As a result of favorable translation adjustments (a €186 million decrease), **trade receivables** were €136 million lower year-on-year, coming in at €3,459 million at December 31, 2025. Adjusted for this effect, trade receivables were only €50 million higher than the December 31, 2024 figure, with a very slight erosion in the number of Days Sales Outstanding (DSO) compared with end-2024.

Trade payables, including those covered by **reverse factoring contracts,** declined by €428 million year-on-year to €3,347 million, due partly to the €203 million increase from translation adjustments and partly to volume and price effects related to purchased raw materials.

1.4.9 Cash and cash equivalents

Cash and cash equivalents were overall stable and stood at €3,877 million at December 31, 2025, a minimal decrease of €32 million from a year earlier (before translation adjustments) that was due to the net impact of the following factors:

- increases from:
  - the favorable €2,181 million in free cash flow,
- decreases from:
  - the payment of €980 million in dividends and other payments,
  - a €637 million decrease in debt, mainly resulting from the redemption of €750 million worth of notes in September 2025,
  - the implementation of a share buyback program for a total cost of €668 million.

1.4.10 Total equity

Including the positive €883 million in translation adjustments, **total equity** decreased by €557 million over the year to €18,076 million at December 31, 2025.

The €326 million increase excluding translation adjustments was primarily due to the following factors:

- the €964 million contribution from comprehensive income for the year, including:
  - €1,664 million in net income,
  - the €165 million favorable impact from post-employment benefit obligations.
- the €980 million impact from dividends and other payments;
- the €668 million impact from the cancellation of bought-back shares;
- the €89 million impact from the issuance of new shares, particularly in connection with the BiB'Action employee share ownership plan;
- the €61 million impact from service costs on mainly free share plans.

As a result, at December 31, 2025, the **share capital** of Compagnie Générale des Établissements Michelin stood at €343,798,120, comprising 687,596,240 shares outstanding corresponding to 1,002,098,920 voting rights.

1.4.11 Net debt

Net debt stood at €2,345 million at December 31, 2025, down €767 million from December 31, 2024, mainly as a result of the following factors:

- the positive €2,181 million in free cash flow;
- €980 million in distributions, of which €974 million in dividends;
- the outlay of €668 million as part of the share buyback program;
- €72 million in capital increases paid in 2025, notably in connection with the employee share ownership plan;
- a €213 million increase from the recognition of new leases;
- a €378 million decrease in translation adjustments.

2025 consolidated financial statements

Consolidated income statement

(in € millions, except per share data)	Note	2025	2024
Sales	5	25,992	27,193
Cost of sales		(18,973)	(19,445)
Gross income		**7,019**	**7,748**
Sales and marketing expenses		(1,176)	(1,204)
Research and development expenses		(788)	(786)
General and administrative expenses		(2,265)	(2,290)
Segment other income and expenses	6	(70)	(90)
Segment operating income	**5**	**2,719**	**3,378**
Other operating income and expenses	7	(353)	(747)
Operating income		**2,366**	**2,631**
Cost of net debt	9	(154)	(77)
Other financial income and expenses	9	35	19
Net interest on employee benefit obligations	8	(99)	(88)
Share of profit/(loss) from equity-accounted companies	14	109	(40)
Income before taxes		**2,258**	**2,445**
Income tax	11	(594)	(555)
NET INCOME		**1,664**	**1,890**
Attributable to the shareholders of the Company		1,665	1,884
Attributable to the non-controlling interests		(1)	6
EARNINGS PER SHARE (IN €)	**15**		
Basic		2.36	2.65
Diluted		2.33	2.62

Consolidated statement of comprehensive income

(in € millions)	Note	2025	2024
Net income		**1,664**	**1,890**
Post-employment benefits	8	202	(138)
Equity instruments at fair value through OCI - changes in fair value	9	8	(44)
Tax effect – Other items that will not be reclassified to the income statement	11	(32)	12
Other		-	-
Other comprehensive income/(loss) that will not be reclassified to the income statement		***178***	***(170)***
Cash flow hedges - changes in fair value		(4)	(6)
Tax effect – Other items likely to be reclassified to the income statement		1	(1)
Currency translation differences		(884)	273
Other		9	(24)
Other comprehensive income/(loss) that may be reclassified to the income statement		***(878)***	***242***
Other comprehensive income/(loss)		**(700)**	**72**
TOTAL COMPREHENSIVE INCOME		**964**	**1,962**
Attributable to the shareholders of the Company		965	1,956
Attributable to the non-controlling interests		(1)	6

