INTERIM FINANCIAL REPORT - 30 JUNE 2021

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1. RESPONSIBILITY STATEMENT FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of the my knowledge, the condensed financial statements for the ended semester prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the company and of all its consolidated entities, and that the attached interim business report provides a fair view of the significant events that occurred in the first six months of the financial year, of their impact on the financial statements and of the main related party transactions entered into by the Group, together with a description of the main risks and uncertainties for the remaining six months of the financial year.

Michel Giannuzzi

Chief Executive Officer

2. INTERIM BUSINESS REPORT

2.1. HIGHLIGHTS OF THE 1ST HALF OF 2021

The first half of 2021 saw a sharp increase in revenue and a significant improvement in the adjusted EBITDA margin. The trends observed in the first half of 2021 included the following:

- a 4.2% increase in revenue to €1,327.7 million (+7.7% at constant scope and exchange rates), including +14.8% in the second quarter (+17.6% at constant scope and exchange rates) compared with the second quarter of 2020.
- a 15.4% increase in adjusted EBITDA to €344.7 million (+20.8% at constant scope and exchange rates) and an adjusted EBITDA margin of 26.0% compared with 23.4% in the first half of 2020.

Net profit increased in the first half of 2021 to €132.5 million (versus €79.3 million at 30 June 2020).

Last of all, the Group improved its leverage ratio further, with net debt reaching €1,266.2 million (versus € 1,278.6 million at 31 December 2020); this reflects a 12-month trailing adjusted EBITDA ratio of 1.9x compared with 2.0x at 31 December 2020.

- **Success of the inaugural Sustainability-Linked Bond issuance**

In May 2021, in accordance with the International Capital Markets Association (ICMA) Sustainability-Linked Bond Principles, the Group issued a €500.0 million Sustainability-Linked bond with a 7-year maturity and a coupon of 1.625%.

A coupon step-up of 25 basis points, applicable from the next interest period following 31st December 2025 up to the maturity date, shall be triggered if both following Sustainable Performance Targets (SPTs) are not achieved and 12.5 basis points if only one SPT is not :

- Reduce Verallia's annual CO_2 emissions (scope 1 and 2) to 2,625kt CO_2 for the year 2025 (15% decrease vs 2019 baseline), and,
- Reach a 59% rate of external cullet usage by 2025 (+10 pts increase vs 2019 baseline).

This transaction enables Verallia to further diversify its sources of funding with a direct access to the bond market, lengthen its debt maturity profile and further reinforce the visibility of its commitment to sustainability.

The net proceeds of the Notes, i.e. €500.0 million, were used to prepay part of the existing Term Loan A., which was issued on 7 October 2019 for an amount of €1,500.0 million.

- **Successful 2021 employee shareholding offer**

Almost 3,200 employees (i.e. 41% of eligible staff worldwide) took part in the Group's sixth employee shareholding offer carried out at a unit subscription price of €25.52. This operation ran from 3 May to 17 May 2021 in eight countries. It offered Verallia employees another opportunity to become shareholders in Verallia on preferential terms (shares at a 20% discount, matching contributions from the Company scaled in such a way as to favour small contributions) and to be involved in the Group's development and performance over the long term. The operation was well received in France, with nearly 75% of eligible employees subscribing. The total amount invested by the Group's employees (including the company's matching contribution) was €15.7 million.

- **Share buybacks and cancellations**

Verallia bought back 2.1 million of its own shares on 9 March 2021 and another 1.6 million on 11 June 2021 as part of the share buyback programme set up in accordance with the authorisations granted to the Board of Directors by the Combined Shareholders' General Meeting of 10 June 2020.

On 24 June 2021, Verallia issued 616,364 new ordinary shares, corresponding to 0.5% of its share capital and voting rights, as part of the capital increased reserved for employees described in the previous paragraph. Largely to offset the dilutive impact of this transaction, Verallia simultaneously carried out a capital reduction by cancelling 1.6 million treasury shares which it had acquired as part of its share buyback programme.

As a result of this operation:

- employee shareholders now hold 3.54% of Verallia's share capital, either directly or through Verallia's FCPE (employee investment fund), and the rate of employee shareholders stands at approximately 41%; and
- Verallia owns 1.72% of its share capital itself.

- **Dividend payout**

The Company's Combined Shareholders' General Meeting of 15 June 2021 voted in favour of paying out a cash dividend of €0.95 per share. The dividend was paid on 5 July 2021.

2.2 ANALYSIS OF THE RESULTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2020

The table below shows the Group's consolidated statement of income for each of the six-month periods ended 30 June 2021 and 30 June 2020.

(in € million)	30 June 2021	30 June 2020
Revenue	**1,327.7**	**1,274.6**
Cost of sales	(1,006.0)	(1,002.9)
Selling, general and administrative expenses	(86.9)	(80.1)
Acquisition-related items	(29.9)	(30.4)
Other operating income and expenses	2.2	(27.1)
Operating profit	**207.1**	**134.1**
Financial income	**(32.3)**	**(19.5)**
Profit before tax	**174.8**	**114.6**
Income tax	(43.5)	(35.3)
Share of net profit (loss) of associates	1.2	—
Net profit	**132.5**	**79.3**

2.2.1 REVENUE

The Group generated €1,327.7 million revenue in the first half of 2021 compared with €1,274.6 million in the first half of 2020, reflecting a +4.2% increase.

Exchange rate variations had a -3.5% impact over the first half of the year (-€44.8 million), due primarily to currency depreciation in Latin America and Northern and Eastern Europe.

- **Change in revenue by type of effect in the first half of 2021**

In € million	
H1 2020 revenue	**1,274.6**
Volume effect	+44.6
Price/Mix effect	+53.3
Exchange rate effect	-44.8
H1 2021 revenue	**1,327.7**

Revenue increased by +7.7% at constant scope and exchange rates in the first half of the year (and by +5.6% excluding Argentina). The organic growth rate reached +17.6% in the second quarter, as the full effects of the Covid-19 crisis were felt in the second quarter of 2020. In comparison, organic growth was -2.0% in the first quarter of 2021.

All product categories posted strong sales in the second quarter compared with last year, except for food jars, which were particularly buoyant in 2020 during the lockdowns in the second quarter. Spirits rebounded sharply in the second quarter as exports to Asia and the United States picked up. An increase in sales prices at the start of the year and a highly positive product mix at Group level also boosted first-half revenue.

- **Comparison between the first and second quarters of 2021**

In € million	Q2		Q1	
	2021	2020	2021	2020
Revenue	**722.9**	**629.9**	**604.9**	**644.8**
Reported growth	+14.8%		(6.2)%	
Organic growth	+17.6%		(2.0)%	

- **Change in revenue by region**

(in € million)	30 June 2021	Change 2020 - 2021		30 June 2020
		In € million	In %	
Southern and Western Europe	927.9	47.6	5.4%	880.3
Northern and Eastern Europe	257.9	-25.4	(9.0)%	283.3
Latin America	141.9	30.9	27.9%	111.0
Consolidated revenue	**1,327.7**	**53.1**	**4.2%**	**1,274.6**

- **Southern and Western Europe**

Revenue in Southern and Western Europe increased during the six-month period ended 30 June 2021 by €47.6 million, i.e. by +5.4 % based on reported data and by +5.5 % at constant scope and exchange rates, from €880.3 million for the six-month period ended 30 June 2020 to €927.9 million for the six-month period ended 30 June 2021.

All countries and product categories recorded growth in the first half, except food jars. Sales of spirits rocketed after being hit hard in the first half of 2020. Sales of still wine and beer also recorded strong growth. Sparkling wines picked up thanks to Italy and brisk sales of Prosecco rosé. Sales prices remained stable in the region.

- **Northern and Eastern Europe**

Revenue in Northern and Eastern Europe declined during the six-month period ended 30 June 2021 by €25.4 million, i.e. by -9.0% based on reported data (and by -5.6% at constant exchange rates), from €283.3 million for the six-month period ended 30 June 2020 to €257.9 million for the six-month period ended 30 June 2021.

The volume decline registered in the first half of the year occurred mostly in the first quarter, with volumes actually improving in the second quarter across all product categories. Prices also remained stable in the region.

- **Latin America**

Revenue in Latin America grew during the six-month period ended 30 June 2021 by €30.9 million, i.e. by +27.9% (but by +58.9% excluding exchange rate effects and by +51.7% excluding Argentina), from €111.0 million for the six-month period ended 30 June 2020 to €141.9 million for the six-month period ended 30 June 2021. Volumes expanded over the first half of the year in all countries and all product categories, except for food jars. Price hikes imposed in the region, particularly in Argentina to offset local hyperinflation, also spurred revenue growth.

2.2.2 COST OF SALES

The cost of sales rose from €1,002.9 million at 30 June 2020 to €1,006.0 million at 30 June 2021, i.e. by €3.1 million (+0.3%).

As a percentage of revenue, the cost of sales contracted by 280 basis points in comparison with 2020, from 78.6% to 75.8%. The Group managed to keep the increase in cost of sales under control thanks to measures taken under its Performance Action Plan (as part of the Verallia Industrial Management initiative) and cost control (especially over purchasing costs) during the period.

2.2.3 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses rose by €6.8 million, i.e. by +8.5%, from €80.1 million for the six-month period ended 30 June 2020 to €86.9 million for the six-month period ended 30 June 2021.

They rose primarily because of higher personnel expenses relating to operating performances and increased expenditure on information technology.

2.2.4 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses improved during the first half of 2021 from a net expense of €27.1 million at 30 June 2020 to net income of €2.1 million at 30 June 2021, i.e. an improvement of €29.2 million.

Note that operating expenses recognised in the first half of 2020 corresponded mainly to restructuring costs and asset impairment charges relating to the transformation plan carried out in France (to the tune of €19.6 million). This provision was readjusted following the implementation of the plan in the first half of 2021 (see Note 6.2 "Other operating income and expenses" of the condensed interim consolidated financial statements for the period ended 30 June 2021).

2.2.5 OPERATING PROFIT

Operating profit increased by €73 million, i.e. by +54.4%, in the six-month period ended 30 June 2021, from €134.1 million for the six-month period ended 30 June 2020 to €207.1 million for the six-month period ended 30 June 2021.

Operating profit improved during the six-month period ended 30 June 2021 primarily thanks to an upturn in activity, control over production costs and lower restructuring costs recognised during the period.

2.2.6 FINANCIAL RESULT

Finance costs increased by €12.8 million, i.e. by 66%, from a net expense of €19.5 million for the six-month period ended 30 June 2020 to a net expense of €32.3 million for the six-month period ended 30 June 2021.

Net finance costs increased during the six-month period ended 30 June 2021 primarily due to (i) negative local-currency foreign exchange, (ii) the accelerated amortization of upfront fees corresponding to the €500 million reimbursed part of Term Loan A and the partial unwinding of related interest rate swaps (see Note 7 "Financial result" of the condensed interim consolidated financial statements at 30 June 2021), and (iii) hyperinflationary effects in Argentina (see Section 2.6 "Exchange rate variation" of the interim business report at 30 June 2021).

2.2.7 INCOME TAX

Income tax increased by €8.2 million, i.e. by 23.2%, during the six-month period ended 30 June 2021 from €35.3 million for the six-month period ended 30 June 2020 to €43.5 million for the six-month period ended 30 June 2021. Overall, the effective tax rate in the first half of 2021 was 24.9% compared with 30.8% in the first half of 2020.

The decrease in the effective tax rate in 2021 is mainly due to the inclusion of the tax effects of the statutory revaluation carried out on certain assets in Italy.

