01 - 30/06/2024**	**01/01 - 30/06/2023**
Interest income	19,658	23,581
Other financial income	2,017	1,096
Net interest on provisions for employee benefit obligations	709	548
Fair value measurement of other financial assets	46,708	71,554
Fair value measurement of derivatives on exchange rates	12,657	-
Fair value measurement of other derivatives	-	2,707
Total	**81,749**	**99,486**

Interest income which totalled euro 19,658 thousand, mainly included:

- euro 15,904 thousand in interest receivables from financial institutions, associates and joint ventures;
- euro 2,166 thousand in interest on fixed-income securities;
- euro 247 thousand in interest on other types of securities;
- euro 975 thousand in interest accrued on security deposits provided by the Brazilian subsidiaries as a guarantee for legal and tax disputes.

The item **other financial income** amounted to euro 2,017 thousand and includes interest matured on the tax credits of the Brazilian subsidiaries.

The **fair value measurement of other financial assets** was positive to the amount of euro 46,708 thousand and refers to the fair value measurement of dollar-linked bond instruments in which the

Argentine subsidiary has invested in order to mitigate the effects of depreciation on the local currency. The exchange rate component of the fair value valuation of dollar-linked bond instruments amounted to euro 29,333 thousand, and partially offset the combined effect of euro 101,093 thousand comprised of the Argentine net monetary loss of euro 72,872 thousand and of the Argentine subsidiary's net exchange rates losses which amounted to euro 28,221 thousand. Reference should be made to Note 36, *"Financial Expenses"* for further details.

The item **fair value measurement of exchange rate derivatives** refers to forward foreign exchange buy/sell transactions to hedge commercial and financial transactions, in accordance with the Group's exchange rate risk management policy. For transactions still open at period-end, the fair value is determined by applying the forward exchange rate at the reporting date. Fair value measurement consists of two elements: the interest component, which is linked to the interest rate differential between the currencies covered by the individual hedges, equal to a net cost of euro 16,198 thousand, and the exchange rate component, equal to a net income of euro 28,855 thousand.

36. FINANCIAL EXPENSES

The item is composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Interest expenses	86,624	89,524
Commissions	14,514	11,266
Net monetary loss	69,149	28,823
Other financial expenses	5,157	3,550
Interest expenses on lease liabilities	11,743	11,625
Net losses on exchange rates	70,732	13,960
Fair value measurement of exchange rate derivatives	-	47,584
Total	**257,920**	**206,332**

Interest expenses which totalled euro 86,624 thousand, mainly included:

- euro 57,197 thousand in bank credit facilities held by Pirelli & C. S.p.A. and Pirelli International Treasury S.p.A.;
- euro 18,637 thousand in financial expenses relative to bond loans, of which euro 13,169 thousand is relative to the sustainability linked bond, euro 4,914 thousand is relative to non-monetary interest on the convertible bond loan, and euro 554 thousand is relative to the *"Schuldschein"* financing, all of which were issued by Pirelli & C. S.p.A.;
- euro 9,365 thousand in net interest receivables on Interest Rate Swaps, for which hedge accounting was adopted to rectify the flow of financial expenses for the bank credit facilities and bond loans mentioned in the preceding point. For further details, reference should be made to Note 26, *"Derivative Financial Instruments"*;
- euro 15,079 thousand in financial expenses related to bank financing held by foreign subsidiaries.

The item **commissions** includes in particular, euro 14,514 thousand in costs for the assignment of receivables with non-recourse clauses, mainly in South America, Italy and Germany, and euro 8,604 thousand relative to expenses for sureties and other bank commissions.

The item **net monetary loss** refers to the effect on monetary items deriving from the application of IAS 29 - Financial Reporting in Hyperinflationary Economies to the financial statements of the Argentine subsidiaries Pirelli Neumaticos SAIC and Latam Servicios Industriales S.A., to the amount of euro 72,872 thousand, and by the Turkish subsidiaries Pirelli Otomobil Lastikleri A.S. and Pirelli Lastikleri Dis Ticaret A.S., to the positive amount of euro 3,718 thousand (reference should be made to Note 40, *"Hyperinflation"* for further details).

The item **net losses on exchange rates** which amounted to euro 70,732 thousand (losses amounted to euro 249,803 thousand and gains amounted to euro 179,071 thousand) refers to, the adjustment of period-end exchange rates for items expressed in currencies other than the functional currency and still outstanding at the closing date of the Consolidated Financial Statements, and to the net gains realised on items closed during the course of the period.

When comparing the aforementioned net losses on exchange rates of euro 70,732 thousand, recognised on the receivables and payables in currencies other than the functional currency of the various subsidiaries, with the fair value measurement of the exchange rate component of the exchange rate derivatives used for hedging, which amounted to a net income of euro 28,855 thousand, the result is a negative imbalance of euro 41,877 thousand. This imbalance mainly refers to the Argentine subsidiary to the amount of euro 28,221 thousand, which was partially offset by the positive fair value measurement of dollar-linked bond instruments in which the Argentine subsidiary has invested. Reference should be made to Note 34, *"Financial Expenses"* for further details. Net of the aforementioned effect on the Argentine subsidiary, however, the imbalance would have been a negative euro 13,655 thousand, mainly due to the impossibility of efficient financial hedging, mainly in Egypt.

37. TAXES

Taxes were composed as follows:

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Current taxes	81,051	100,410
Deferred taxes	(5,994)	(3,696)
Total	**75,057**	**96,714**

Taxes for the first half-year of 2024 amounted to euro 75,057 thousand against a net income before tax of euro 306,358 thousand, compared to the amount of euro 96,714 thousand for first half-year of 2023 against a net income before tax of euro 339,347 thousand. The tax rate for the first half-year of 2024 stood at 24.5% compared to 28.5% for the first half-year of 2023.

The amount includes the benefit arising from the application subsidised Patent Box taxation regime as a result of the preventive agreement signed on August 3, 2023, with the Agenzia delle Entrate (the Italian Tax Authorities), which was therefore not included in the figures for the first half-year of 2023.

38. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share are determined by the ratio between the earnings/(losses) attributable to the Parent Company and the weighted average number of ordinary shares outstanding during the period, with the exclusion of treasury shares.

(in thousands of euro)	**01/01 - 06/30/2024**	**01/01 - 06/30/2023**
Net income/(loss) attributable to the Parent Company	215,599	232,090
Weighted average number of ordinary shares outstanding (in thousands)	1,000,000	1,000,000
Earnings /(losses) per ordinary share (in euro per share)	**0.216**	**0.232**

It should be noted that basic and diluted earnings/(losses) per share are the same. It should also be noted that the option to convert the shares of the bond loan, did not have a dilutive effect as the average market price of the shares, was lower than the exercise price of the option itself during the course of the first half-year of 2024.

39. DIVIDENDS PER SHARE

The Shareholders' Meeting of Pirelli & C. S.p.A. of May 28, 2024 that approved the 2023 Financial Statements resolved to distribute to its shareholders a unit dividend of euro 0.198 per ordinary share from its 2023 results, equal to a total dividend pay-out of euro 198 million gross of withholding taxes. The dividend was placed in payment on June 26, 2024 (with an ex-dividend date of June 24, and record date of June 25).

40. HYPERINFLATION

Based on the provisions of the Group’s accounting standards, hyperinflation accounting was adopted by the Argentine subsidiaries, Pirelli Neumaticos SAIC and Latam Servicios Industriales S.A. as of July 1, 2018 and December 15, 2022 respectively, and by the Turkish subsidiaries Pirelli Otomobil Lastikleri A.S. and Pirelli Lastikleri Dis Ticaret A.S., as of June 30, 2022.

For the Argentine company, the price index used for the application of hyperinflation accounting was the National Consumer Price Index (CPI) published by the National Institute of Statistics and Census (INDEC), equal to an official annual value of 276.94% (82.39% for the first half-year of 2024).

For the Turkish companies, the price index used was the National Consumer Price Index (TUFE) published by the Turkish Statistical Institute (TUIK), equal to an official annual value of 71.60% (24.74% for the first half-year of 2024).

Net losses on the net monetary position were recorded in the Income Statement as “*Financial Expenses*” (Note 36), to the amount of euro 69,149 thousand.

41. RELATED PARTY TRANSACTIONS

Related party transactions, including intra-group transactions, do not qualify as either atypical or unusual, but are part of the ordinary course of business for companies of the Group. Such transactions, when not settled under standard conditions, or dictated by specific regulatory conditions, are in any case regulated by conditions consistent with those of the market and carried out in compliance with the provisions contained in the Procedure for Related Party Transactions which the Company has adopted.

The following table summarises the items from the Statement of Financial Position, the Income Statement and the Statement of Cash Flows that include the amounts which arise from Related Party Transactions and their relative impact.

STATEMENT OF FINANCIAL POSITION *(in millions of euro)*	**06/30/2024**	**of which related parties**	**% incidence**	**12/31/2023**	**of which related parties**	**% incidence**
Non current assets						
Other receivables	**374.5**	7.3	1.9%	**408.6**	7.2	1.8%
Current assets						
Trade receivables	**937.3**	11.4	1.2%	**649.4**	9.4	1.4%
Other receivables	**484.9**	100.3	20.7%	**419.2**	98.7	23.5%
Non-current liabilities						
Borrowings from banks and other financial institutions	**2,963.7**	17.5	0.6%	**3,174.7**	8.3	0.3%
Other payables	**71.3**	-	0.0%	**77.9**	0.2	0.3%
Provisions for liabilities and charges	**99.1**	15.4	15.6%	**109.5**	22.1	20.2%
Provisions for employee benefit obligations	**167.7**	5.7	3.4%	**180.2**	3.2	1.8%
Current liabilities						
Borrowings from banks and other financial institutions	**1,185.6**	3.4	0.3%	**789.5**	2.2	0.3%
Trade payables	**1,499.1**	79.7	5.3%	**1,999.4**	126.1	6.3%
Other payables	**402.6**	5.1	1.3%	**412.2**	21.4	5.2%
Provisions for liabilities and charges	**35.3**	7.3	20.7%	**-**	-	n.a.
Provisions for employee benefit obligations	**30.1**	6.8	22.7%	**-**	-	n.a.

INCOME STATEMENT *(in millions of euro)*	**01/01 - 06/30/2024**	**of which related parties**	**% incidence**	**01/01 - 06/30/2023**	**of which related parties**	**% incidence**
Revenue from sales and services	**3,447.5**	29.5	0.9%	**3,437.5**	13.8	0.4%
Other income	**150.9**	30.0	19.9%	**159.8**	25.1	15.7%
Raw materials and consumables used (net of changes in inventories)	**(1,092.8)**	(6.2)	0.6%	**(1,185.6)**	(5.6)	0.5%
Personnel expenses	**(649.7)**	(8.7)	1.3%	**(621.3)**	(8.5)	1.4%
Other costs	**(1,109.4)**	(156.3)	14.1%	**(1,109.2)**	(163.4)	14.7%
Financial income	**81.7**	1.8	2.3%	**99.5**	1.7	1.7%
Financial expenses	**(257.9)**	(0.4)	0.2%	**(206.3)**	(0.5)	0.2%
Net income / (loss) from equity investments	**15.9**	14.1	n.a.	**6.2**	4.5	n.a.

CASH FLOW *(in thousands of euro)*	**01/01 - 06/30/2024**	**of which related parties**	**% incidence**	**01/01 - 06/30/2023**	**of which related parties**	**% incidence**
Net cash flow provided by / (used in) operating activities	**(156.1)**	(163.6)	n.a.	**(120.2)**	(209.5)	n.a.
Net cash flow provided by / (used in) investing activities	**(247.3)**	(10.3)	n.a.	**(198.7)**	(1.4)	n.a.
Net cash flow provided by / (used in) financing activities	**(149.8)**	(2.5)	n.a.	**304.2**	(2.2)	n.a.