Consolidated statement of financial position

(in € millions)	Note	December 31, 2025	December 31, 2024
Goodwill	12	2,657	2,829
Intangible assets	12	1,944	2,120
Property, plant and equipment (PP&E)	12	12,120	12,750
Right-of-use assets	13	1,092	1,232
Non-current financial assets and other non-current assets	9	1,032	1,151
Investments in equity-accounted companies	14	931	849
Deferred tax assets	11	971	1,081
Non-current assets		**20,747**	**22,013**
Inventories	6.3	5,093	5,699
Trade receivables	6.4	3,459	3,595
Current financial assets	9	371	544
Other current assets	7.2	1,471	1,564
Cash and cash equivalents	9.2	3,877	3,936
Current assets		**14,271**	**15,339**
TOTAL ASSETS		**35,018**	**37,352**
Share capital	15	344	353
Share premiums	15	1,747	2,326
Reserves	15	15,981	15,946
Non-controlling interests		4	9
Total equity		**18,076**	**18,634**
Non-current financial liabilities	9	5,050	4,934
Non-current lease liabilities	9	726	872
Provisions for employee benefit obligations	8	2,440	2,730
Provisions and other non-current liabilities	7.3	713	928
Deferred tax liabilities	11	509	544
Non-current liabilities		**9,438**	**10,008**
Current financial liabilities	9	612	1,375
Current lease liabilities	9	257	258
Trade payables	6.5	2,811	3,086
Trade payables under reverse factoring agreements	6.5	536	689
Provisions and other current liabilities	7.3	3,287	3,302
Current liabilities		**7,503**	**8,710**
TOTAL EQUITY AND LIABILITIES		**35,018**	**37,352**

Consolidated statement of cash flows

(in € millions)	Note	2025	2024
Net income		1,664	1,890
Adjustments			
■ Cost of net debt	9	154	77
■ Other financial income and expenses	9	(35)	(19)
■ Net interest on employee benefit obligations	8.1	99	88
■ Income tax	11	594	555
■ Amortization and depreciation of intangible assets and PP&E	6.1	1,943	1,983
■ Other operating income and expenses	7.1	353	747
■ Share of loss/(profit) from equity-accounted companies	14	(109)	40
Segment EBITDA	2.6	4,663	5,361
Other operating income and expenses (cash) and changes in provisions	10	(473)	(246)
Interest and other financial income and expenses received and paid, net	10	(51)	(42)
Income tax paid	11	(593)	(806)
Change in working capital, net of impairment	10	273	69
Net cash from operating activities		**3,819**	**4,336**
Purchases of intangible assets and PP&E	10	(2,017)	(2,250)
Proceeds from sales of intangible assets and PP&E		137	35
Equity investments in consolidated companies, net of cash acquired		(58)	(7)
Disposals of equity investments in consolidated companies, net of cash sold		125	5
Purchases of equity instruments at fair value		(14)	(9)
Disposals of equity instruments at fair value		3	12
Cash flows relating to other financial assets	10	217	103
Net cash from/(used in) investing activities		**(1,607)**	**(2,111)**
Proceeds from issuance of shares	15	72	37
Dividends paid to the shareholders of the Company	15	(974)	(961)
Cash flows relating to financial liabilities	10	(637)	650
Share buybacks	15	(668)	(502)
Other		(38)	(18)
Net cash from/(used in) financing activities		**(2,245)**	**(794)**
Effect of changes in exchange rates		**(27)**	**(10)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(59)**	**1,421**
Cash and cash equivalents at January 1		3,936	2,515
Cash and cash equivalents at December 31	9.2	3,877	3,936

NOTE 7 OTHER OPERATING ITEMS

7.1 Other operating income and expenses

ACCOUNTING POLICIES

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

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

(in € millions)	2025	2024
Amortization of acquired trademarks and customer relationships	(93)	(102)
Reorganizations and adaptation of activities	(155)	(382)
Impairment of non-current assets	(103)	(174)
Employee benefit obligations	(16)	(19)
Other	13	(70)
OTHER OPERATING INCOME AND EXPENSES	**(353)**	**(747)**

7.1.1 Amortization of acquired trademarks and customer relationships

Amortization of intangible assets recognized in the course of a business combination amounted to €93 million in 2025 (2024: €102 million):

- €29 million related to amortization of brands or trademarks (2024: €33 million);
- €64 million related to amortization of customer relationships (2024: €69 million).