2.2.8 NET PROFIT (LOSS)

Net profit increased during the six-month period ended 30 June 2021 from €79.3 million, i.e. 6.2% of revenue, for the six-month period ended 30 June 2020 to €132.5 million, i.e. 10.0% of revenue, for the six-month period ended 30 June 2021. It increased primarily thanks to an improved operating profit, which more than offset a lower financial result and a higher tax expense.

The share of net profit (loss) attributable to the Company's shareholders amounted to €130.9 million during the six-month period ended 30 June 2021 versus €76.0 million during the six-month period ended 30 June 2020. The share attributable to non-controlling interests amounted to €1.6 million during the six-month period ended 30 June 2021 versus €3.3 million during the six-month period ended 30 June 2020.

2.2.9 ADJUSTED EBITDA

Adjusted EBITDA increased by 15.4% in the first half of 2021 to €344.7 million compared with €298.7 million in the first half of 2020. The increase at constant scope and exchange rates was 20.8%. Unfavourable foreign exchange effects amounted to -€16 million over the first half of the year, mostly attributable to depreciating currencies in Latin America and, to a lesser extent, the depreciation of the Ukrainian hryvnia and Russian rouble.

Activity was negative at -€6 million as stronger sales volumes compared to the first half of 2020 were partially offset by increased destocking. Destocking continued due to repair work on five furnaces despite the successful start-up of two new furnaces in Spain and Italy over the first half of the year. Verallia generated a positive spread in all its regions, with prices kept stable in Europe and raised in Latin America to compensate for cost inflation. A particularly favourable product mix and a net €21 million reduction in the cash cost of production also helped considerably to improve adjusted EBITDA.

The adjusted EBITDA margin rose sharply to 26.0% in the first half of 2021 compared to 23.4% in the first half of 2020.

To summarise, the change in adjusted EBITDA breaks down as follows:

(in € million)	
Adjusted EBITDA at 30 June 2020	**298.7**
Activity contribution	(6.0)
Spread Price-Mix/ Costs	45.4
Net productivity	21.3
Exchange rate	(16.0)
Other	1.4
Adjusted EBITDA at 30 June 2021	**344.7**

- **Comparison between the first and second quarters of 2021**

In € million	Q2		Q1	
	2021	**2020**	**2021**	**2020**
Adjusted EBITDA	**193.0**	**147.4**	**151.7**	**151.3**
Adjusted EBITDA margin	*26.7%*	*23.4%*	*25.1%*	*23.5%*

- **Change by operating segment between the first half of 2020 and first half of 2021**

(in € million)	30 June 2021	Variation 2020 – 2021		30 June 2020
		In € million	In %/bp	
Southern and Western Europe				
Adjusted EBITDA	231.8	36.0	18.4%	195.8
Adjusted EBITDA margin	25.0%	-	+280 Pb	22.2%
Northern and Eastern Europe				
Adjusted EBITDA	58.3	(10.6)	-15.4%	68.9
Adjusted EBITDA margin	22.6%	-	-170 Pb	24.3%
Latin America				
Adjusted EBITDA	54.6	20.7	60.9%	33.9
Adjusted EBITDA margin	38.5%	-	+790 Pb	30.6%
Consolidated adjusted EBITDA	**344.7**	**46.0**	**15.4%**	**298.7**
Consolidated adjusted EBITDA margin	**26.0%**	**-**	**+260 Pb**	**23.4%**

- **Southern and Western Europe**

In Southern and Western Europe, adjusted EBITDA increased by €36 million, i.e. by 18.4%, during the six-month period ended 30 June 2021 from €195.8 million for the six-month period ended 30 June 2020 to €231.8 million for the six-month period ended 30 June 2021. The adjusted EBITDA margin expanded by 280 basis points to 25.0 % in the first half of 2021 from 22.2% in the first half of 2020.

It was driven by a positive spread on sales and a substantial contribution from the product mix. In addition, the region delivered solid industrial performances despite the difficulties encountered in France due to labour unrest resulting from the transformation plan in the first quarter, which penalised production levels.

- **Northern and Eastern Europe**

In Northern and Eastern Europe, adjusted EBITDA declined by €10.6 million, i.e. by 15.4%, during the six-month period ended 30 June 2021 from €68.9 million for the six-month period ended 30 June 2020 to €58.3 million for the six-month period ended 30 June 2021.

The decrease in adjusted EBITDA and in the adjusted EBITDA margin (-170 basis points, i.e. 22.6% in the first half of 2021 versus 24.3% in the first half of 2020) was mostly attributable to lower volumes combined with a steeply negative exchange rate effect and maintenance costs incurred from the reconstruction of two furnaces.

- **Latin America**

In Latin America, adjusted EBITDA increased during the six-month period ended 30 June 2021 by €20.7 million, i.e. by 60.9%, from €33.9 million for the six-month period ended 30 June 2020 to €54.6 million for the six-month period ended 30 June 2021.

Growth in adjusted EBITDA and in the adjusted EBITDA margin (+790 basis points, i.e. 38.5% in the first half of 2021 versus 30.6% in the first half of 2020) was attributable to sharply higher sales volumes in a very strong market along with a positive spread and a very solid industrial performance. In addition, Brazil benefited from the positive impact of the Brazilian Supreme Federal Court's decision on the ICMS tax.

2.3 KEY PERFORMANCE INDICATORS

The Group uses revenue, adjusted EBITDA, Cash conversion and investments as its key performance indicators. These performance indicators are monitored by the Group regularly to analyse and assess its operations and their momentum, measure their performance, prepare earnings forecasts and take strategic decisions.

(in € million)	30 June 2021	30 June 2020	Change
Adjusted EBITDA	**344.7**	**298.7**	**46.0**
Adjusted EBITDA margin	**26.0%**	**23.4%**	**+260 Pb**
Cash conversion	***68,3%***	***69,4%***	***-110 Pb***

Adjusted EBITDA and Cash conversion are alternative performance measures according to AMF Position n°2015-12.

Adjusted EBITDA and Cash conversion are not standardised accounting measures meeting a single definition generally accepted by IFRS. They should not be considered as substitutes for operating profit, net profit or cash flows from operating activities, which are measures defined by IFRS, or a measure of liquidity. Other issuers may calculate adjusted EBITDA and cash conversion differently from the definitions used by the Group.

Adjusted EBITDA corresponds to operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, the costs of management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

2.3.1 OPERATING CASH FLOWS

Cash flows correspond to operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, the costs of management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items, i.e. adjusted EBITDA less capex.

Operating cash flows correspond to cash flows plus the change in operating working capital requirement.

Reconciliation of operating profit to adjusted EBITDA and operating cash flows:

(in € million)	**30 June 2021**	**30 June 2020**
Operating profit	207.1	134.1
Depreciation, amortisation and impairment(1)	136.2	139.6
Restructuring costs(2)	(2.7)	19.1
Acquisition and M&A costs	0.0	0.0
IAS 29, Hyperinflation (Argentina)	(0.7)	0.7
Management share ownership plan and associated costs(3)	4.4	1.8
Other(4)	0.4	3.4
Adjusted EBITDA	**344.7**	**298.7**
Capex	(109.4)	(91.5)
Cash flows	**235.3**	**207.2**
Change in operating working capital requirement	(23.7)	(69.0)
Operating cash flows	**211.6**	**138.2**

(1) Includes amortisation and depreciation of intangible assets and property, plant and equipment (Note 5.2 of the Group's condensed interim consolidated financial statements), amortisation of intangible assets acquired through business combinations (Note 6.1 of the Group's condensed interim consolidated financial statements) and depreciation of property, plant and equipment including depreciation charges relating to the transformation plan carried out in France in 2020 (Note 6.2 of the Group's condensed interim consolidated financial statements).
(2) Corresponds mainly to the transformation plan carried out in France, including the costs of shutting down a furnace and redundancy aid measures (Note 6.2 of the Group's condensed interim consolidated financial statements).
(3) Corresponds to share-based compensation plans and associated costs (Note 5.2 of the Group's condensed interim consolidated financial statements).
(4) In 2020, corresponds primarily to donations and purchases of personal protective equipment made by the Group during the Covid-19 crisis.

The Group's operating cash flows increased by €73.4 million in the six-month period ended 30 June 2021. It was driven by growth in adjusted EBITDA (having risen by €46 million), which exceeded growth in the amount of investments recognised (€17.9 million), and by a significant improvement in the change in working capital requirement relating to the destocking of finished products, which was greater in the first half of 2021 than in the first half of 2020.

2.3.2 CASH CONVERSION

Cash conversion is defined as adjusted EBITDA less capex, divided by adjusted EBITDA. The elements used to determine adjusted EBITDA are provided in the reconciliation of operating cash flows table (see above).

Reconciliation of adjusted EBITDA to cash conversion:

(in € million)	**30 June 2021**	**30 June 2020**
Adjusted EBITDA	**344.7**	**298.7**
Capex	(109.4)	(91.5)
Cash flows	***235.3***	***207.2***
Cash conversion	***68.3%***	***69.4%***

The Group's cash conversion decreased from 69.4% to 68.3% in the six-month period ended 30 June 2021 but remains high. It declined mainly because capex increased more quickly (+20%) than adjusted EBITDA (+15%) for reasons relating to the furnace repair schedule.

2.4 CONSOLIDATED GROUP CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2021 AND 30 JUNE 2020

The table below sets out the Group's cash flows for the six-month periods ended 30 June 2021 and 30 June 2020:

(in € million)	30 June 2021	30 June 2020	Change
Net cash flows from operating activities	286.1	259.8	26.3
Net cash flows from (used in) investing activities	(149.8)	(142.3)	(7.5)
Net cash flows from (used in) financing activities	(115.2)	64.3	(179.5)
Increase (decrease) in cash and cash equivalents	**21.1**	**181.8**	**(160.7)**
Impact of changes in foreign exchange rates on cash and cash equivalents	*(0.1)*	*(12.9)*	*12.8*
Cash and cash equivalents at beginning of the period	**476.2**	**219.2**	**257.0**
Closing cash and cash equivalents	**497.2**	**388.2**	**109.0**

On 30 June 2021, the Group's cash and cash equivalents amounted to €497.2 million vs. €388.2 million on 30 June 2020.

2.4.1. NET CASH FLOWS FROM OPERATING ACTIVITIES

The following table shows the net cash flows from the Group's operating activities for the periods ended 30 June 2021 and 30 June 2020:

(in € million)	30 June 2021	30 June 2020	Change
Net profit	**132.5**	**79.3**	**53.2**
Share of net profit of associates, net of dividends received	(1.2)	0.0	(1.2)
Depreciation, amortisation and impairment of assets	136.2	139.6	(3.4)
Gains and losses on disposals of assets	1.1	2.2	(1.1)
Interest expense on financial liabilities	17.1	18.6	(1.5)
Unrealised foreign exchange gains and losses	2.1	0.2	1.9
Gain/loss on net monetary position (IAS 29, Hyperinflation)	5.8	2.0	3.8
Unrealised gains and losses on changes in the fair value of derivatives	4.1	(0.8)	4.9
Change in inventories	29.9	4.9	25.0
Change in trade receivables, trade payables and other receivables and payables	(17.3)	(23.4)	6.1
Current tax expense	61.5	40.0	21.5
Taxes paid	(36.9)	(16.5)	(20.4)
Changes in deferred taxes and provisions	(48.8)	13.8	(62.6)
Net cash flows from operating activities	**286.1**	**259.8**	**26.3**

Net cash flows from the Group's operating activities amounted to €286.1 million for the six-month period ended 30 June 2021, compared to €259.8 million for the six-month period ended 30 June 2020.