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	06/30/2024				12/31/2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Other non-current receivables	7.3	-	-	**7.3**	7.2	-	-	**7.2**
of which financial	*7.3*	-	-	***7.3***	*7.2*	-	-	***7.2***
Trade receivables	9.3	2.1	-	**11.4**	7.8	1.5	-	**9.4**
Other current receivables	98.8	1.5	-	**100.3**	88.0	10.7	-	**98.7**
of which financial	*87.3*	-	-	***87.3***	*75.0*	-	-	***75.0***
Borrowings from banks and other financial institutions non-current	7.3	10.2	-	**17.4**	7.9	0.4	-	**8.3**
Other non-current payables	-	-	-	**-**	-	-	0.2	**0.2**
Provisions for liabilities and charges non-current	-	-	15.4	**15.4**	-	-	22.1	**22.1**
Provisions for employee benefit obligations non-current	-	-	5.7	**5.7**	-	-	3.2	**3.2**
Borrowings from banks and other financial institutions current	2.3	1.1	-	**3.3**	2.1	0.2	-	**2.2**
Trade payables	39.4	40.3	-	**79.7**	45.7	80.4	-	**126.1**
Other current payables	0.0	0.8	4.3	**5.1**	0.1	0.8	20.5	**21.4**

INCOME STATEMENT	01/01 - 06/30/2024				01/01 - 06/30/2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Revenues from sales and services	28.4	1.1	-	**29.5**	13.1	0.7	-	**13.9**
Other income	13.9	16.1	-	**30.0**	8.7	16.4	-	**25.1**
Raw materials and consumables used (net of change in inventories)	(2.2)	(4.0)	-	**(6.2)**	(1.2)	(4.4)	-	**(5.6)**
Personnel expenses	-	-	(8.7)	**(8.7)**	-	-	(8.5)	**(8.5)**
Other costs	(106.0)	(41.9)	(8.4)	**(156.3)**	(99.5)	(51.9)	(12.0)	**(163.4)**
Financial income	1.4	0.4	-	**1.8**	1.5	0.2	-	**1.7**
Financial expenses	(0.2)	(0.2)	-	**(0.4)**	(0.3)	(0.2)	-	**(0.5)**
Net income/ (loss) from equity investments	14.1	-	-	**14.1**	4.5	-	-	**4.5**

STATEMENT OF CASH FLOWS	01/01 - 06/30/2024				01/01 - 06/30/2023			
(in millions of euro)	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**	Associates and joint ventures	Other related parties	Remuneration for Directors and Key Managers	**Total related parties**
Net income / (loss) before taxes	(50.6)	(28.6)	(17.1)	**(96.3)**	(73.1)	(39.1)	(20.5)	**(132.7)**
Reversal of Financial (income) / expenses	(1.2)	(0.2)	-	**(1.4)**	(1.2)	0.0	-	**(1.2)**
Reversal of share of net result from associates and joint ventures	(14.1)	-	-	**(14.1)**	(4.5)	-	-	**(4.5)**
Reversal of accruals to provisions and other accruals	-	-	7.9	**7.9**	-	-	6.8	**6.8**
Change in Trade receivables	(1.3)	(0.7)	-	**(2.0)**	(2.7)	0.1	-	**(2.5)**
Change in Trade payables	(6.9)	(35.2)	-	**(42.1)**	19.2	(73.3)	-	**(54.0)**
Change in Other receivables	0.1	9.3	-	**9.4**	(1.5)	13.0	-	**11.5**
Change in Other payables	(0.1)	0.0	(20.2)	**(20.2)**	(0.0)	(0.1)	(32.6)	**(32.8)**
Uses of Provisions for liabilities and charges	-	-	(4.8)	**(4.8)**	-	-	-	**-**
Net cash flow provided by / (used in) operating activities	**(74.1)**	**(55.4)**	**(34.1)**	**(163.6)**	**(63.8)**	**(99.3)**	**(46.4)**	**(209.5)**
Disposals of equity investments in associates and J.V.	-	-	-	**-**	-	-	-	**-**
Change in Financial receivables from associates and joint ventures	(10.3)	-	-	**(10.3)**	(1.4)	-	-	**(1.4)**
Dividends received	-	-	-	**-**	-	-	-	**-**
Net cash flow provided by / (used in) investing activities	**(10.3)**	**-**	**-**	**(10.3)**	**(1.4)**	**-**	**-**	**(1.4)**
Repayment of principal and payment of interest for lease liabilities	(1.5)	(1.0)	-	**(2.5)**	(1.5)	(0.7)	-	**(2.2)**
Net cash flow provided by / (used in) financing activities	**(1.5)**	**(1.0)**	**-**	**(2.5)**	**(1.5)**	**(0.7)**	**-**	**(2.2)**

TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES

Transactions - Statement of Financial Position

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

The item **trade receivables** includes receivables for services rendered mainly to the Chinese joint venture Jining Shenzhou Tyre Co., Ltd. to the amount of euro 8.6 million.

The item **other current receivables** mainly refers to receivables for royalties from the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 3 million and euro 7.3 million for receivables for various service.

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

The item **borrowings from banks and other financial institutions non-current** refers to the payables for the hire of machinery by the company Pirelli Deutschland GmbH from Industriekraftwerk Breuberg GmbH.

The item **borrowings from banks and other financial institutions current** refers to a portion of the aforementioned short-term debt.

The item **trade payables** refers to payables for the purchase of energy from Industriekraftwerk Breuberg GmbH to the amount of euro 2.7 million, and trade payables towards the Jining Shenzhou Tyre Co., Ltd. to the amount of euro 32.8 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.

The item **other financial income** refers to royalties to the amount of euro 5.9 million, and to the recharging of expenses to the amount of euro 3 million.

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

- the purchase of tyres from Jining Shenzhou Tyre Co., Ltd. to the amount of euro 58.7 million;
- the purchase of Motorcycle products from PT Evoluzione Tyres to the amount of euro 23.3 million;
- the purchase of energy and fees for the operational management of Industriekraftwerk Breuberg GmbH totalling euro 16 million.