7.1.2 Reorganizations and adaptation of activities

The amount reported for reorganizations and adaptation of activities in 2025 mainly comprises:

- €55 million in closure costs for the Vannes and Cholet plants in France and the Ardmore plant in the United States;
- €32 million in closure costs for the Querétaro plant in Mexico (see note 3) and the Guarulhos plant in Brazil;
- The remainder of these costs corresponds to various provisions recognized to maintain the competitiveness of the Group's manufacturing and administrative activities in several countries.

The €382 million cost recorded in 2024 corresponded mainly to the recognition of provisions for closure costs for the Vannes and Cholet sites in France (€251 million), the costs of business adaptation projects in China and Poland (€34 million), and changes in the estimates of provisions linked to the closures announced in 2023 of sites in the United States and Germany (€38 million).

Impairment losses recognized on assets affected by reorganization projects are presented below.

7.1.3 Impairment of non-current assets

The impairment losses recognized in 2025 mainly related to plants undergoing restructuring in France, Mexico, Brazil and the United States.

The impairment losses recognized in 2024 mainly related to the restructuring of the Vannes and Cholet plants in France for €81 million and the adaptation of activities in China and Poland for €45 million.

7.1.4 Employee benefit obligations

No material events occurred in 2025 or 2024.

7.1.5 Other

No material events occurred in 2025 or 2024.

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

(in € millions)	Pension plans	Other plans	December 31, 2025	December 31, 2024
Present value of fully or partly funded obligations	4,347	14	4,361	4,927
Fair value of plan assets	(4,260)	(5)	(4,264)	(4,788)
Funded status deficit/(surplus)	**87**	**10**	**96**	**139**
Present value of unfunded obligations	909	1286	2,194	2,407
Unrecognized assets due to the effect of the asset ceiling	55	-	55	75
NET DEFINED BENEFIT OBLIGATION	**1,051**	**1,296**	**2,346**	**2,621**
Amounts recognized in the consolidated statement of financial position:				
■ As assets in Non-current financial assets and other assets (note 9.4)	(94)	-	(94)	(109)
■ Provisions for employee benefit obligations	1,145	1,296	2,440	2,730
NET LIABILITY	**1,051**	**1,296**	**2,346**	**2,621**

At December 31, 2025, the projected defined benefit obligation comprised €1,882 million for active members (current employees), €769 million for members who have deferred their vested benefits and €3,904 million for retired members (2024: respectively €2,092 million, €804 million and €4,438 million).

Most pension plans are vested plans.

Other plans, consisting mainly of end-of-service benefit plans and plans covering medical costs, are generally unvested.

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

	December 31, 2025				December 31, 2024			
Main life expectancies by country	**United States**	**Canada**	**United Kingdom**	**Germany**	**United States**	**Canada**	**United Kingdom**	**Germany**
Life expectancy for males at 65 at the end of the reporting period	18.6	22.0	20.7	20.2	18.5	22.9	20.6	20.2
Life expectancy for males who will be 65 in 15 years' time	19.6	23.1	21.8	22.3	19.5	22.1	21.8	22.3
Life expectancy for females at 65 at the end of the reporting period	20.6	24.5	23.3	23.7	20.5	25.3	23.3	23.7
Life expectancy for females who will be 65 in 15 years' time	21.6	25.5	24.5	25.4	21.5	24.6	24.5	25.4