The €26 million increase in net cash flows from operating activities between the two periods ended 30 June 2020 and 30 June 2021 stemmed primarily from the increase in net profit and a more favourable change in working capital requirement over the period in question.

2.4.2. NET CASH FLOWS FROM INVESTING ACTIVITIES

The following table shows the net cash flows from the Group's investing activities for the six-month periods ended 30 June 2021 and 30 June 2020:

(in € million)	30 June 2021	30 June 2020	Change
Acquisition of property, plant and equipment and intangible assets	(109.4)	(91.5)	(17.9)
Increase (decrease) in debt on fixed assets	(38.7)	(50.4)	11.7
Acquisitions of subsidiaries, net of cash acquired	—	1.0	(1.0)
Deferred payment related to acquisition of subsidiary	—	—	—
Capital expenditure	**(148.1)**	**(140.9)**	**(7.2)**
Disposals of property, plant and equipment and intangible assets	(0.7)	(0.5)	(0.2)
Disposals	**(0.7)**	**(0.5)**	**(0.2)**
Increase in loans, deposits and short-term borrowings	(1.4)	(1.6)	0.2
Reduction in loans, deposits and short-term borrowings	0.4	0.7	(0.3)
Changes in loans and deposits	**(1.0)**	**(0.9)**	**(0.1)**
Net cash flows used in investing activities	**(149.8)**	**(142.3)**	**(7.5)**

Net cash flows from the Group's investing activities corresponded primarily to acquisitions of property, plant and equipment and intangible assets (or capex), which totalled €109.4 million at 30 June 2021 versus €91.5 million at 30 June 2020.

2.4.3. NET CASH FLOWS FROM FINANCING ACTIVITIES

The following table shows the cash flows from the Group's financing activities for the six-month periods ended 30 June 2021 and 30 June 2020:

(in € million)	30 June 2021	30 June 2020	Change
Capital increase (decrease)	15.7	20.1	(4.4)
Dividends paid	—	—	—
(Increase) decrease in treasury stock	**(109.2)**	**—**	**(109.2)**
Transactions with shareholders	(93.5)	20.1	(113.6)
Capital increases of subsidiaries subscribed by third parties	—	—	—
Dividends paid to non-controlling interests by consolidated companies	**(1.2)**	**(0.6)**	**(0.6)**
Transactions with non-controlling interests	(1.2)	(0.6)	(0.6)
Increase (decrease) in bank overdrafts and other short-term borrowings	14.3	(129.9)	144.2
Increase in long-term debt	501.9	201.2	300.7
Decrease in long-term debt	(515.6)	(13.1)	(502.5)
Financial interest paid	(21.1)	(13.4)	(7.7)
Change in gross debt	**(20.5)**	**44.8**	**(65.3)**
Net cash flows from financing activities	**(115.2)**	**64.3**	**(179.5)**

Net cash flows from the Group's financing activities amounted to -€115.2 million for the six-month period ended 30 June 2021 compared to €64.3 million for the six-month period ended 30 June 2020.

The main cash flows generated during the six-month period ended 30 June 2021 resulted from:

- transactions with shareholders amounting to -€93.5 million, including the capital increase reserved for employees, to which €15.7 million was subscribed, and the share buyback, which totalled -€109.2 million.
- the -€20.5 million change in gross debt, including (i) the repayment of €500 million of Term Loan A, (ii) the issue of sustainability-linked bonds of the same amount, and (iii) interest payments of €21.1 million (see Note 16 "Borrowings and financial liabilities" of the condensed interim consolidated financial statements for the period ended 30 June 2021).

2.5 CHANGE IN AND COST OF DEBT

The Group's gross financial debt at 30 June 2021 totalled €1,763.4 million versus €1,754.8 million at 31 December 2020. Net financial debt decreased from €1,278.6 million at 31 December 2020 to €1,266.2 million at 30 June 2021

On 30 June 2021, the Group's variable-rate financial debt portfolio after taking account of derivative instruments totalled €44.1 million (€272.6 million at 31 December 2020).

The cost of net financial debt during the six-month period ended 30 June 2021 came to €17.5 million (versus €23.2 million at 30 June 2020).

The Group's net debt/adjusted EBITDA ratio stood at 1.9x, which is lower than the 2.0x registered on 31 December 2020. The Group made sure to pursue its balance sheet optimisation policy in the first half of 2021, so this leverage ratio remains well below the maximum threshold of 5.0x adjusted EBITDA authorised in Verallia's financing documentation.

2.6 FLUCTUATIONS IN EXCHANGE RATES

The Group has a global presence while maintaining a local industrial footprint ("Glocal" model), which means that its earnings are affected by exchange rate variations.

The impact of exchange rate variations on the Group's results mainly consists of a translation effect. Although the majority of the Group's consolidated revenue is denominated in euros, a significant share of its assets, liabilities, revenue and expenses is denominated in other currencies, primarily the Brazilian real, the Argentine peso, the Russian rouble and the Ukrainian hryvnia. As such, the Group's euro-denominated financial statements require the translation of these assets, liabilities, revenue and expenses into euros, at applicable exchange rates. The Group's exposure to the translation effect is not hedged.

In Argentina, following the sharp increase in the cumulative inflation rate over several years, the economy was considered as being in hyperinflation, such that the Group has been obliged to apply the IAS 29 Hyperinflation accounting rule to its Argentine activities since 1 January 2018. Application of this standard requires the remeasurement of non-monetary assets and liabilities, equity and the statement of income to reflect changes in purchasing power in the local currency. These remeasurements may lead to a gain or loss on the net monetary position included in the financial result.

For the six-month period ended 30 June 2021, the net impact of hyperinflation in Argentina on revenue was €2.1 million compared with -€2.5 million for the six-month period ended 30 June 2020. The impact of hyperinflation is excluded from consolidated adjusted EBITDA.

2.7 CAPITAL EXPENDITURE

The Group exercises its activities in a highly capital-intensive industry that requires constant investments to maintain and/or increase production capacity, modernise the Group's assets and technology, and comply with regulations. To this end, the Group implements a disciplined capex policy primarily aimed at guaranteeing that its furnaces are operational and as efficient as possible (especially in terms of energy consumption) and at ensuring that the scaling of its production facilities is permanently adjusted to changes in supply and demand and available capacity on the market.

Total capex (recurring and strategic) for the six-month periods ended 30 June 2021 and 2020 amounted to respectively €109.4 million (of which €98.2 million of recurring capex and €11.2 million of strategic capex) and €91.5 million (of which €64.4 million of recurring capex and €27.1 million of strategic capex). In the first half of 2021, capex mainly consisted of furnace renovations in Europe. In the first half of 2020, capex mostly consisted of new furnaces installed in Italy (Villa Poma) and

Spain (Azuqueca), which started up in the first quarter of 2021. In 2020, the majority of furnace renovations took place in the second half of the year, whereas in 2021 they took place in the first half.

Recurring capex will be kept at around 8 % of annual consolidated revenue. Strategic capex will consist mainly of the new furnace in Brazil (Jacutinga) and investments geared towards reducing CO_2 emissions.

2.8 ACQUISITIONS, DISPOSALS AND CHANGES IN SCOPE

There were no significant changes in the scope of consolidation during the first half of 2021.

2.9 RELATED PARTY TRANSACTIONS

The Group did not enter into any related party transactions other than those described in Note 22 of the consolidated financial statements included in its 2020 Universal Registration Document and in Note 20 of the condensed interim consolidated financial statements included in this report.

2.10 FORESEEABLE DEVELOPMENT OF THE GROUP

Provided there is not a fourth Covid lockdown, the strong business performance in the first half of 2021 means that Verallia volumes in 2021 will return to 2019 level and sales should reach around €2.6 billion.

Verallia also expects 2021 adjusted EBITDA to increase significantly on the previous year. The adjusted EBITDA should be higher than initially expected at around €675 million (compared with €650 million forecast in February 2021).

2.11 MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties that the Group may face over the remaining six months of the year are identical to those presented in Chapter 3 “Main risks” of the 2020 Universal Registration Document.

3. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € million)	Note	30 June 2021	31 December 2020
ASSETS			
Goodwill	9	533.9	529.7
Other intangible assets	10	402.4	430.9
Property, plant and equipment	11	1,321.7	1,288.5
Investments in associates		3.2	2.0
Deferred tax		38.0	27.1
Other non-current assets		32.7	30.8
Non-current assets		**2,331.9**	**2,309.0**
Inventories	13.1	358.4	386.9
Trade receivables and other current assets	13.2	292.0	158.7
Current tax receivables	13	0.8	5.0
Cash and cash equivalents	14	497.2	476.2
Current assets		**1,148.4**	**1,026.8**
Total Assets		**3,480.3**	**3,335.8**
EQUITY & LIABILITIES			
Share capital	15.1	413.3	416.7
Consolidated reserves	15	137.8	121.6
Equity attributable to shareholders		**551.1**	**538.3**
Non controlling interests		44.3	39.5
Equity		**595.4**	**577.8**
Non-current financial liabilities and derivatives	16	1,566.3	1,569.1
Provisions for pensions and other employee benefits	18	127.1	134.0
Deferred tax		163.7	146.0
Provisions and other non-current financial liabilities	17	21.8	24.1
Non-current liabilities		**1,878.9**	**1,873.2**
Current financial liabilities and derivatives	16	197.1	185.7
Current portion of provisions and other non-current financial liabilities	17	33.7	59.8
Trade payables	13.3	398.1	367.5
Current tax liabilities	13	36.2	21.8
Other current liabilities	13.3	340.9	250.0
Current liabilities		**1,006.0**	**884.8**
Total Equity and Liabilities		**3,480.3**	**3,335.8**