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

OTHER RELATED-PARTY TRANSACTIONS

The transactions detailed below mainly refer to transactions with the Aeolus Tyre Co., Ltd. and with the Prometeon Group.
It should be noted that in the second quarter of 2024, the existing agreements between the Pirelli Group and the Aeolus Tyre Co., Ltd. and the Prometeon Tyre Group S.r.l., with reference to technology and trademark licences, were revised with the aim, among other things, of renegotiating the duration and amounts of royalties due. As part of the revision, a new leasing contract was also signed for the manufacturing site in Izmit (Turkey), which replaces the previous one.

The figures relative to Related Party Transactions included in this document therefore reflect the impact of the transaction described above.

Transactions - Statement of Financial Position

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

The item **other current receivables** refers to receivables from the Aeolus Tyre Co., Ltd. to the amount of euro 1.3 million for various services.

The item **borrowings from banks and other financial institutions** current refers to the payables of Pirelli Otomobil Lastikleri A.S. for machine hire from 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 34.2 million.

Transactions - Income statement

The item **other income** comprises, mainly from the companies of the Prometeon Group:

- the licence agreement for know-how charged by Pirelli Tyre S.p.A. to the amount of euro 5.5 million;
- royalties recorded by Pirelli Tyre S.p.A. in respect of the license agreement for the use of the Pirelli trademark to the amount of euro 8 million;
- logistics services rendered by the Spanish company Pirelli Neumaticos S.A. - Sociedad Unipersonal to the amount of euro 0.5 million.

The item **raw materials and consumables used** refers mainly to costs payable to companies of the Sinochem Group for the purchase of direct materials/consumables/compounds, of which euro 3.6 million were to the Chinese company Pirelli Tyre Co., Ltd.

The item **other costs** mainly includes:

- the purchase of truck products for a total amount of euro 39.6 million by the Prometeon Group, of which euro 36 million was carried out by the Brazilian company Comercial e Importadora de Pneus Ltda. and subsequently resold to retail customers, euro 1 million was carried out by the German company Driver Reifen und KFZ-Technik GmbH, and euro 1.1 million in purchases was carried out by the company Euro Driver Car S.L.;
- costs incurred by the Pirelli Tyre (Jiaozuo) Co., Ltd. payable to the Aeolus Tyre Co., Ltd. for electricity expenses to the amount of euro 1.4 million.

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 the provisions for the monetary three-year 2023-2025 and 2024-2026 Long Term Incentive (LTI) Plans to the amount of euro 4.2 million, (euro 5.9 million at December 31, 2023), the provisions for the Short Term Incentive (STI) Plan to the amount of euro 4.1 million (euro 7.2 million at December 31, 2023), as well as severance indemnities to the amount of euro 12.8 million (euro 16.8 million at December 31, 2023);
- the Statement of Financial Position items **provisions for liabilities and charges current** and **provisions for employee benefit obligations current**, include the provisions for the 2022-2024 Long Term Incentive (LTI) Plan which, should the parameters underlying the plan be achieved, will be paid out in the first half-year of 2025;
- the Statement of Financial Position item **other current payables** includes the short-term portion relative to the STI Plan;
- the items **personnel expenses** and other costs include euro 1.2 million relative to employees' leaving indemnities (TFR) and to severance indemnities (euro 1.9 million for the first half-year of 2023), as well as provisions for short-term benefits to the amount of euro 5.1 million (euro 5.5 million for the first half-year of 2023) and for long-term benefits, to the amount of euro 7.1 million (euro 6.9 million for the first half-year of 2023).

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FIRST HALF-YEAR

On July 15, 2024, Fitch Ratings revised Pirelli's Long-Term Issuer Default Rating (IDR) and senior unsecured debt rating upwards from *"BBB-"* to *"BBB"*, with a stable outlook. The upward revision reflects Pirelli's high profitability and the solidity of its cash flow generation (free cash flow), elements that have allowed for a reduction in financial leverage that is consistent with the parameters required by the new rating.

43. OTHER INFORMATION

Information on the Macroeconomic Environment

The first half-year of 2024 saw the consolidation of global growth, thanks to the resilience of the US economy, and the gradual recovery of the European economy. Global inflation remained stable compared to the levels of the previous quarters, albeit with differing trends in different geographical areas. Divergences between inflation trends and the monetary policies of central banks, continued to drive exchange rate dynamics in the first half-year of 2024, with the US dollar remaining stable against the euro and the volatility of the currencies of emerging countries against the euro.

During the first half-year of 2024, the car tyre market recorded a global level growth in volumes of +1%, compared to the same period of 2023.

Pirelli's results for the first half-year of 2024 highlighted a solid operating performance, with an EBIT adjusted which amounted to euro 539.1 million, which mainly reflected the positive contribution of the price/mix, volumes, efficiencies and raw materials, which more than offset inflation in the costs of production, the negative exchange rate effect, depreciation and amortisation and other costs.

For more details on the performance of the first half of 2024 and the most updated forecasts for the second half of 2024, please refer to the sections "Performance and results of the Group" and "Outlook for 2024" of the Half-year financial report, while for information on the management of risks arising from the external context, please refer to the section "Risk factors and uncertainty" of the Annual Report 2023."

Information on Climate Change

For information on climate change, reference should be made to the Consolidated Financial Statements at December 31, 2023 under Note 44, *"Other Information".*

Research and Development Expenses

Research & Development expenses for the first half-year of 2024 amounted to euro 148.2 million and represented 4.3% of sales, and refer to expenses for product and process innovation, as well as for the development of new materials. The portion allocated to research and development for High Value activities amounted to euro 139.2 million and equalled 5.2% of High Value revenues.

Atypical and/or Unusual Transactions

Pursuant to CONSOB Notice No. DEM/6064293 of July 28, 2006, it should be noted that during the course of the first half-year of 2024, the Company did not carry out any atypical and/or unusual transactions, as defined in the aforementioned Notice.