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

(in € millions)	2025			2024		
	Pension plans	Other plans	Total, defined benefit plans	Pension plans	Other plans	Total, defined benefit plans
AT JANUARY 1	**1,219**	**1,402**	**2,621**	**1,013**	**1,408**	**2,421**
Contributions paid to the funds	**(52)**	**(4)**	**(56)**	**(8)**	**(8)**	**(16)**
Benefits paid to the beneficiaries	**(54)**	**(85)**	**(139)**	**(42)**	**(66)**	**(108)**
Other movements	**11**	**(2)**	**9**	**-**	**(3)**	**(3)**
ITEMS RECOGNIZED IN OPERATING INCOME						
Current service cost	19	58	77	18	61	79
Actuarial (gains) or losses	-	9	9	-	3	3
Plan modifications, curtailments or settlements	2	(2)	-	(1)	(26)	(27)
Other items	14	-	14	19	-	19
Total recognized in operating income	**35**	**65**	**100**	**36**	**38**	**74**
ITEMS RECOGNIZED OUTSIDE OPERATING INCOME						
Net interest on employee benefit obligations	**44**	**55**	**99**	**32**	**52**	**84**
ITEMS RECOGNIZED IN OTHER COMPREHENSIVE INCOME						
Translation adjustments	**(29)**	**(57)**	**(86)**	**8**	**23**	**31**
Actuarial (gains) or losses						
■ *Due to changes in demographic assumptions:*						
– Due to changes in assumptions	(21)	(24)	(45)	(11)	(3)	(14)
– Due to experience adjustments	(2)	10	8	5	(1)	4
■ *Due to changes in financial assumptions*:						
– Due to changes in assumptions	(60)	(53)	(113)	(295)	(46)	(341)
– Due to experience adjustments	(22)	(11)	(33)	484	11	495
Total actuarial (gains) or losses	**(106)**	**(78)**	**(184)**	**183**	**(39)**	**144**
Unrecognized assets due to the effect of the asset ceiling	**(18)**	**-**	**(18)**	**(3)**	**(3)**	**(6)**
AT DECEMBER 31	**1,051**	**1,296**	**2,346**	**1,219**	**1,402**	**2,621**

8.2.1 Share grants and performance share plans

Changes in the number of share grants and performance share rights are as follows:

	2025	2024
	Number of share grants or performance share rights outstanding	**Number of share grants or performance share rights outstanding**
At January 1	**8,858,553**	**7,303,830**
Granted	3,260,649	3,107,516
Forfeited	(868,912)	(621,054)
Shares delivered	(728,748)	(931,739)
AT DECEMBER 31	**10,521,542**	**8,858,553**

Excellence Plan

2025 Plan

In November 2025, 2,714,681 rights to performance shares were granted to Group employees and the Managers. The rights are subject to a four-year vesting period ending in November 2029 without any lock-up period. The shares will vest at the end of this period if the performance objectives are met (based on stock market performance, improvement in tire rolling resistance, the proportion of renewable and recycled materials, employee engagement rate, growth in revenue excluding tires and ROCE). The fair value of each performance share right is estimated at €18.52. This fair value is based on the share price at the grant date, less the present value of expected dividends that will not be received by grantees during the vesting period. The estimated value of the stock market performance condition is deducted from the grant-date fair value of the performance share rights based on the probability of this condition being met. The €36 million estimated total cost of the 2025 Excellence Plan will be recognized over the vesting period.

2024 Plan

In November 2024, 2,589,138 rights to performance shares were granted to Group employees and the Managers. The rights are subject to a four-year vesting period ending in November 2028 without any lock-up period. The shares will vest at the end of this period if the performance objectives are met (based on stock market performance, industrial environmental performance, employee engagement rate, growth in revenue excluding tires and ROCE). The fair value of each performance share right is estimated at €22.44. This fair value is based on the share price at the grant date, less the present value of expected dividends that will not be received by grantees during the vesting period. The estimated value of the stock market performance condition is deducted from the grant-date fair value of the performance share rights based on the probability of this condition being met. The €42 million estimated total cost of the 2024 Excellence Plan will be recognized over the vesting period.

9.1 Cost of net debt and other financial income and expenses

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

(in € millions)	2025	2024
Interest expense	(207)	(169)
Interest expense on lease liabilities	(53)	(49)
Interest income on cash, cash equivalents and cash management financial assets	104	141
Interest rate derivatives	2	(4)
Fees on credit lines	(5)	(6)
Capitalized borrowing costs	5	11
COST OF NET DEBT	**(154)**	**(77)**
Net income from financial assets (other than cash and cash equivalents and cash management financial assets)	44	67
Currency remeasurement (including currency derivatives)	-	(37)
Other	(9)	(11)
OTHER FINANCIAL INCOME AND EXPENSES	**35**	**19**

As shown in the table in note 17.2.3, most of the Group's borrowings are denominated in euros. Some of these borrowings are subsequently swapped into foreign currencies to finance the Group's subsidiaries, and derivatives are set up to manage the interest-rate risk on these currencies. The associated transformation costs are recognized in interest expense.