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(in € million)	Note	30 June 2021	30 June 2020
Revenue	**5.1**	**1,327.7**	**1,274.6**
Cost of sales	5.2	(1,006.0)	(1,002.9)
Selling, general and administrative expenses	5.2	(86.9)	(80.1)
Acquisition-related items	6.1	(29.9)	(30.4)
Other operating income and expenses	6.2	2.2	(27.1)
Operating profit		**207.1**	**134.1**
Net financial income (expense)	**7**	**(32.3)**	**(19.5)**
Profit (loss) before tax		**174.8**	**114.6**
Income tax	8	(43.5)	(35.3)
Share of net profit (loss) of associates		1.2	—
Net profit (loss) for the year		**132.5**	**79.3**
Attributable to shareholders of the Company		***130.9***	***76.0***
Attributable to non-controlling interests		*1.6*	*3.3*
Basic earnings per share (in €)	**15.3**	**1.07**	**0,64**
Diluted earnings per share (in €)	**15.3**	**1.07**	**0,64**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € million)	30 June 2021	30 June 2020
Net profit (loss) for the period	**132.5**	**79.3**
Items that may be reclassified to profit or loss		
Translation differences	16.1	(83.9)
Changes in fair value of cash flow hedges	80.6	(6.1)
Deferred tax on items that may subsequently be reclassified to profit or loss	(21.6)	1.5
Total	**75.2**	**(88.5)**
Items that will not be reclassified to profit or loss		
Remeasurement of the defined benefit liability (asset)	6.7	2.9
Deferred tax on items that will not be reclassified to profit or loss	(1.8)	(0.6)
Total	**4.9**	**2.3**
Other comprehensive income (loss)	**80.1**	**(86.2)**
Total comprehensive income (loss) for the period	**212.6**	**(6.9)**
Attributable to shareholders of the Company	*212.2*	*(7.0)*
Attributable to non-controlling interests	*0.4*	*0.1*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in € million)	Note	30 June 2021	30 June 2020
Net profit (loss) for the period		**132.5**	**79.3**
Share of net profit (loss) of associates, net of dividends received		(1.2)	—
Depreciation, amortisation and impairment of assets		136.2	139.6
Gains and losses on disposals of assets	6.2	1.1	2.2
Interest expense on financial liabilities		17.1	18.6
Unrealised gains and losses on changes		2.1	0.2
Gain/loss on net monetary position (IAS 29, Hyperinflation)		5.8	2.0
Unrealised gains and losses on changes in the fair value of derivatives		4.1	(0.8)
Change in inventories		29.9	4.9
Change in trade receivables, trade payables and other receivables and payables		(17.3)	(23.4)
Current tax expense		61.5	40.0
Taxes paid		(36.9)	(16.5)
Changes in deferred taxes and provisions		(48.8)	13.8
Net cash flows from operating activities		**286.1**	**259.8**
Acquisition of property, plant and equipment and intangible assets	10 & 11	(109.4)	(91.5)
Increase (decrease) in debt on fixed assets	13	(38.7)	(50.4)
Acquisitions of subsidiaries, net of cash acquired		—	1.0
Capital expenditure		**(148.1)**	**(140.9)**
Disposals of property, plant and equipment, intangible assets included related		(0.7)	(0.5)
Disposals		**(0.7)**	**(0.5)**
Increase in loans, deposits and short-term borrowings		(1.4)	(1.6)
Reduction in loans, deposits and short-term borrowings		0.4	0.7
Changes in loans and deposits		**(1.0)**	**(0.9)**
Net cash flows from (used in) investing activities		**(149.8)**	**(142.3)**
Capital increase (reduction)		15.7	20.1
Dividends paid		—	—
(Increase) decrease in treasury stock		(109.2)	—
Transactions with shareholders of the parent company		**(93.5)**	**20.1**
Capital increases of subsidiaries subscribed by third parties		—	—
Dividends paid to non-controlling interests by consolidated companies		(1.2)	(0.6)
Transactions with non-controlling interests		**(1.2)**	**(0.6)**
Increase (reduction) in bank overdrafts and other short-term borrowings	16	14.3	(129.9)
Increase in long-term debt	16	501.9	201.2
Reduction in long-term debt	16	(515.6)	(13.1)
Financial interest paid		(21.1)	(13.4)
Change in gross debt		**(20.5)**	**44.8**
Net cash flows from (used in) financing activities		**(115.2)**	**64.3**
Increase (reduction) in cash and cash equivalents		**21.1**	**181.8**
Impact of changes in foreign exchange rates on cash and cash equivalents		(0.1)	(12.9)
Impact of changes in fair value on cash and cash equivalents		—	—
Opening cash and cash equivalents		**476.2**	**219.2**
Closing cash and cash equivalents		**497.2**	**388.2**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € million)	Number of shares	Share capital	Share premium	Treasury shares	Translation reserve	Hedging reserve	Other reserves and retained earnings	Equity attributable to shareholders	Non-controlling interests	Total equity
As of 31 December 2019	**118,393,942**	**400.2**	**78.4**	**—**	**(27.6)**	**(42.4)**	**(22.4)**	**386.2**	**33.4**	**419.6**
Other comprehensive income		—	—	—	(104.8)	38.7	(12.9)	(79.0)	(8.2)	(87.2)
Net profit (loss) for the year		—	—	—	—	—	202.1	202.1	7.5	209.6
Total comprehensive income for the year		—	—	—	*(104.8)*	*38.7*	*189.2*	*123.1*	*(0.7)*	*122.4*
Capital increase for the Group Savings Plan _ Verallia SA	1,064,999	3.6	16.5	—	—	—	—	20.1	—	20.1
Capital increase for receiving dividends in the form of new shares _ Verallia SA	3,813,878	12.9	73.3	—	—	—	1.3	87.5	—	87.5
Dividends / distribution of share premium		—	—	—	—	—	(100.6)	(100.6)	(1.4)	(102.0)
Cancellation of Treasury shares		—	—	—	—	—	—	—	—	—
Share-based compensation		—	—	—	—	—	5.1	5.1	0.1	5.2
IAS 29 Hyperinflation		—	—	—	—	—	6.9	6.9	4.6	11.5
Change in non-controlling interests		—	—	—	—	0.1	10.3	10.4	3.6	14.0
Other		—	—	—	(16.6)	—	16.2	(0.4)	(0.1)	(0.5)
As of 31 December 2020	**123,272,819**	**416.7**	**168.2**	**—**	**(149.0)**	**(3.6)**	**106.0**	**538.3**	**39.5**	**577.8**
Other comprehensive income		—	—	—	17.7	80.2	(16.6)	81.3	(1.2)	80.1
Net profit (loss) for the year		—	—	—	—	—	130.9	130.9	1.6	132.5
Total comprehensive income for the year		—	—	—	*17.7*	*80.2*	*114.3*	*212.2*	*0.4*	*212.6*
Capital increase for the Group Savings Plan _ Verallia SA	616,364	2.0	13.7	—	—	—	—	15.7	—	15.7
Distribution of Dividends		—	—	—	—	—	(117.1)	(117.1)	(0.7)	(117.8)
Purchase of shares		—	—	(109.2)	—	—	—	(109.2)	—	(109.2)
Cancellation of shares	(1,600,000)	(5.4)	(43.4)	48.8	—	—	—	—	—	—
Share-based compensation		—	—	—	—	—	3.9	3.9	0.1	4.0
IAS 29 Hyperinflation		—	—	—	—	—	7.4	7.4	5.0	12.4
Change in non-controlling interests		—	—	—	—	—	—	—	—	—
Other		—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
As of 30 June 2021	**122,289,183**	**413.3**	**138.5**	**(60.4)**	**(131.3)**	**76.6**	**114.4**	**551.1**	**44.3**	**595.4**

NOTE 1 – INFORMATION ON THE GROUP

1.1 INCORPORATION AND CREATION

1.1.1 CORPORATE NAME

At 30 June 2021, the Company's corporate name is "Verallia" and has been so since 20 June 2019.

1.1.2 PLACE OF REGISTRATION AND REGISTRATION NUMBER

The Company is registered in the Nanterre Trade and Companies Register under number 812 163 913.
LEI : 5299007YZU978DE0ZY32

1.1.3 DATE OF INCORPORATION AND LENGTH OF LIFE OF THE COMPANY

The Company is incorporated for a period of 99 years starting from its registration on 23 June 2015, unless it is dissolved early or extended on the joint decision of its shareholders in accordance with the law and articles of association.

The financial year begins on 1 January and ends on 31 December of each year.

1.1.4 REGISTERED OFFICE, LEGAL FORM AND APPLICABLE LEGAL REGIME

The Company's registered office is located at 31 Place des Corolles, Tour Carpe Diem, Esplanade Nord, 92400 Courbevoie, France.

At 30 June 2021, the Company is a *société anonyme* (limited company) governed by French law.

1.2 HIGHLIGHTS

The main highlight of the first half of 2021 was the issue on 14 May 2021 of a sustainability-linked bond for a total principal amount of €500 million with a 7-year maturity (14 May 2028) and paying an annual coupon of 1.625%. Verallia Packaging, a subsidiary of the Company and active holding company for the Group, stood as joint and several guarantor. The bonds issued were admitted for trading on the regulated Euronext Paris market (**Note 16.2**).

Furthermore, during the course of Apollo's disposal of some of its interest in Verallia[1]:

- on 5 March 2021, Apollo sold some of its interest in Verallia via an accelerated private placement and Verallia took this opportunity to buy back 2.1 million of its own shares at a unit price of €28.75. Settlement-delivery of the shares took place on 9 March 2021. This €60.4 million transaction was financed from the Group's liquidity; and

- on 9 June 2021, Apollo sold some of its interest in Verallia via an accelerated private placement and Verallia took this opportunity to buy back 1.6 million of its own shares at a unit price of €30.5. Settlement-delivery of the shares took place on 11 June 2021. This €48.8 million transaction was financed from the Group's liquidity.

On 24 June 2021, Verallia issued 616,364 new ordinary shares, corresponding to 0.5% of its share capital and voting rights, as part of a capital increase reserved for employees. In order to offset the dilutive impact of this transaction, Verallia simultaneously carried out a capital reduction by cancelling 1.6 million treasury shares which it had acquired as part of its share buyback programme.

[1] *Through Horizon Investment Holdings S.A.R.L., a company owned by Horizon Parent Holdings S.A.R.L., which is itself owned by AIF VIII Euro Leverage, L.P., an investment fund managed by an affiliate of Apollo Global Management, Inc.*

1.3 ACTIVITIES

With industrial operations in 11 countries, Verallia is the world's third-largest producer of glass packaging for beverages and food products. In 2020, the Group produced approximately 16 billion bottles and jars.The Group boasts a sound position in Western and Eastern Europe, as well as in Latin America. Its main subsidiaries are located in the following countries: France, Italy, Germany, Spain, Portugal, Argentina and Brazil. Verallia employs approximately 10,000 employees worldwide, and operates 32 glass factories.

The Group's revenue is affected by the seasonal nature of the products sold to its customers. For example, demand for glass packaging is typically higher in the first six months of the year, particularly in Europe. This is because customers in this region generally place their orders during this period:

- in preparation for the increase in demand for their products, such as beer, observed during the summer.
- to sustain their production cycle, as champagne is bottled between March and July.

NOTE 2 - BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 DECLARATION OF COMPLIANCE AND APPLICABLE FRAMEWORK

The Verallia Group's condensed consolidated financial statements for the six-month period ended 30 June 2021 were prepared in accordance with the IAS 34 standard applicable to interim financial reporting and on the basis of the IFRS standards and interpretations published by the International Accounting Standards Board (IASB) as adopted in the European Union and in force since 1 January 2021.

They do not include all the information required for a full set of financial statements under IFRS. However, they do include a selection of notes describing significant events and transactions relevant to understanding any changes in the Group's financial position and performance since the last annual financial statements.

They are inseparable from the information presented in the consolidated financial statements provided in the Group's 2020 universal registration document.

These interim financial statements were approved by the Board of Directors on 28 July 2021.

The condensed consolidated financial statements are presented in millions of euros, with amounts rounded up or down to the nearest million. So rounding differences may appear between different financial statements.

The Group applied the following standards, amendments and interpretations starting from 1 January 2021:

Amendments to IAS 39, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform - Phase 2	1 January 2021

These new texts had no material impact on the financial statements.

Application of the Phase 1 amendments to IFRS 9/IAS 39 relating to the interest rate benchmark reform, published in September 2019 and adopted by the European Union on 15 January 2020, will not compromise interest rate hedging relations despite the reform.

The Group's interest rate hedging relations subject to the interest rate benchmark reform are its cash flow hedges.

Its hedged financing and hedging instruments are indexed to the Euribor and are thus not subject to a change of index.

The Group therefore does not expect application of Phase 2 of the interest rate benchmark reform to have any material impact on its financial instruments.

The contractual changes required will go ahead in the second half of 2021.

The Group is currently analysing the possible impacts of the final decision of the IFRS IC concerning the allocation of post-employment benefits to the periods of service (IAS 19).

The Group did not apply the following new standards, amendments and interpretations, which were not yet in force:

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS PUBLISHED BUT NOT YET EFFECTIVE OR EARLY ADOPTED BY THE GROUP	
Amendments to IAS 1: Classification of liabilities as current or non-current	1 January 2022
Annual improvemets _ Cycle 2018 - 2020	1 January 2022
Amendments to IAS 12 - Removal of the exemption from initial recognition of deferred taxes arising from lease assets/liabilities	1 January 2023

2.2 ESTIMATES AND JUDGEMENTS

While preparing these interim financial statements, Management exercised its judgement and made estimates and assumptions affecting the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual values may differ from estimated amounts.