Exchange Rates

The main exchange rates used for consolidation were as follows:

(local currency vs euro)	**Period-end Exchanges Rates**		**Change in %**	**Average Exchange Rates 1HY**		**Change in %**
	06/30/2024	**12/31/2023**		**2024**	**2023**	
Swedish Krona	**11.3595**	11.0960	2.37%	**11.3907**	11.3236	0.59%
Australian Dollar	**1.6079**	1.6263	(1.13%)	**1.6422**	1.5989	2.71%
Canadian Dollar	**1.4670**	1.4642	0.19%	**1.4685**	1.4566	0.82%
Singaporean Dollar	**1.4513**	1.4591	(0.53%)	**1.4561**	1.4440	0.83%
US Dollar	**1.0705**	1.1050	(3.12%)	**1.0813**	1.0807	0.05%
Swiss Franc	**0.9634**	0.9260	4.04%	**0.9615**	0.9856	(2.44%)
Egyptian Pound	**51.4911**	34.2093	50.52%	**44.5960**	32.9740	35.25%
Turkish Lira	**35.1284**	32.5739	7.84%	**35.1284**	28.1540	24.77%
Romanian Leu	**4.9771**	4.9746	0.05%	**4.9742**	4.9335	0.83%
Argentinian Peso	**976.2960**	893.3373	9.29%	**976.2960**	278.9302	250.01%
Mexican Peso	**19.5061**	18.6988	4.32%	**18.4751**	19.6747	(6.10%)
South African Rand	**19.4970**	20.3477	(4.18%)	**20.2476**	19.6792	2.89%
Brazilian Real	**5.9547**	5.3516	11.27%	**5.4969**	5.4831	0.25%
Chinese Renminbi	**7.6292**	7.8264	(2.52%)	**7.6824**	7.4880	2.60%
Russian Rouble	**92.4184**	99.1919	(6.83%)	**98.0995**	83.2365	17.86%
British Pound Sterling	**0.8464**	0.8691	(2.61%)	**0.8547**	0.8764	(2.48%)
Japanese Yen	**171.9400**	156.3300	9.99%	**164.4614**	145.7604	12.83%

Net Financial Position

(Alternative Performance Indicators not provided for by the accounting standards).

(in thousands of euro)	Note	06/30/2024	of which related parties (note 41)	12/31/2023	of which related parties (note 41)
Current borrowings from banks and other financial institutions	**22**	1,185,610	*3,314*	789,527	*2,242*
Current derivative financial instruments (liabilities)	**26**	11,560		18,183	
Non-current borrowings from banks and other financial institutions	**22**	2,963,674	*17,433*	3,174,678	*8,322*
Non-current derivative financial instruments (liabilities)	**26**	-		-	
Total gross debt		**4,160,844**		**3,982,388**	
Cash and cash equivalents	**18**	(716,192)		(1,252,769)	
Other financial assets at fair value through Income Statement	**17**	(174,509)		(228,759)	
Current financial receivables **	**14**	(127,847)	*(87,280)*	(106,065)	*(74,992)*
Current derivative financial instruments (assets)	**26**	(43,751)		(7,360)	
Net financial debt *		**3,098,545**		**2,387,435**	
Non-current derivative financial instruments (assets)	**26**	(14,615)		(12,886)	
Non-current financial receivables **	**14**	(105,968)	*(7,274)*	(112,829)	*(7,240)*
Total net financial (liquidity) / debt position		**2,977,962**		**2,261,720**	

* 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 9,857 thousand at June 30, 2024 (euro 10,968 thousand at December 31, 2023).

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

(in thousands of euro)	06/30/2024	12/31/2023
Cash and cash equivalents	(716,192)	(1,252,769)
Other current financial assets	(346,107)	(342,184)
of which Current financial receivables	*(127,847)*	*(106,065)*
of which Current derivative financial instruments (assets)	*(43,751)*	*(7,360)*
of which Other financial assets at fair value through Income Statement	*(174,509)*	*(228,759)*
Liquidity	**(1,062,299)**	**(1,594,953)**
Current borrowings from banks and other financial institutions	1,185,610	789,527
Current derivative financial instruments (liabilities)	11,560	18,183
Current financial debt	**1,197,170**	**807,710**
Current net financial debt	**134,871**	**(787,243)**
Non-current borrowings from banks and other financial institutions	2,963,674	3,174,678
Non-current derivative financial instruments (liabilities)	-	-
Non-current financial debt	**2,963,674**	**3,174,678**
Total net financial debt *	**3,098,545**	**2,387,435**

* 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.