The cost of net debt amounted to €154 million in 2025, compared with €77 million in 2024. The year-on-year increase was due to a rise in the above-mentioned conversion costs, as well as lower market yields on investments.

The ineffectiveness recognized on derivatives qualifying as hedges, calculated as explained in note 17, is not material.

9.2 Cash and cash equivalents

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

(in € millions)	December 31, 2025	December 31, 2024
Money-market funds	2,407	2,675
Bank deposits subject to up to a three-month notice period	1,176	1,047
Cash at bank and in hand	294	214
CASH AND CASH EQUIVALENTS	**3,877**	**3,936**

The average effective interest rate on cash and cash equivalents was 2.68% in 2025 (2024: 4.00%). Cash and cash equivalents are mainly held in euros (2025: 90%, and 2024: 93%).

Cash and cash equivalents include restricted cash of €195 million whose use is governed by prudential insurance regulations related to operations in Ireland (2024: €199 million).

9.3 Financial liabilities

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

(in € millions)	December 31, 2025	December 31, 2024
Bonds	4,822	4,838
Loans from financial institutions and other	206	59
Derivative instruments	21	37
Non-current financial liabilities excluding leases	**5,050**	**4,934**
Non-current lease liabilities	**726**	**872**
Bonds	-	749
Commercial paper	292	297
Loans from financial institutions and other	305	296
Derivative instruments	15	33
Current financial liabilities excluding leases	**612**	**1,375**
Current lease liabilities	**257**	**258**
FINANCIAL LIABILITIES	**6,645**	**7,438**

Group net debt is analyzed in the table below:

(in € millions)	December 31, 2025	December 31, 2024
Financial liabilities	6,645	7,438
Derivatives recognized as assets (note 17.1.1)	(124)	(60)
Borrowing collaterals (note 16.3)	(9)	(40)
Cash management financial assets	(290)	(290)
Cash and cash equivalents	(3,877)	(3,936)
NET DEBT	**2,345**	**3,112**

The fair value of non-current financial liabilities, calculated in accordance with the accounting policy described in note 17.3, is presented in the table below:

(in € millions)	December 31, 2025	December 31, 2024
Bonds	4,354	4,361
Loans from financial institutions and other	206	59
Lease liabilities	719	855
Derivative instruments	21	37
FAIR VALUE OF NON-CURRENT FINANCIAL LIABILITIES	**5,300**	**5,312**

At December 31, 2025, the weighted average nominal interest rate for bonds and commercial paper was 1.85% (1.77% after hedging).

During the year, the Group redeemed the €750 million worth of notes issued in August 2018 that were due in September 2025.

9.3.2 Loans from financial institutions and other

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

At December 31, 2025, loans from financial institutions totaled €512 million (2024: €354 million). Most of the loans were denominated in EUR, CNY and USD, and most were at variable interest rates.

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

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

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

(in € millions)	December 31, 2025	December 31, 2024
Equity investments	373	373
Loans and deposits	233	356
Solesis preferred shares	261	282
Derivatives (note 17.1.1)	60	19
Pension plan surpluses (note 8.1.1)	94	109
Other	13	12
NON-CURRENT FINANCIAL ASSETS AND OTHER NON-CURRENT ASSETS	**1,032**	**1,151**

9.4.1 Equity investments

Unconsolidated equity investments consist primarily of a portfolio of shares in unlisted companies (note 17.3.1).

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

(in € millions)	2025	2024
At January 1	**373**	**412**
Translation adjustments	(13)	7
Acquisitions	55	11
Disposals	(43)	(12)
Changes in scope of consolidation	(7)	(1)
Fair value changes	8	(44)
AT DECEMBER 31	**373**	**373**

NOTE 10 NOTES TO THE STATEMENT OF CASH FLOWS

Cash flows are presented in detail in the table below:

(in € millions)	**2025**	**2024**
Investment grants recognized in profit or loss	(18)	(14)
Change in employee benefit obligations	(108)	(40)
Change in litigation and other provisions	43	(29)
Restructuring costs	(430)	(246)
Other	41	83
Other operating income and expenses (cash) and changes in provisions	**(473)**	**(246)**
Interest and other financial expenses paid	(290)	(251)
Interest and other financial income received	126	185
Dividends received	113	24
Interest and other financial income and expenses received and paid, net	**(51)**	**(42)**
Change in inventories	253	(165)
Change in trade receivables and advances	(29)	236
Change in trade payables and advances	(25)	(6)
Change in trade payables under reverse factoring agreements	(95)	127
Change in other receivables and payables	168	(123)
Change in working capital, net of impairment	**273**	**69**
Purchases of intangible assets (note 12.1)	(254)	(278)
Purchases of PP&E (note 12.2)	(1,714)	(1,904)
Government grants received	15	12
Change in capital expenditure payables	(61)	(83)
Change in capital expenditure payables under reverse factoring agreements	(3)	3
Purchases of intangible assets and PP&E	**(2,017)**	**(2,250)**
Increase in other non-current financial assets	(25)	(45)
Decrease in other non-current financial assets	148	141
Net cash flows from cash management financial assets	-	(5)
Net cash flows from borrowing collaterals	31	3
Net cash flows from other current financial assets	63	9
Cash flows relating to other financial assets	**217**	**103**
Increase in non-current financial liabilities	165	1,002
Decrease in non-current financial liabilities	(10)	(24)
Repayment of lease liabilities	(280)	(270)
Net cash flows from current financial liabilities	(400)	(153)
Derivatives	(112)	95
Cash flows relating to financial liabilities	**(637)**	**650**
Details of non-cash transactions:		
▪ New leases (note 13)	213	414
▪ New emission allowances granted	7	9
▪ Change in payment commitments for non-consolidated equity investments	(6)	-

NOTE 11 TAXES

ACCOUNTING POLICIES

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

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

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

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

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

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

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

11.1 Income tax expense

(in € millions)	2025	2024
Current tax expense	(546)	(753)
Deferred tax benefit/(expense)	(48)	198
INCOME TAX	**(594)**	**(555)**

Current tax includes €37 million of withholding tax on royalties and retained earnings distributed between Group companies (2024: €55 million).

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

(in € millions)	2025	2024
Income before taxes	**2,258**	**2,445**
Tax calculated using domestic tax rates applicable to income in the respective countries	(424)	(510)
Tax effect of:		
▪ untaxed transactions	(46)	(67)
▪ deferred tax assets not recognized during the year	(21)	(20)
▪ net change in unrecognized deferred tax assets	4	36
▪ changes in tax rates	(22)	23
▪ taxes with no tax base (tax credits, withholding tax, etc.)	(51)	(34)
▪ Other items	(35)	19
INCOME TAX	**(594)**	**(555)**
Effective tax rate	*26.3%*	*22.7%*

The Group has operations in various countries that have different tax laws and rates. The weighted average domestic tax rate of Group companies may therefore vary from year to year depending on the relative size of taxable incomes.

In 2025, the effective tax rate stood at 26.3% (2024: 22.7%). The year-on-year increase in this rate was mainly attributable to a surtax in France for 2025 and the change in deferred taxes in Mexico. On December 14, 2022, the European Union adopted a directive implementing the OECD's Pillar Two reform. France voted for the transposition of this directive into domestic law as part of the Finance Bill for 2024. The Pillar Two rules therefore apply to all entities effectively controlled by Compagnie Générale des Établissements Michelin as of January 1, 2024. The impact of applying Pillar Two amounted to €8 million in 2025, versus €16 million in 2024.

The difference between effective tax rates and theoretical rates (18.8%) is particularly due to unrecognized deferred tax assets, withholding taxes, tax credits and other taxes not based on income.

The utilization of deferred tax assets is periodically reviewed at the tax entity level and may lead to the recognition of previously unrecognized deferred tax assets.

11.2 Deferred tax

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

(in € millions)	December 31, 2025	December 31, 2024
Deferred tax assets	971	1,081
Deferred tax liabilities	(509)	(544)
NET DEFERRED TAX ASSET	**461**	**537**

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

(in € millions)	December 31, 2025	December 31, 2024
Employee benefit obligations	356	438
Inventories	142	137
Financial instruments	78	68
Provisions	83	84
Unused tax losses	224	304
Goodwill and intangible assets	(264)	(295)
Lease liabilities	168	188
Right-of-use assets	(153)	(172)
Property, plant and equipment	(388)	(439)
Other	215	226
NET DEFERRED TAX ASSET	**461**	**537**