The key judgements made by Management in applying the Group's accounting policies and the main sources of estimation uncertainty are identical to those described in the last annual financial statements.

Notwithstanding the Covid-19 pandemic, the Group managed to maintain business continuity during the first half of 2021 and its estimates and judgements therefore remain valid.

The main estimates and judgements made by Management in preparing these consolidated financial statements are as follows:

Management's main judgements and estimates	Note
Assessment of the recoverable value of goodwill and fixed assets	9 & 12
Recoverability of deferred tax assets	8
Measurement of provisions and other financial liabilities	17
Measurement of defined benefit obligations and plan assets	18.1

2.3 TRANSACTIONS IN FOREIGN CURRENCIES

The methods for translating foreign currency items are described in the last annual financial statements.

The following table summarises the main exchange rates applied in preparing the Group's interim financial statements:

	As of 30 June 2021		As of 31 December 2020		As of 30 June 2020	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Brazilian real (EUR/BRL)	5.88	6.49	6.35	5.88	6.12	5.40
Argentine peso (EUR/ARS)*	113.85	109.93	103.40	80.73	79.09	71.03
Russian rouble (EUR/RUB)	86.20	89.57	91.57	82.54	78.80	76.60
Ukrainian hryvnia (EUR/UAH)	32.30	33.49	34.74	30.78	29.95	28.58

* *In accordance with IAS 29, all financial information is translated at the closing rate for subsidiaries located in a country considered to be "hyperinflationary" (applicable to Argentina since 2018).*

NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

3.1 CHANGES IN SCOPE DURING THE FIRST HALF OF 2021

There were no significant changes in the scope of consolidation during the first half of 2021.

3.2 CHANGES IN SCOPE DURING THE FIRST HALF OF 2020

There were no significant changes in the scope of consolidation during the first half of 2020.

NOTE 4 – SEGMENT INFORMATION

In accordance with IFRS 8 *Operating Segments*, segment reporting must reflect the operating segments for which results are regularly reviewed by the chief operating decision-maker (CODM") in order to make decisions about resources to be allocated to the segments and to assess their performance.

4.1 BASIS FOR SEGMENTATION

In accordance with the provisions of IFRS 8 Operating Segments, the Group has identified the following 3 operating segments corresponding to the geographical areas in which the assets are located:

- **Southern and Western Europe,** comprising production plants located in France, Italy, Spain and Portugal. Verallia's operations in this region are focused mainly on bottles of still and semi-sparkling wines and spirits containers, market segments characterised by export-driven growth.
- **Northern and Eastern Europe,** comprising sites located in Germany, Russia, Poland and Ukraine. The Group's activities in Northern and Eastern Europe are focused mainly on beer bottles, particularly in Germany, as well as food jars and bottles, largely for local markets.
- **Latin America,** comprising sites located in Brazil, Argentina and Chile. The Group's Latin American activities are focused mainly on bottles for still wines, a market segment dominated by exports, as well as beer bottles, particularly in Brazil.

The above operating segments correspond to the reporting segments in the absence of business combination by the Group.

This sector breakdown reflects the Group's management organisation set up at the time of the initial public offering and its internal reporting system as submitted to the Board of Directors, Verallia's chief operating decision-maker ("CODM"). The implementation of this monitoring system makes it possible to assess the performance of the operating segments, based on adjusted EBITDA, and to decide on the allocation of resources, particularly investments.

4.2 KEY PERFORMANCE INDICATORS

The Group uses the following aggregates to assess the performance of the operating segments presented:

- revenue, corresponding to the revenue presented in the consolidated financial statements.
- capital expenditure, corresponding to the Group's acquisitions of property, plant and equipment and intangible assets.
- adjusted EBITDA, an indicator for monitoring the underlying performance of businesses adjusted for certain non-recurring expenses and/or income liable to distort the company's performance.

Adjusted EBITDA is calculated based on operating profit adjusted for depreciation, amortisation and impairment, restructuring costs, acquisition and M&A costs, hyperinflationary effects, management share ownership plans, subsidiary disposal-related effects and contingencies, plant closure costs and other items.

As it is an aggregate not directly presented in the consolidated statement of income, a reconciliation with the consolidated financial statements prepared under IFRS is presented in accordance with the provisions set out of IFRS 8:

(in € million)	Note	30 June 2021	30 June 2020
Net profit (loss) for the year		**132.5**	**79.3**
Net financial income		32.3	19.5
Income tax		43.5	35.3
Share of net result of associates		(1.2)	—
Operating profit		**207.1**	**134.1**
Depreciation, amortisation and impairment	A	136.2	139.6
Restructuring costs	B	(2.7)	19.1
IAS 29, Hyperinflation (Argentina)		(0.7)	0.7
Management share ownership plan and associated costs	C	4.4	1.8
Other	D	0.4	3.4
Adjusted EBITDA		**344.7**	**298.7**

A. Includes amortisation and depreciation of intangible assets and property, plant and equipment (**Note 5.2**), amortisation of intangible assets acquired through business combinations (**Note 6.1**) and depreciation of property, plant and equipment including depreciation charges relating to the transformation plan carried out in France in 2020 (**Note 6.2**).

B. In 2020, corresponds mainly to the transformation plan carried out in France, including the costs of shutting down a furnace and redundancy aid measures (**Note 6.2**). In 2021, the amount corresponds to the re-estimation of these costs.

C. Corresponds to share-based compensation plans and associated costs (**Notes 5.2**).

D. In 2020, corresponds primarily to donations and purchases of personal protection equipment made by the Group during the Covid-19 crisis.

Note that the Group does not monitor any segment liability indicators as financial debt is managed centrally and not at the level of the three reporting segments.

4.3 SEGMENT INFORMATION

(in € million)	Note	30 June 2021 Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group total
Revenue from activities with external customers	5.1	257.9	927.9	141.9	—	1,327.7
Inter-segment revenue		8.6	1.0	0.1	(9.7)	—
Total segment revenue		**266.5**	**928.9**	**142.0**	**(9.7)**	**1,327.7**
Adjusted EBITDA	**4.2**	**58.3**	**231.8**	**54.6**	**—**	**344.7**
o/w impact of IFRS 16		1.0	7.7	0.6	—	9.3
Capital expenditure*		**25.6**	**75.3**	**8.5**	**—**	**109.4**

*Excluding rights of use under IFRS 16

(in € million)	Note	30 June 2020 Northern and Eastern Europe	Southern and Western Europe	Latin America	Eliminations	Group total
Revenue from activities with external customers	5.1	283.3	880.3	111.0	—	1,274.6
Inter-segment revenue		4.5	0.8	0.3	(5.6)	—
Total segment revenue		**287.8**	**881.1**	**111.3**	**(5.6)**	**1,274.6**
Adjusted EBITDA	**4.2**	**68.9**	**195.8**	**33.9**	**—**	**298.7**
o/w impact of IFRS 16		1.1	8.4	0.7	—	10.3
Capital expenditure*		**21.2**	**61.4**	**8.9**	**—**	**91.5**

*Excluding rights of use under IFRS 16

4.4 BREAKDOWN OF REVENUE BY "END MARKET"

In accordance with IFRS 8.32, the Group presents below a breakdown of revenue according to expected uses of glass packaging (notion of "end market" as defined internally):

(in € million)	30 June 2021	30 June 2020
Still wines	479.6	441.7
Sparkling wines	161.8	153.9
Spirits	142.6	120.4
Beers	170.1	158.8
Food	198.0	230.5
Soft drinks	137.5	141.9
Others	38.1	27.5
Revenue	**1,327.7**	**1,274.6**

4.5 ENTITY-LEVEL INFORMATION

In accordance with IFRS 8.33, revenue generated in France and internationally is presented in **note 5.1**.

In addition, the geographical breakdown of non-current assets other than goodwill, customer relationships and fair value adjustments to property, plant and equipment, as well as financial instruments, deferred tax assets and post-employment benefit assets, is presented below.

(in € million)	30 June 2021	31 December 2020
France	296.8	285.9
Italy	340.7	336.1
Spain	208.8	220.8
Germany	189.1	191.9
Other countries	283.9	251.9
Total	**1,319.3**	**1,286.6**

4.6 INFORMATION ABOUT THE MAIN CUSTOMERS

None of the Group's customers individually accounted for more than 10% of revenue in the first half of 2021 or the first half of 2020.

NOTE 5 – OPERATING INCOME AND EXPENSES

5.1 REVENUE BY COUNTRY OF ORIGIN

(in € million)	30 June 2021	30 June 2020
France	397.9	395.0
Italy	266.4	248.7
Spain	209.7	192.3
Germany	198.8	209.4
Other countries	254.9	229.2
Total revenue	**1,327.7**	**1,274.6**

The country of origin is the location of the entity invoicing the sales.

5.2 EXPENSES BY FUNCTION AND BY NATURE

The breakdown of cost of sales and selling, general and administrative expenses by type of expense is as follows:

(in € million)	Notes	30 June 2021	30 June 2020
Raw materials, energy, transport and other production costs		(721.1)	(709.9)
Personnel expenses	**A**	(265.4)	(265.5)
Depreciation and amortisation	**B**	(106.4)	(107.6)
Total cost of sales and selling, general and administrative expenses	**C**	**(1,092.9)**	**(1,083.0)**

A. Personnel expenses include:

- €1.6 million at 30 June 2021 and €1.8 million at 30 June 2020 in respect of costs relating to post-employment benefits (**Notes 18.1 and 18.2**).
- €4.4 million at 30 June 2021 and €1.8 million at 30 June 2020 in respect of costs relating to share-based compensation plans.

B. Includes amortisation of intangible assets and property, plant and equipment (**Notes 10 and 11**), with the exception of customer relationships which are recognised in "Acquisition-related items".

C. Includes research and development expenses of €1.7 million at 30 June 2021 and €1.8 million at 30 June 2020.

NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

6.1 ACQUISITION-RELATED ITEMS

Items relating to acquisitions break down as follows and are included in "Selling, general and administrative expenses":

(in € million)	Note	30 June 2021	30 June 2020
Amortisation of intangible assets acquired through business combinations	A	(29.9)	(30.4)
Acquisition-related items		**(29.9)**	**(30.4)**

A. Represents the amortisation of customer relationships (original gross amount of €740 million) over a 12-year useful life.

6.2 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses break down as follows:

(in € million)	Note	30 June 2021	30 June 2020
Gains on disposals of assets		0.3	—
Reversals of asset impairment		—	—
Other income		**0.3**	—
Restructuring costs	A	2.7	(19.1)
Losses on disposals of assets and scrapped assets		(1.4)	(2.3)
Impairment of assets		(0.3)	(1.7)
Others	B	0.9	(4.0)
Other expenses		**1.9**	**(27.1)**
Other expenses – net		**2.2**	**(27.1)**

A. At 30 June 2020, restructuring costs mainly related to the transformation plan in France (**Note 4.2**). The impact of 30 June 2021 corresponds to the re-estimation of these costs.

B. In the first half of 2020, this item consisted mainly of donations and purchases of industrial protective equipment during the Covid-19 public health crisis.