Companies consolidated line-by-line

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Europe						
Austria						
Pirelli GmbH	Agent	Vienna	Euro	726,728	100.00%	Pirelli Tyre (Suisse) S.A.
Belgium						
Pirelli Tyres Belux S.A.	Agent	Brussels	Euro	700,000	99.996%	Pirelli Tyre (Suisse) S.A.
					0.004%	Pneus Pirelli S.A.S.
France						
Pneus Pirelli S.A.S.	Distributor	Villepinte	Euro	1,515,858	100.00%	Pirelli Tyre S.p.A.
Germany						
Deutsche Pirelli Reifen Holding GmbH	Holding	Breuberg / Odenwald	Euro	7,694,943	100.00%	Pirelli Tyre S.p.A.
Driver Handelssysteme GmbH	Service provider	Breuberg / Odenwald	Euro	26,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
Pirelli Deutschland GmbH	Manufacturer and distributor	Breuberg / Odenwald	Euro	23,959,100	100.00%	Deutsche Pirelli Reifen Holding GmbH
Pirelli Personal Service GmbH	Service provider	Breuberg / Odenwald	Euro	25,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
PK Grundstuecksverwaltungs GmbH	Dormant	Breuberg / Odenwald	Euro	26,000	100.00%	Deutsche Pirelli Reifen Holding GmbH
Driver Reifen und KFZ-Technik GmbH	Distribution chain	Breuberg / Odenwald	Euro	259,225	100.00%	Deutsche Pirelli Reifen Holding GmbH
Greece						
Elastika Pirelli C.S.A.	Distributor	Elliniko-Argyroupoli	Euro	11,630,000	99.90%	Pirelli Tyre S.p.A.
					0.10%	Pirelli Tyre (Suisse) S.A.
Pirelli Hellas S.A. (in liquidation)	Under liquidation	Athens	US $	22,050,000	79.86%	Pirelli Tyre S.p.A.
The Experts in Wheels - Driver Hellas C. S.A.	Service provider	Elliniko-Argyroupoli	Euro	100,000	74.40%	Elastika Pirelli C.S.A.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Italy						
Driver Italia S.p.A.	Service provider	Milan	Euro	350,000	71.21%	Pirelli Tyre S.p.A.
Driver Servizi Retail S.p.A.	Service provider	Milan	Euro	120,000	100.00%	Pirelli Tyre S.p.A.
HB Servizi S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli & C. S.p.A.
Maristel S.r.l.	Service provider	Milan	Euro	50,000	100.00%	Pirelli & C. S.p.A.
NewCo Micromobility S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Digital Solutions S.r.l.	Service provider	Milan	Euro	500,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Industrie Pneumatici S.r.l.	Manufacturer	Settimo Torinese (To)	Euro	40,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli International Treasury S.p.A.	Financial	Milan	Euro	125,000,000	70.00%	Pirelli Tyre S.p.A.
					30.00%	Pirelli & C. S.p.A.
Pirelli Servizi Amministrazione e Tesoreria S.p.A.	Service provider	Milan	Euro	2,047,000	100.00%	Pirelli & C. S.p.A.
Pirelli Sistemi Informativi S.r.l.	Service provider	Milan	Euro	1,010,000	100.00%	Pirelli & C. S.p.A.
Pirelli Tyre S.p.A.	Principal	Milan	Euro	558,154,000	100.00%	Pirelli & C. S.p.A.
Poliambulatorio Bicocca S.r.l.	Service provider	Milan	Euro	10,000	100.00%	Pirelli Tyre S.p.A.
The Netherlands						
Pirelli China Tyre N.V.	Holding and Agent	Rotterdam	Euro	38,045,000	100.00%	Pirelli Tyre S.p.A.
Poland						
Driver Polska Sp. z o.o.	Service provider	Warsaw	Pol. Zloty	100,000	69.00%	Pirelli Polska Sp. z o.o.
Pirelli Polska Sp. z o.o.	Distributor	Warsaw	Pol. Zloty	625,771	100.00%	Pirelli Tyre S.p.A.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
United Kingdom						
CTC 2008 Ltd.	Dormant	Burton-on-Trent	British Pound Sterling	100,000	100.00%	Pirelli UK Tyres Ltd.
Pirelli Cif Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	4	50.00%	Pirelli General & Overseas Pension Trustees Ltd.
					50.00%	Pirelli Tyres Pension Trustees Ltd.
Pirelli International Limited (ex Pirelli International plc)	Dormant	Burton-on-Trent	Euro	5,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Motorsport Services Ltd.	Service provider	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli UK Ltd.
Pirelli General & Overseas Pension Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli UK Ltd.
Pirelli Tyres Ltd.	Dormant	Burton-on-Trent	British Pound Sterling	16,000,000	100.00%	Pirelli UK Tyres Ltd.
Pirelli Tyres Pension Trustees Ltd.	Trustees	Burton-on-Trent	British Pound Sterling	1	100.00%	Pirelli Tyres Ltd.
Pirelli UK Ltd.	Holding	Burton-on-Trent	British Pound Sterling	163,991,278	100.00%	Pirelli & C. S.p.A.
Pirelli UK Tyres Ltd.	Manufacturer and distributor	Burton-on-Trent	British Pound Sterling	85,000,000	100.00%	Pirelli Tyre S.p.A.
Slovakia						
Pirelli Slovakia S.R.O.	Distributor	Bratislava	Euro	6,639	100.00%	Pirelli Tyre S.p.A.
Romania						
Pirelli Tyres Romania S.r.l.	Manufacturer and distributor	Slatina	Rom. Leu	2,189,797,300	100.00%	Pirelli Tyre S.p.A.
Russia						
Closed Joint Stock Company "Voronezh Tyre Plant"	Manufacturer	Voronezh	Russian Rouble	1,520,000,000	100.00%	Limited Liability Company Pirelli Tyre Russia
Limited Liability Company Pirelli Tyre Services	Service provider	Moscow	Russian Rouble	54,685,259	95.00%	Pirelli Tyre (Suisse) S.A.
					5.00%	Pirelli Tyre S.p.A.
Limited Liability Company "Industrial Complex "Kirov Tyre"	Manufacturer	Kirov	Russian Rouble	348,423,221	100.00%	Limited Liability Company Pirelli Tyre Russia
"Limited Liability Company Pirelli Tyre Russia"	Manufacturer and distributor	Moscow	Russian Rouble	6,153,846	65.00%	Pirelli Tyre (Pty) Ltd.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Spain						
Euro Driver Car S.L.	Service provider	Valencia	Euro	960,000	58.44%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Neumaticos Arco Iris S.A.	Service provider	Valencia	Euro	302,303	66.20%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Pirelli Neumaticos S.A. - Sociedad Unipersonal	Distributor	Valencia	Euro	25,075,907	100.00%	Pirelli Tyre S.p.A.
Sweden						
Dackia Aktiebolag	Distribution chain	Stockholm	Swed. Krona	31,000,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Tyre Nordic Aktiebolag	Distributor	Stockholm	Swed. Krona	950,000	100.00%	Pirelli Tyre S.p.A.
Switzerland						
Driver (Suisse) S.A.	Service provider	Bioggio	Swiss Franc	100,000	100.00%	Pirelli Tyre (Suisse) S.A.
Pirelli Group Reinsurance Company S.A.	Insurance	Basel	Swiss Franc	3,000,000	100.00%	Pirelli & C. S.p.A.
Pirelli Tyre (Suisse) S.A.	Distributor / Distribution chain	Basel	Swiss Franc	1,000,000	100.00%	Pirelli Tyre S.p.A.
Turkey						
Pirelli Lastikleri Dis Ticaret A.S.	Service provider	Istanbul	Turkish Lira	50,000	100.00%	Pirelli Otomobil Lastikleri A.S.
Pirelli Otomobil Lastikleri A.S.	Manufacturer and distributor	Istanbul	Turkish Lira	190,000,000	100.00%	Pirelli Tyre S.p.A.
Hungary						
Pirelli Hungary Tyre Trading and Services Ltd.	Distributor	Budapest	Hun. Forint	3,000,000	100.00%	Pirelli Tyre S.p.A.
North America						
Canada						
Pirelli Tire Inc.	Agent	St-Laurent (Quebec)	Can. $	6,000,000	100.00%	Pirelli Tyre (Suisse) S.A.
U.S.A.						
Pirelli North America Inc.	Holding	New York (New York)	US $	10	100.00%	Pirelli Tyre S.p.A.
Pirelli Tire LLC	Manufacturer and distributor	Rome (Georgia)	US $	1	100.00%	Pirelli North America Inc.
Prestige Stores LLC	Dormant	Los Angeles (California)	US $	10	100.00%	Pirelli Tire LLC