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

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

(in € millions)	Right-of-use assets Land and buildings	Right-of-use assets Plant and industrial equipment	Right-of-use assets Other equipment	Total
Gross carrying amounts at January 1, 2024	**1,552**	**115**	**329**	**1,996**
Translation adjustments	42	1	7	50
New leases	320	33	61	414
Disposals	(57)	(29)	(37)	(123)
Changes in scope of consolidation	(5)	-	3	(2)
Transfers and other	(31)	(2)	(7)	(40)
Gross carrying amounts at December 31, 2024	**1,821**	**118**	**356**	**2,295**
Translation adjustments	(105)	(6)	(17)	(128)
New leases	138	24	51	213
Disposals	(89)	(21)	(26)	(136)
Changes in scope of consolidation	1	-	-	1
Transfers and other	(15)	(1)	(8)	(24)
Gross carrying amounts at December 31, 2025	**1,751**	**114**	**356**	**2,221**
Depreciation and impairment at January 1, 2024	**(671)**	**(65)**	**(178)**	**(914)**
Translation adjustments	(16)	(1)	(4)	(21)
Amortization	(168)	(28)	(56)	(252)
Net impairment	(15)	-	-	(15)
Disposals	57	29	36	122
Changes in scope of consolidation	4	-	-	4
Transfers and other	2	5	6	13
Depreciation and impairment at December 31, 2024	**(807)**	**(60)**	**(196)**	**(1,063)**
Translation adjustments	42	3	9	55
Amortization	(170)	(23)	(52)	(245)
Net impairment	(4)	(1)	(4)	(8)
Disposals	85	21	26	132
Changes in scope of consolidation	-	-	-	-
Transfers and other	(5)	3	3	1
Depreciation and impairment at December 31, 2025	**(858)**	**(56)**	**(214)**	**(1129)**
NET CARRYING AMOUNTS AT DECEMBER 31, 2025	**893**	**58**	**142**	**1,092**
Net carrying amounts at December 31, 2024	1,014	58	160	1,232

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

This is the case for:

- Short-term leases, representing an expense of €71 million in 2025 (2024: €60 million);
- leases of low-value assets, representing an expense of €53 million in 2025 (2024: €46 million);
- variable lease payments not taken into account to determine the lease liability, representing an expense of €19 million in 2025 (2024: €18 million).

Undiscounted future lease payments are analyzed by maturity in note 9.

15.3 Earnings per share

	2025	2024
Net income *(in € millions)*, excluding non-controlling interests	1,665	1,884
▪ Less, estimated General Partners' profit shares	(3)	(3)
Net income attributable to the shareholders of the Company used to calculate basic earnings per share	**1,662**	**1,882**
Weighted average number of shares outstanding *(thousands of shares)* used to calculate basic earnings per share	**704,018**	**709,850**
▪ Plus, adjustment for performance shares	9,075	7,110
Weighted average number of shares used to calculate diluted earnings per share	**713,093**	**716,960**
EARNINGS PER SHARE *(in €)*		
▪ Basic	**2.36**	2.65
▪ Diluted	**2.33**	2.62

At December 31, 2025, the only potentially dilutive financial instruments consisted of performance shares (note 8.2.1).

No share transactions affecting the weighted average number of shares used to calculate basic earnings per share and diluted earnings per share occurred after the end of the 2025 reporting period.

NOTE 16 COMMITMENTS AND CONTINGENCIES

16.1 Commitments

16.1.1 Capital expenditure commitments

Capital expenditure on the main projects which were contracted but not delivered before December 31, 2025, amounts to €283 million (of which €246 million is likely to be delivered in 2026).

Michelin has signed agreements to acquire Cooley Group, a specialist in industrial coated fabrics, and Tex Tech Industries, a designer and manufacturer of specialty textiles and fabrics, for an aggregate amount of €637 million. The acquisition of Cooley Group closed on January 22, 2026 – the date on which Michelin acquired control – and that of Tex Tech Industries is due to complete later in 2026, subject to the customary adjustments and to anti-trust clearance in the relevant jurisdictions. These acquisitions are being entirely financed from available cash.

16.1.2 Commitments given to joint ventures

At December 31, 2025, guarantees given by the Group to Symbio amounted to €26 million.

16.1.3 Other commitments

The Group has many purchase commitments for goods and services. These commitments are in line with the level of activity expected in the first half of 2026. They are entered into on arm's length terms in the normal course of business.