NOTE 7 – FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of the following:

(in € million)	Note	30 June 2021	30 June 2020
Interest expense excluding lease liabilities	A	(19.0)	(21.5)
Interest expense related to lease liabilities		(0.8)	(0.9)
Amortisation of debt issuance costs, and other *		(5.4)	(5.4)
Financial income from cash and cash equivalents and other		7.8	4.6
Cost of net debt		**(17.5)**	**(23.2)**
Refinancing costs	**B**	(4.1)	0.0
Foreign exchange gains and losses	**C**	(3.2)	6.5
Net interest expense related to pension plans and other benefits	**18.1**	(0.5)	(0.3)
Profit (loss) on net monetary position in Argentina (IAS 29)	**2.3**	(7.0)	(2.5)
Net financial income (expense)		**(32.3)**	**(19.5)**

* *Other: mainly corresponding to the amortisation of funding costs and debt issuance premiums, as well as factoring fees and other bank charges.*

A. Corresponds to interest expenses on borrowings described in **Note 16**.

B. Corresponds to the accelerated amortization of the Term Loan A upfront fees and to the early unwinding of related interest rate swaps, following the partial reimbursement of €500 million of the Term Loan A (described in **Note 16**).

C. The change mainly corresponds to local-currency foreign exchange impacts on the Brazilian, Russian and Ukrainian subsidiaries, and the effects of variations in foreign exchange derivatives.

NOTE 8 – INCOME TAXES

The effective tax rate in the first half of the year results from the application to profit before tax at 30 June of the estimated effective tax rate for the full year.

The income tax expense at 30 June 2021 was €43.5 million (implying an effective interim tax rate of 24.9%) compared to €35.3 million at 30 June 2020 (implying an effective interim tax rate of 30.8%).

The decrease in the effective tax rate in 2021 is mainly due to the inclusion of the tax effects of the statutory revaluation carried out on certain assets in Italy.

NOTE 9 – GOODWILL

The change in the net value of goodwill is as follows:

(in € million)	Northern and Eastern Europe	Southern and Western Europe	Latin America	Total
As of 31 December 2020				
Gross amount	99.8	378.5	51.4	529.7
Net amount	**99.8**	**378.5**	**51.4**	**529.7**
Changes during the year				
Translation differences	—	—	4.2	4.2
Total changes	**—**	**—**	**4.2**	**4.2**
As of 30 June 2021				
Gross amount	99.8	378.5	55.6	533.9
Net amount	**99.8**	**378.5**	**55.6**	**533.9**

NOTE 10 – OTHER INTANGIBLE ASSETS

Other intangible assets break down as follows:

(in € million)	Customer relationships	Software	Other	Total
As of 31 December 2020				
Gross amount	727.8	29.6	12.3	769.7
Cumulative amortisation and impairment	(318.5)	(18.4)	(1.9)	(338.8)
Net amount	**409.3**	**11.2**	**10.4**	**430.9**
Changes during the year				
Changes in scope and transfers	—	0.7	(0.6)	0.1
Acquisitions	—	0.3	1.6	1.9
Disposals	—	—	—	—
Translation differences	1.8	—	—	1.8
Amortisation and impairment	(29.9)	(2.1)	(0.3)	(32.3)
Total changes	**(28.1)**	**(1.1)**	**0.7**	**(28.5)**
As of 30 June 2021				
Gross amount	729.6	30.6	13.3	773.5
Cumulative amortisation and impairment	(348.4)	(20.5)	(2.2)	(371.1)
Net amount	**381.2**	**10.1**	**11.1**	**402.4**

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

(in € millions)	Note	30 June 2021	31 December 2020
Assets owned	A	1,269.4	1,242.9
Assets leased	B	52.3	45.6
Property, plant and equipment		**1,321.7**	**1,288.5**

A. The property, plant and equipment owned by the Group break down as follows:

(in € million)	Land	Buildings	Machinery and equipment	Assets in progress	Total
As of 31 December 2020					
Gross amount	64.1	249.3	1,779.7	199.8	2,292.9
Cumulative depreciation and impairment	(0.8)	(86.1)	(961.1)	(2.0)	(1,050.0)
Net amount	**63.3**	**163.2**	**818.6**	**197.8**	**1,242.9**
Changes during the period					
Changes in scope and other	—	—	—	—	—
Acquisitions	—	0.2	20.9	86.6	107.7
IAS 29, Hyperinflation	0.3	2.6	3.1	1.0	7.0
Disposals	—	—	(0.6)	—	(0.6)
Translation differences	0.1	1.4	5.4	0.5	7.4
Depreciation and impairment	—	(7.7)	(87.6)	—	(95.3)
Transfers	(0.1)	19.2	159.7	(178.6)	0.2
Total changes	**0.3**	**15.7**	**100.9**	**(90.5)**	**26.4**
As of 30 June 2021					
Gross amount	64.5	272.2	1,968.2	109.3	2,414.2
Cumulative depreciation and impairment	(0.9)	(93.3)	(1,048.7)	(1.9)	(1,144.8)
Net amount	**63.6**	**178.9**	**919.5**	**107.4**	**1,269.4**

B. Rights of use break down as follows:

(in € millions)	Buildings	Machinery and equipment	Others	Total
Net carrying amount as of 31 December 2020	**33.8**	**11.8**	—	**45.6**
Additions during the period	15.3	5.7	—	21.0
Reductions during the period	(5.3)	(0.5)	—	(5.6)
Depreciation during the period	(5.0)	(3.6)	—	(8.7)
Net carrying amount as of 30 June 2021	**38.8**	**13.4**	—	**52.3**

NOTE 12 – IMPAIRMENT OF GOODWILL AND FIXED ASSETS

The carrying amounts of goodwill are tested for impairment at least once a year and whenever events or changes in circumstances indicate that they may be impaired. Other fixed assets are tested for impairment whenever events or changes in circumstances indicate that they may be impaired.

Fixed assets are tested at the level of the CGUs, corresponding generally to their respective countries.

Goodwill is tested at the level of CGU groups, corresponding to the operating segments, i.e. Southern and Western Europe, Northern and Eastern Europe, and Latin America.

Having observed no indication of impairment, as defined by the IAS 36 standard, the Group did not perform any impairment tests at 30 June 2021.

NOTE 13 – CHANGE IN NET WORKING CAPITAL

The change in net working capital at 30 June 2021 and 31 December 2020 is as follows:

(in € million)	Note	31 December 2020	Impact of cash flows	Foreign exchange and other	30 June 2021
Inventories	13.1	**386.9**	(29.9)	1.4	**358.4**
Operating receivables	13.2	**143.8**	62.0	2.8	**208.6**
Operating liabilities	13.3	**(512.3)**	(47.1)	(3.0)	**(562.4)**
Debts to suppliers of fixed assets		**(91.4)**	38.7	(0.1)	**(52.8)**
Operating working capital		**(73.0)**	**23.7**	**1.1**	**(48.2)**
Other receivables (non-operating) *	13.2	**14.9**	(0.5)	69.0	**83.4**
Other liabilities (non-operating)	13.3	**(13.8)**	(118.7)	8.7	**(123.8)**
Current tax assets and liabilities		**(16.8)**	(19.6)	1.0	**(35.4)**
Total working capital		**(88.7)**	**(115.1)**	**79.8**	**(124.0)**
Change in working capital		**(63.8)**			**(35.3)**

Reconciliation with the condensed consolidated statement of cash flows :	
Change in inventory	29.9
Change in trade receivables, trade payables and other receivables/payables	(17.3)
Current tax expense	61.5
Income taxes paid	(36.9)
Increase (decrease) in debt to suppliers of fixed assets	(38.7)
Total (excluding change in dividend to pay)	**(1.5)**
Change in dividend to pay	116.6
Total (including change in dividend to pay)	**115.1**

**Other receivables (non-operating): the column "foreign exchange and other" correspond mainly to the change in fair value of energy hedges.*

13.1 INVENTORIES

The change in net inventories is as follows:

(in € million)	30 June 2021			31 December 2020		
	Gross	**Depreciation**	**Net**	**Gross**	**Depreciation**	**Net**
Raw materials	138.1	(21.0)	117.1	130.3	(19.0)	111.3
Inventories of work in progress	2.2	(1.8)	0.4	2.2	(1.8)	0.4
Finished goods	249.4	(8.5)	240.9	285.7	(10.5)	275.2
Total inventories	**389.7**	**(31.3)**	**358.4**	**418.2**	**(31.3)**	**386.9**

13.2 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

(in € million)	30 June 2021	31 December 2020
Trade receivables and related accounts	**153.2**	**99.3**
Advances to suppliers	5.4	4.1
Prepaid social security contributions	1.0	0.2
Other taxes paid in advance and recoverable (other than income taxes)	33.6	30.7
Other operating receivables	15.5	9.4
Derivatives assets	79.9	11.2
Other non-trade receivables	3.4	3.8
Other current assets	**138.8**	**59.4**
Trade receivables and other current assets	**292.0**	**158.7**

The change in the impairment of trade receivables is as follows:

(in € million)	30 June 2021	31 December 2020
Opening balance	**10.3**	**7.4**
Additions	0.9	5.7
Reversals	(0.7)	(2.5)
Translation differences	—	(0.3)
Closing balance	**10.5**	**10.3**

The table below shows the ageing of trade receivables at 30 June 2021 and 31 December 2020:

(in € million)	30 June 2021	31 December 2020
Accounts receivable not yet due	**145.1**	**90.8**
Accounts receivable past due	**8.1**	**8.5**
Under 30 days	6.9	6.7
Between 30 and 90 days	0.3	0.5
Beyond 90 days	0.9	1.3
Total trade receivables (net amounts)	**153.2**	**99.3**

13.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities break down as follows:

(in € million)	30 June 2021	31 December 2020
Trade payables	**398.1**	**367.5**
Customer down payments	8.3	18.8
Debts on fixed assets	52.8	91.4
Grants received	4.9	5.3
Accrued personnel expenses	86.2	87.5
Tax liabilities (other than income tax)	36.4	11.7
Derivative liabilities	0.9	8.5
Other *	151.4	26.8
Other current liabilities	**340.9**	**250.0**
Total trade payables and other current liabilities	**739.0**	**617.5**

**at 30 June 2021 includes the amount of dividends to pay for €117.1 million as approved by the General Shareholders' Meeting of 15 June 2021. The dividend was paid on 5 July 2021 for an amount of €114.3 million, the difference correspond to the shares held by the Company.*

13.4 FACTORING

In September 2015, the Group arranged a pan-European factoring programme with Eurofactor for a maximum amount of €400 million (maturing in 2022) and covering the receivables of certain entities within its two European segments. The Group also has local lines in certain countries (primarily Brazil, Argentina and Russia) giving it access to additional financing of up to €50 million.

In accordance with IFRS 9, transferred receivables are derecognised when the factoring agreement transfers the contractual rights to the cash flows and substantially all the associated risks and rewards (transfers of non-recourse receivables) to the assignee.

(in € million)	30 June 2021	31 December 2020
Assignment of receivables without recourse	357.3	302.4
Assignment of receivables with recourse	11.0	13.9
Total receivables assigned	**368.3**	**316.3**

Note that the amount of transferred receivables at 30 June 2020 was €350.0 million.

Under factoring agreements, the risk of dilution is covered by establishing reserves and escrow accounts in an amount corresponding to approximately 3% of the receivables transferred in 2021 and 3% of the receivables transferred in 2020. The amount recorded in "Other non-current assets" was €12.6 million at 30 June 2021 and €11.2 million at 31 December 2020.

In addition, the Group subscribed to various reverse factoring programmes offered by some of its clients and amounting to €37.7 million at 30 June 2021 and €25.7 million at 31 December 2020.

NOTE 14 – CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

(in € million)	30 June 2021	31 December 2020
Cash	451.7	433.1
Cash equivalents	45.5	43.1
Total cash ans cash equivalents	**497.2**	**476.2**

At 30 June 2021, cash and cash equivalents consisted mainly of cash in bank accounts and short-term bank deposits in the amount of €497.2 million (€476.2 million at 31 December 2020).