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Central/South America						
Argentina						
Pirelli Neumaticos S.A.I.C.	Manufacturer and distributor	Buenos Aires	Arg. Peso	2,948,055,176	99.83%	Pirelli Tyre S.p.A.
					0.17%	Pirelli Pneus Ltda.
Latam Servicios Industriales S.A	Service provider	Buenos Aires	Arg. Peso	100,000	95.00%	Pirelli Neumaticos S.A.I.C.
					5.00%	Pirelli Pneus Ltda..
Brazil						
Comercial e Importadora de Pneus Ltda.	Distribution chain	Sao Paulo	Bra. Real	381,473,982	100.00%	Pirelli Comercial de Pneus Brasil Ltda.
Pirelli Comercial de Pneus Brasil Ltda.	Distributor	Sao Paulo	Bra. Real	710,994,861	85.00%	Pirelli Tyre S.p.A.
					15.00%	Pirelli Latam Participaçoes Ltda.
Pirelli Latam Participaçoes Ltda.	Holding	Sao Paulo	Bra. Real	701,959,921	100.00%	Pirelli Tyre S.p.A.
Pirelli Ltda.	Service provider	Sao Paulo	Bra. Real	14,000,000	100.00%	Pirelli & C. S.p.A.
Pirelli Pneus Ltda.	Manufacturer and distributor	Campinas (Sao Paulo)	Bra. Real	3,527,941,893	85.03%	Pirelli Tyre S.p.A.
					14.97%	Pirelli Latam Participaçoes Ltda.
Comércio e Importação Multimarcas de Pneus Ltda.	Dormant	Sao Paulo	Bra. Real	128,191,500	97.12%	Pirelli Pneus Ltda.
					2.45%	Pirelli Tyre S.p.A.
					0.43%	Pirelli Latam Participaçoes Ltda.
C.P.Complexo Automotivo de Testes, Eventos e Entretenimento Ltda.	Service provider	Elias Fausto (Sao Paulo)	Bra. Real	89,812,000	60.00%	Pirelli Pneus Ltda.
					40.00%	Pirelli Comercial de Pneus Brasil Ltda.
TLM - Total Logistic Management Serviços de Logistica Ltda.	Service provider	Sao Paulo	Bra. Real	3,074,417	99.99%	Pirelli Pneus Ltda.
					0.01%	Pirelli Ltda.
Hevea-Tec Industria E Comercio Ltda.	Manufacturer	Sao Paulo	Bra. Real	23,300,000	100.00%	Comércio e Importação Multimarcas de Pneus Ltda.
Chile						
Pirelli Neumaticos Chile Ltda.	Distributor	Santiago	US $	3,520,000	85.25%	Pirelli Comercial de Pneus Brasil Ltda.
					14.73%	Pirelli Latam Participaçoes Ltda.
					0.02%	Pirelli Ltda.
Colombia						
Pirelli Tyre Colombia S.A.S.	Distributor	Santa Fe De Bogota	Col. Peso/000	1,863,222,000	85.00%	Pirelli Comercial de Pneus Brasil Ltda.
					15.00%	Pirelli Latam Participaçoes Ltda.
Mexico						
Pirelli Neumaticos S.A. de C.V.	Manufacturer and distributor	Silao	Mex. Peso	11,595,773,848	99.83%	Pirelli Tyre S.p.A.
					0.17%	Pirelli Latam Participaçoes Ltda.

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Africa						
Egypt						
Pirelli Egypt Tyre Trading S.A.E.	Holding	Giza	Egy. Pound	84,250,000	100.00%	Pirelli Tyre S.p.A.
Pirelli Egypt Consumer Tyre Distribution S.A.E.	Distributor	Giza	Egy. Pound	89,000,000	99.89%	Pirelli Egypt Tyre Trading S.A.E.
					0.06%	Pirelli Tyre S.p.A.
					0.06%	Pirelli Tyre (Suisse) S.A.
South Africa						
Pirelli Tyre (Pty) Ltd.	Distributor	Gauteng 2090	S.A. Rand	11	100.00%	Pirelli Tyre S.p.A.
E-VOLUTION Tyre South Africa (Pty) Ltd.	Holding	Gauteng 2090	S.A. Rand	100	100.00%	Pirelli Tyre (Pty) Ltd.
Oceania						
Australia						
Pirelli Tyres Australia Pty Ltd.	Distributor	Pyrmont (NSW)	Aus. $	150,000	100.00%	Pirelli Tyre (Suisse) S.A.
Asia						
China						
Pirelli Logistics (Yanzhou) Co., Ltd.	Service provider	Jining	Chinese Yuan	5,000,000	100.00%	Pirelli Tyre Co., Ltd.
Pirelli Tyre (Jiaozuo) Co., Ltd.	Manufacturer	Jiaozuo	Chinese Yuan	350,000,000	80.00%	Pirelli Tyre S.p.A.
Pirelli Tyre Co., Ltd.	Manufacturer and distributor	Yanzhou	Chinese Yuan	2,471,150,000	90.00%	Pirelli China Tyre N.V.
Pirelli Tyre Trading (Shanghai) Co., Ltd.	Service provider	Shanghai	US $	700,000	100.00%	Pirelli China Tyre N.V.
Korea						
Pirelli Korea Ltd.	Distributor	Seoul	Korean Won	100,000,000	100.00%	Pirelli Asia Pte Ltd.
United Arab Emirates						
Pirelli Tyre MEAI DMCC	Distributor	Dubai	AED	50,000	100.00%	Pirelli Asia Pte Ltd.
Japan						
Pirelli Japan Kabushiki Kaisha	Distributor	Tokyo	Jap. Yen	2,200,000,000	100.00%	Pirelli Tyre S.p.A.
Singapore						
Pirelli Asia Pte Ltd.	Distributor	Singapore	Sing. $	2	100.00%	Pirelli Tyre (Suisse) S.A.

Investments accounted for by the equity method

Company	Business	Headquarters	Currency	Share Capital	% holding	Held by
Europe						
Germany						
Industriekraftwerk Breuberg GmbH	Electricity generation	Hoechst / Odenwald	Euro	1,533,876	26.00%	Pirelli Deutschland GmbH
Greece						
Eco Elastika S.A.	Tyres	Athens	Euro	60,000	20.00%	Elastika Pirelli C.S.A.
Italy						
Consorzio per la Ricerca di Materiali Avanzati (CORIMAV)	Financial	Milan	Euro	103,500	100.00%	Pirelli & C. S.p.A.
Eurostazioni S.p.A.	Financial	Rome	Euro	160,000,000	32.71%	Pirelli & C. S.p.A.
Poland						
Centrum Utylizacji Opon Organizacja Odzysku S.A.	Tyres	Warsaw	Pol. Zloty	1,008,000.00	20.00%	Pirelli Polska Sp. z o.o.
Slovakia						
ELT Management Company Slovakia S.R.O.	Tyres	Bratislava	Euro	132,000.00	20.00%	Pirelli Slovakia S.R.O.
Romania						
S.C. Eco Anvelope S.A.	Tyres	Bucarest	Rom. Leu	160,000	20.00%	S.C. Pirelli Tyres Romania S.r.l.
Spain						
Signus Ecovalor S.L.	Tyres	Madrid	Euro	200,000	20.00%	Pirelli Neumaticos S.A. - Sociedad Unipersonal
Asia						
China						
Xushen Tyre (Shanghai) Co, Ltd	Tyres	Shanghai	Renminbi	1,050,000,000	49.00%	Pirelli Tyre S.p.A.
Jining Shenzhou Tyre Co, Ltd	Tyres	Jining City	Renminbi	1,050,000,000	100.00%	Xushen Tyre (Shanghai) Co, Ltd
United Arab Emirates						
"Middle East and North Africa Tyre Company (Joint Stock Company)"	Tyres	King Abdullah Economic City	Saudi Riyal	3,750,000	25.00%	Pirelli Tyre S.p.A.
Indonesia						
PT Evoluzione Tyres	Tyres	Subang	Rupee	1,313,238,780,000	63.04%	Pirelli Tyre S.p.A.

CERTIFICATION OF THE CONDENSED INTERIM FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE 58 OF FEBRUARY 24, 1998, AND PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

1. The undersigned Andrea Casaluci, in his capacity as Chief Executive Officer, and Fabio Bocchio, in his capacity as Corporate Financial Reporting Manager of Pirelli & C. S.p.A. hereby certify pursuant to, inter alia, Article 154-*bis*, clauses 3 and 4, of Legislative Decree 58 of February 24, 1998:

   - the adequacy in relation to the characteristics of the company and
   - the effective application

   of the administrative and accounting procedures for preparation of the condensed interim financial statements, during the period January 1, 2024 – June 30, 2024.

2. In this regard it should be noted that the adequacy of the administrative and accounting procedures for preparation of the condensed interim financial statements referred to the period January 1, 2024 – June 30, 2024, was determined on the basis of an assessment of the internal control system. This assessment was based on a specific process defined in accordance with the criteria laid down in the "Internal Control – Integrated Framework" guidelines issued by the "Committee of Sponsoring Organizations of the Treadway Commission" (COSO), which is a reference framework generally accepted at the international level.

3. We also certify that:

3.1 the condensed interim financial statements:

   a. were prepared in accordance with the applicable international accounting standards recognized in the European Union under the terms of Regulation (EC) 1606/2002 of the European Parliament and Council, of July 19, 2002;

   b. correspond to the information in the account ledgers and books;

   c. give a true and fair view of the assets, liabilities, income, expenses and financial position of the reporting entity and of the Group of companies included in the scope of consolidation.

3.2 The interim report on operations includes a reliable analysis of the significant events mentioned in the report that occurred during the first six months of the year and their impact on the condensed interim financial statements, together with a description of the principal risks and uncertainties faced in the remaining six months of the year.

The interim report on operations also contains a reliable analysis of the information provided on material transactions with related parties.

August 1, 2024

The Chief Executive Officer	The Corporate Financial Reporting Manager
(Andrea Casaluci)	(Fabio Bocchio)

PIRELLI & C. SPA

REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS OF AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024

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REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Pirelli & C. SpA

Foreword

We have reviewed the accompanying condensed consolidated interim financial statements of Pirelli & C. SpA and its subsidiaries (Pirelli & C. group) as of and for the six-month period ended 30 June 2024 comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. Pirelli & C. SpA directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with international accounting standard applicable to interim financial reporting (IAS34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of the review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution 10867 of 31 July 1997. A review of condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements of Pirelli & C. group as of and for the six-month period ended 30 June 2024 have not been prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS34), as adopted by the European Union.

Milan, 2 August 2024

PricewaterhouseCoopers SpA

Signed by

Stefano Bravo
(Partner)

This report is an English translation of the original Italian report for the convenience of international readers.