The Group has access to a portion of the cash held by certain subsidiaries through the payment of dividends or through inter-company loans. However, local constraints may delay this access in certain foreign jurisdictions.

The Group's policy is to centralise the liquidity of its subsidiaries at Verallia Packaging where possible.

NOTE 15 – EQUITY

15.1 SHARE CAPITAL

On 24 June 2021, the Chairman and Chief Executive Officer:

- certified the completion of the capital increase reserved for employees and corporate officers of a total nominal amount of €2,083,310.32, via the issue of 616,364 new ordinary shares, combined with a share premium amounting to €13,646,298.96, and
- carried out a capital reduction by cancelling 1.6 million own shares which the Group had acquired on 11 June 2021 as part of its share buyback programme.

At 30 June 2021, the share capital amounted to €413,337,438.54 and consisted of 122,289,183 ordinary shares with a nominal value of €3.38 each (123,272,819 shares at 31 December 2020).

15.2 TRANSLATION RESERVE

The €17.7 million increase in the translation reserve in the first half of 2021 was primarily attributable to the appreciation of the Brazilian real, Russian rouble and Ukrainian hryvnia.

The €97 million decrease in the translation reserve in the first half of 2020 was primarily attributable to the depreciation of the Brazilian real and the reclassification of consolidated reserves in Argentina to translation reserves following the IFRIC's decision on the recognition of translation reserves under IAS 29.

15.3 EARNINGS PER SHARE

15.3.1 Basic earnings per share

Basic earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding:

	30 June 2021	30 June 2020
Group's share of net profit (loss) (in € million)	130.9	76.0
Number of shares	121,814,245	118,423,362
Basic earnings per share (in €)	**1.07**	**0.64**

15.3.2 Diluted earnings per share

Diluted earnings per share were calculated based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjusting for the effects of all potential dilutive ordinary shares:

	30 June 2021	30 June 2020
Group's share of net profit (loss) (in € million)	130.9	76.0
Diluted number of shares	121,989,280	118,455,403
Diluted earnings per share (in €)	**1.07**	**0.64**

The Group factored in the dilutive impact resulting from the performance share allocation plans.

NOTE 16 – BORROWINGS AND FINANCIAL LIABILITIES

16.1 NET FINANCIAL DEBT

Net financial debt includes all financial liabilities and derivatives on current and non-current financial liabilities, minus the amount of cash and cash equivalents.

The table below shows the change in net financial debt:

(in € million)	Note	30 June 2021	31 December 2020
Non-current financial liabilities and derivatives	16.2	1,566.3	1,569.1
Current financial liabilities and derivatives	16.2	197.1	185.7
Gross debt		**1,763.4**	**1,754.8**
Cash and cash equivalents	14	(497.2)	(476.2)
Net debt		**1,266.2**	**1,278.6**

16.2 CHANGE IN GROSS FINANCIAL DEBT

Sustainability-linked bond issuance

To diversify sources of funding and lengthen maturities, Verallia SA issued on 14 May 2021, a €500.0 million Sustainability-Linked Bond with a 7-year maturity (14 May 2028) and with an annual coupon of 1.625%. The Notes are guaranteed (cautionnement solidaire) by Verallia Packaging, wholly-owned subsidiary and lead holding of the Group. The Notes were admitted to trading on the regulated market of Euronext Paris.

A coupon step-up of 25 basis points, applicable from the next interest period following 31 December 2025 up to the maturity date, shall be triggered if both following Sustainable Performance Targets (SPTs) are not achieved and a coupon step-up of 12.5 basis points, also applicable from the next interest period following 31 December 2025 up to the maturity date, shall be triggered if only one of the following SPT is not achieved:

- Reduce Verallia's annual CO_2 emissions (scope 1 and 2) to 2,625kt CO_2 for the year 2025 (15% decrease vs 2019 baseline), and,
- Reach a 59% rate of external cullet usage by 2025 (+10 pts increase vs 2019 baseline).

The net proceeds of the Notes, i.e. €500.0 million, were used to prepay part of the existing Term Loan A.

Term Loan A

On 14 May 2021, the Group prepaid €500.0 million of the Term Loan A issued on 7 October 2019 with a €1,500.0 million nominal and with a maturity on 7 October 2024. At 30 June 2021, the residual nominal of the Term Loan A was €1,000.0 million.

No payment default had arisen or persisted under the Senior Facilities Agreement as at 30 June 2021.

Revolving credit facilities (RCF)

In April 2021, the Group did not prolong for six months the second revolving credit facility of €250.0 million made available to it in April 2020 (RCF2), with a one-year maturity, extendable by six months at the Group's option.

At 30 June 2021, the Group had a single revolving credit facility of €500.0 million, made available to it on 7 October 2019 (RCF1) and fully undrawn.

Negociable European Commercial Paper

At 31 December 2020, the Group had an outstanding amount of Neu CP of €146.4 million issued at an average interest rate of 0.26% per annum.

At 30 June 2021, the Group had an outstanding amount of Neu CP of €149.3 million issued at an average interest rate of 0.23% per annum.

At 30 June 2021

(in € million)	Notional or maximum amount	Currency	Contractual interest rate	Effective interest rate	Final maturity	Type of facility	Deferred expenses and bond premiums	Carrying amount as of 30 June 2021		Total as of 30 June 2021
								Non-current	Current	
Sustainability-Linked Bond	500.0	EUR	1.63%	1.72%	14/05/2028	Revolving	3.2	496.8	1.1	497.9
Revolving credit facility (floor 0%) RCF1	500.0	EUR	Euribor + 1,10%	1.10%	07/10/2024	Revolving	2.0	—	—	—
Term Loan A (floor 0%)	1,000.0	EUR	Euribor + 1,50%	1.64%	07/10/2024	Maturity	4.1	993.9	1.6	995.5
Lease liabilities								38.4	15.1	53.6
Other borrowings								33.3	6.2	39.5
Total long-term debt								***1,562.4***	***24.0***	***1,586.5***
Financial derivatives								3.9	0.2	4.1
Total long-term debt and derivative financial instruments								**1,566.3**	**24.3**	**1,590.6**
Negotiable commercial paper (NEU CP)	400.0	EUR							149.2	149.2
Other borrowings									23.6	23.6
Total short-term debt								**—**	**172.8**	**172.8**
Total borrowings								**1,566.3**	**197.1**	**1,763.4**

At 31 December 2020

(in € million)	Notional or maximum amount	Currency	Contractual interest rate	Effective interest rate	Final maturity	Type of facility	Deferred expenses and bond premiums	Carrying amount as of 31 December 2020		Total as of 31 December 2020
								Non-current	Current	
Revolving credit facility (floor 0%) RCF2	250.0	EUR	Euribor + 1,95%	1.95 %	24/04/2021	Revolving	0.3	—	—	—
Revolving credit facility (floor 0%) RCF1	500.0	EUR	Euribor + 1,10%	1.10 %	07/10/2024	Revolving	2.4	0.0	0.0	0.0
Term Loan A (floor 0%)	1,500.0	EUR	Euribor + 1,50%	1.64 %	07/10/2024	Maturity	7.1	1,490.6	6.1	1,496.7
Lease liabilities								30.6	16.3	46.9
Other borrowings								41.3	4.5	45.8
Total long-term debt								***1,562.5***	***26.9***	***1,589.4***
Financial derivatives								6.6	0.3	6.9
Total long-term debt and derivative financial instruments								**1,569.1**	**27.2**	**1,596.3**
Negotiable commercial paper (NEU CP)	400.0	EUR							146.4	146.4
Other borrowings									12.1	12.1
Total short-term debt								**—**	**158.5**	**158.5**
Total borrowings								**1,569.1**	**185.7**	**1,754.8**

16.3 THE GROUP'S DEBT STRUCTURE

Interest rates applicable to the Group's entire portfolio of financial liabilities, after incorporating derivative instruments, break down as follows:

(in € million)	30 June 2021	31 December 2020
Total fixed-rate borrowings	1,719.3	1,482.2
Total variable-rate borrowings	44.1	272.6
Total borrowings	**1,763.4**	**1,754.8**

16.4 DEBT REPAYMENT SCHEDULE

The maturity profile of the Group's financial liabilities and derivatives is as follows:

(in € million)	30 June 2021	31 December 2020
Less than one year	197.1	185.7
Between one and five years	1,050.3	1,548.5
More than five years	516.0	20.6
Total borrowings	**1,763.4**	**1,754.8**

At 30 June 2021, borrowings of under a year consisted primarily of €149.2 million of Neu CP (negotiable commercial paper) versus €146.4 million at 31 December 2020.

16.5 CHANGE IN DEBT

The change in financial debt is as follows:

(in € million)	31 December 2020	Cash inflows	Cash outflows	Discount effects and other*	Interest expense	Change in the scope of consolidation	Translation differences	30 June 2021
Non-current financial liabilities and derivatives	**1,569.1**	**501.9**	**(504.0)**	**(1.1)**	**—**	**—**	**0.4**	**1,566.3**
Current financial liabilities and derivatives (excluding interest)	178.2	14.3	(12.4)	12.4	0.8	—	0.3	193.6
Interest on long-term debt	7.5	—	(20.3)	—	16.3	—	0.0	3.5
Current financial liabilities and derivatives	**185.7**	**14.3**	**(32.7)**	**12.4**	**17.1**	**—**	**0.3**	**197.1**
Total financial liabilities	**1,754.8**	**516.2**	**(536.7)**	**11.3**	**17.1**	**0.0**	**0.7**	**1,763.4**

* Mainly consists of lease liabilities in application of IFRS 16

Reconciliation with the consolidated statement of cash flows		
Increase (reduction) in bank overdrafts and other short-term borrowings	14.3	
Increase in long-term debt	501.9	
Reduction in long-term debt		(515.6)
Financial interest paid		(21.1)
Total	**516.2**	**(536.7)**

NB: the current portion of long-term debt (due within less than a year) is presented in the balance sheet under current liabilities, whereas the statement of cash flows does not distinguish between current and non-current items.

NOTE 17 – PROVISIONS AND OTHER NON-CURRENT FINANCIAL LIABILITIES

The change in provisions in the first half of 2021 breaks down as follows:

(in € million)	Provisions for claims, litigation and other	Provisions for environmental risks	Provisions for restructuring and employee benefit expenses	Provisions for risks relating to associates	Other risks	Total provisions	Liabilities relating to investments	Total provisions and other liabilities
As of 31 December 2020								
Current portion	3.3	2.6	20.4	—	33.6	**59.9**	—	**59.9**
Non-current portion	6.4	11.8	1.0	0.0	3.9	**23.1**	0.9	**24.0**
Total provisions	**9.7**	**14.4**	**21.4**	**0.0**	**37.5**	**83.0**	**0.9**	**83.9**
Changes during the period								
Additions	5.0	0.2	0.8	—	9.4	15.4	—	15.4
Reversals (unused)	(4.5)	(1.0)	(3.8)	—	(0.3)	(9.6)	—	(9.6)
Reversals (used)	(2.3)	(0.9)	(3.1)	—	(29.6)	(35.9)	—	(35.9)
Other (reclassifications and translation differences)	0.0	0.4	1.3	0.0	0.0	1.7	0.0	1.7
Total changes	**(1.8)**	**(1.3)**	**(4.8)**	**0.0**	**(20.5)**	**(28.4)**	**0.0**	**(28.4)**
As of 30 June 2021								
Current portion	3.6	2.2	15.5	—	12.5	**33.8**	—	**33.8**
Non-current portion	4.3	10.9	1.1	0.0	4.6	**20.9**	0.9	**21.8**
Total provisions	**7.9**	**13.1**	**16.6**	**0.0**	**17.1**	**54.7**	**0.9**	**55.6**

The change in provisions "Other risks" corresponds mainly to the provision relating to the Group's deficit with respect to its CO_2 allowances on the closure of Phase III. The settlement of forward purchases carried out in April 2021 resulted in an outflow of €28.5 million.

NOTE 18 – PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

Provisions for pensions and other employee benefits break down as follows:

(in € million)	Notes	30 June 2021	31 December 2020
Annuities payable to plan beneficiaries		77.0	82.2
Flat-rate compensation		40.1	41.5
Post-employment medical benefits		5.9	6.3
Provisions for pensions and other liabilities	**18.1**	**123.0**	**130.0**
Other long-term benefits	18.2	4.1	4.0
Provisions for pensions and other employee benefits		**127.1**	**134.0**

18.1 PENSION LIABILITIES AND OTHER POST-EMPLOYMENT BENEFIT LIABILITIES

18.1.1 Main economic and financial assumptions used to measure defined benefit pension liabilities and plan assets

Pension liabilities and other post-employment benefit liabilities are calculated on an actuarial basis using the projected unit credit method applied to estimated final salaries.

Rate assumptions

Assumptions about mortality, staff turnover and salary growth factor in economic conditions and population trends in each individual country.

Discount rates are established by region depending on the bond yields of high-quality companies at the end of the financial year. The discount rates used for the Group's main plans are as follows:

(In %)	30 June 2021	31 December 2020
Discount rate	0.7 % to 1.0 %	0.5 % to 0.7 %
Salary increases including long-term inflation	1.8 % to 2.3 %	1.8 % to 2.3 %
Long-term inflation rate	1.5 %	1.5 %

18.1.2 Change in pension liabilities and other post-employment benefit liabilities

The table below shows defined benefit pension liabilities relating to the Group's pension liabilities and other post-employment benefit plans along with the corresponding plan assets:

(in € million)	Note	30 June 2021	31 December 2020
Provisions for pensions and other post-employment benefit liabilities	18	123.0	130.0
Pension plan surpluses		(4.6)	(3.8)
Net pension liabilities and other post-employment benefit liabilities		**118.4**	**126.2**

18.2 OTHER LONG-TERM BENEFITS

At 30 June 2021, provisions for other long-term employee benefits primarily included long-service awards payable by the subsidiaries in France amounting to €2.2 million (€2.2 million at 31 December 2020) and bonuses amounting to €1.5 million in Germany (€1.4 million at 31 December 2020).

Defined benefit pension liabilities are generally calculated on an actuarial basis according to the same method as for pension liabilities.

18.3. SHARE OWNERSHIP PLANS

Under the Group's compensation policy aimed at retaining and motivating talented employees and at involving managerial staff in its performances, the Group has since 2019 operated a long-term incentive plan in the form of bonus share awards subject to performance criteria linked to the Group's long-term strategy.

On 23 February 2021, the Board of Directors decided, in accordance with the authorisation granted by the Combined Shareholders' General Meeting of 10 June 2020, to set up two new performance share allocation plans, one covering a two-year period spanning 2021 to 2022 (the "2021-2022 Plan") and the other covering a three-year period spanning 2021 to 2023 (the "2021-2023 Plan"). Given the introduction of these two new plans, the Board of Directors decided accordingly to cancel the third tranche of performance shares corresponding to the 2019-2021 Plan.

The shares ultimately awarded under the 2021-2022 Plan and 2021-2023 Plan will be allocated without any discount, on two conditions: (a) the employee or executive concerned remains in employment at the Company, and (b) performance criteria are achieved. The 2021-2022 Plan and 2021-2023 Plan are aligned with latest market practices, especially with respect to the performance criteria applied.

At 30 June 2021, the number of potential ordinary shares under these two new plans was 504,761.

NOTE 19 – FINANCIAL INSTRUMENTS

Classification and fair value measurement

Financial assets and liabilities are classified as follows:

		30 June 2021									
		Accounting categories						Fair value measurement based on:			
(in € million)	Notes	Amortised cost	Fair value through other comprehensive income – equity instruments	Fair value through other comprehensive income – debt instruments	Mandatorily at fair value through profit or loss	Fair value – hedging instruments	Carrying amount	Level 1: prices quoted on active markets	Level 2: significant observable inputs	Level 3: significant nonobservable inputs	Total financial instruments at fair value
Equity investments - nongroup			6.1				6.1			6.1	6.1
Loans, deposits and receipts		22.0					22.0		22.0		22.0
Trade receivables and related accounts (excluding current tax receivables)	13.2	201.8		11.0			212.9		212.9		212.9
Derivative instruments hedging financial risk						0.0	0.0		0.0		0.0
Derivative instruments hedging operating risk (*)	13.2					80.0	80.0		80.0		80.0
Cash and cash equivalents	14	451.7			45.5		497.2	482.6	14.6		497.2
Total financial assets		**675.5**	**6.1**	**11.0**	**45.5**	**80.0**	**818.1**	**482.6**	**329.5**	**6.1**	**818.1**
Term Loan A and revolving credit facility (unused)	16	(995.5)					(995.5)		—		(995.5)
Sustainability-Linked Bond	16	(497.9)					(497.9)	(497.9)			(497.9)
Financial liabilities on finance leases	16	(53.6)					(53.6)		(53.6)		(53.6)
Other long-term liabilities	16	(30.9)		(8.6)			(39.5)		(39.5)		(39.5)
Total long-term debt		**(1,577.9)**	**—**	**(8.6)**	**—**	**—**	**(1,586.5)**	**-497.9**	**(1,088.6)**	**—**	**(1,586.5)**
Derivative instruments hedging financial risk (**)						(4.1)	(4.1)		(4.1)		(4.1)
Total long-term debt and instruments											
Negotiable commercial paper (NEU CP)	16	(149.2)					(149.2)		(149.2)		(149.2)
Other short-term liabilities	16	(21.2)		(2.4)			(23.6)		(23.6)		(23.6)
Total short-term debt		**(170.4)**	**—**	**(2.4)**	**—**	**—**	**(172.8)**	**—**	**(172.8)**	**—**	**(172.8)**
Derivative instruments hedging operating risk (*)	13.3					(0.8)	(0.8)		(0.8)		(0.8)
Trade payables and related accounts	13.3	(398.1)					(398.1)		(398.1)		(398.1)
Other payables and accrued liabilities	13.3	(340.0)					(340.0)		(340.0)		(340.0)
Total financial liabilities		**(2,486.4)**	**—**	**(11.0)**	**—**	**(5.0)**	**(2,502.3)**	**-497.9**	**(2,004.4)**	**—**	**(2,502.3)**
Total		**(1,810.9)**	**6.1**	**—**	**45.5**	**75.0**	**(1,684.2)**	**(15.3)**	**(1,675.0)**	**6.1**	**(1,684.2)**

(*) All commodities swap are designated as cash flow hedges.
(**) Interest rate swaps (payer fixed/receiver variable) taken out by the Group are designated as cash flow hedges.

(in € million)	Notes	31 December 2020 Accounting categories Amortised cost	Fair value through other comprehensive income – equity instruments	Fair value through other comprehensive income – debt instruments	Mandatorily at fair value through profit or loss	Fair value – hedging instruments	Carrying amount	Fair value measurement based on: Level 1: prices quoted on active markets	Level 2: significant observable inputs	Level 3: significant nonobservable inputs	Total financial instruments at fair value
Equity investments - nongroup	13.0		6.4				6.4			6.4	6.4
Loans, deposits and receipts	13.0	20.7					20.7		20.7		20.7
Trade receivables and related accounts (excluding current tax receivables)	14.2	138.2		13.9			152.1		152.1		152.1
Derivative instruments hedging financial risk	20.2					0.1	0.1		0.1		0.1
Derivative instruments hedging operating risk (*)	14.2 & 20.2					11.5	11.5		11.5		11.5
Cash and cash equivalents	15	433.1			43.1		476.2	462.7	13.5		476.2
Total financial assets		**592.0**	**6.4**	**13.9**	**43.1**	**11.6**	**667.0**	**462.7**	**197.9**	**6.4**	**667.0**
Term Loan A and revolving credit facility (unused)	*17*	(1,496.7)					(1,496.7)		(1,496.7)		(1,496.7)
Financial liabilities on finance leases	17	(46.9)					(46.9)		(46.9)		(46.9)
Other long-term liabilities	*17*	(37.8)		(8.0)			(45.8)		(45.8)		(45.8)
Total long-term debt		**(1,581.4)**	**—**	**(8.0)**	**—**	**—**	**(1,589.4)**	**—**	**(1,589.4)**	**—**	**(1,589.4)**
Derivative instruments hedging financial risk (**)	20.2					(6.9)	(6.9)		(6.9)		(6.9)
Total long-term debt and instruments		**(1,581.4)**	**—**	**(8.0)**	**—**	**(6.9)**	**(1,596.3)**	**—**	**(1,596.3)**	**—**	**(1,596.3)**
Negotiable commercial paper (NEU CP)	*17*	(146.4)					(146.4)		(146.4)		(146.4)
Other short-term liabilities	*17*	(6.2)		(5.9)			(12.1)		(12.1)		(12.1)
Total short-term debt		**(152.6)**	**—**	**(5.9)**	**—**	**—**	**(158.5)**	**—**	**(158.5)**	**—**	**(158.5)**
Derivative instruments hedging operating risk (*)	14.3 & 20.2					(8.5)	(8.5)		(8.5)		(8.5)
Trade payables and related accounts	14.3	(367.5)					(367.5)		(367.5)		(367.5)
Other payables and accrued liabilities	14.3	(241.5)					(241.5)		(241.5)		(241.5)
Total financial liabilities		**(2,343.0)**	**—**	**(13.9)**	**—**	**(15.4)**	**(2,372.3)**	**—**	**(2,372.3)**	**—**	**(2,372.3)**
Total		**(1,751.0)**	**6.4**	**—**	**43.1**	**(3.8)**	**(1,705.3)**	**462.7**	**(2,174.5)**	**6.4**	**(1,705.3)**

(*) All commodities swap are designated as cash flow hedges.
(**) Interest rate swaps (payer fixed/receiver variable) taken out by the Group are designated as cash flow hedges.

Fair value is the price that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is based on market inputs and commonly used valuation models and may be confirmed in the case of complex instruments by reference to values quoted by independent financial institutions.

NOTE 20 – RELATED PARTIES

There was no material change in terms of transactions with related parties compared to those reported in the last consolidated annual financial statements.

NOTE 21 – CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET COMMITMENTS

There was no material change compared to 31 December 2020.

NOTE 22 – EVENTS AFTER THE CLOSING DATE

No significant events occurred after the closing date.

4. STATUTORY AUDITORS' REVIEW REPORT ON THE 2021 INTERIM FINANCIAL INFORMATION

For the period from January 1st, 2021 to June 30, 2021

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French language and is provided solely for the convenience of English speaking readers. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

VERALLIA SA

Tour Carpe Diem

31, Place des Corolles - Esplanade Nord

92400 Courbevoie

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

- the review of the accompanying condensed interim consolidated financial statements of Verallia SA, for the period from January 1st, 2021 to June 30, 2021;
- the verification of the information presented in the interim management report.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of our procedures.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information 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 an audit conducted in accordance with professional standards applicable in France 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris, July 28, 2021

The Statutory Auditors

PricewaterhouseCoopers Audit	BM&A
Itto El Hariri	Eric Seyvos