# INTERIM FINANCIAL REPORT -

# 30 JUNE 2023

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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 are 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.

Patrice Lucas

Chief Executive Officer

## 2. INTERIM BUSINESS REPORT

### 2.1. HIGHLIGHTS OF THE 1ST HALF OF 2023

The first half of 2023 saw strong growth in revenue and adjusted EBITDA. The trends observed in the first half of 2023 included the following:

- a 30.7% increase in revenue to €2,142.7 million (+28.6% at constant scope and exchange rates), including +22.7% in the second quarter (+23.4% at constant scope and exchange rates) compared with the second quarter of 2022.
- a 54.9% increase in adjusted EBITDA to €659.0 million (+57.2% at constant scope and exchange rates) and an adjusted EBITDA margin of 30.8% compared with 26.0% in the first half of 2022.

Net income attributable to shareholders increased in the first half of 2023 to €310.8 million (versus €173.8 million at 30 June 2022).

Also, the Group managed to improve its leverage ratio, with a net debt to adjusted EBITDA for the last 12 months ratio of 1.3x at 30 June 2023 compared with 1.6x at 31 December 2022. Net debt was €1,401.4 million compared with €1,405.9 million at 31 December 2022.

- **Results of the voting at the General Meeting on 25 April 2023**

With a quorum of 84.29%, the General Meeting of the Company's Shareholders on 25 April 2023 adopted all the resolutions put to the vote.

The General Meeting also voted for a cash dividend of €1.40 per share, with an ex-dividend date of 8 May 2023 and a payment date of 10 May 2023.

The General Meeting voted to renew the terms of office of the following directors: BW Gestão de Investimentos Ltda (BWGI), Brasil Warrant Administração de Bens e Empresas S.A. (BWSA), Bpifrance Investissement,Virginie Hélias, Cécile Tandeau de Marsac, Marie-José Donsion, Michel Giannuzzi and Pierre Vareille.

Following the renewal of his mandate, Michel Giannuzzi remains Chairman of the Board of Directors for a term equivalent to that of his director's mandate, which is for four years ending after the Company's General Meeting to be held in 2027.

- **Success for the 8th edition of the employee shareholding offer, held in 2023**

At the close of business on 22 June 2023, more than 3,600 employees (i.e. 41% of eligible employees across 9 countries) had invested in the Group, benefiting from an attractive unit subscription price of €30.45. The total investment of the Group's employees (including the Company's contribution) amounts to €18.6 million.

At closing, 611,445 new ordinary shares, representing 0.5% of the share capital and voting rights, were issued by the Company. As in previous years, in order to neutralise the dilutive effect of this operation, the Company proceeded at the same time to a capital reduction by cancellation of 611,445 treasury shares acquired under the share buyback programme.

In just eight years, these operations have already enabled more than 48% of employees to become Verallia shareholders, directly and through the Verallia FCPE (Verallia employee investment fund), as part of the successive offers reserved for them. Employees now hold 4.2% of the Company's capital.

- **Dividend payout**

The Company's Combined General Shareholders' Meeting of 25 April 2023 voted in favour of paying out a cash dividend of €1.40 per share. The dividend was paid on 10 May 2023.

- **Follow-up to the acquisition of the Allied Glass group (Verallia UK)**

On November 8, 2022, the Group acquired all shares of Tonic Topco Limited in the Allied Glass group (renamed as Verallia UK) for £206 million (€235.5 million). Per IFRS 3 Business Combinations, the initial goodwill was €250.7 million.

In 2023, Verallia reevaluated the acquired assets and assumed liabilities. Changes were retrospectively applied from the acquisition date, impacting goodwill. Key adjustments were: customer relationships worth €171.3 million (£149.8 million); deferred tax liabilities on these relationships totalling €42.8 million (£37.4 million); and other changes in acquired assets and assumed liabilities of which an €8,6 million increase in deferred tax liabilities. This led to a revised goodwill value of €129.9 million.

In the first half of 2023, Verallia UK generated €109.8 million in revenues, driven by strong growth in the spirits market.

**Syndicated credit facility refinancing arranged by the Group with its banks**

In April 2023, Verallia arranged a €1.1 billion syndicated loan in the form of:

- a €550 million term loan and
- a €550 million revolving credit facility (RCF), which remained undrawn at 30 June 2023

to refinance in advance the Group's existing €1 billion syndicated credit facility maturing in 2024.

The new term loan has a four-year maturity with a one-year extension option, while the new RCF has a five-year maturity with two one-year extension options.

The terms and conditions applied to these new credit facilities are linked to CSR indicators.

- **Verallia Achieves Investment Grade Credit Ratings from Moody's and Standard & Poor's**

On April 4, 2023, Verallia announced that Moody's had upgraded its long-term credit rating to Baa3 with a stable outlook, elevating it to Investment Grade and on May 5, 2023, the Group announced that Standard & Poor's had upgraded the Group's long-term credit rating to BBB- with a positive outlook. These upgrades reflect the Group's strong financial position and the durability of its business model focused on profitable growth. Verallia holds a Baa3 rating from Moody's with a stable outlook and a BBB- rating from Standard & Poor's with a positive outlook.

## 2.2 ANALYSIS OF THE RESULTS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2023 AND 30 JUNE 2022

The table below shows the Group's consolidated statement of income for each of the six-month periods ended 30 June 2023 and 30 June 2022.

| *(in € million)* | 30 June 2023 | 30 June 2022 |
|---|---|---|
| **Revenue** | **2,142.7** | **1,638.9** |
| Cost of sales | (1,499.7) | (1,235.0) |
| Selling, general and administrative expenses | (118.9) | (97.5) |
| Acquisition-related items | (34.5) | (31.9) |
| Other operating income and expenses | 0.7 | 2.9 |
| **Operating profit** | **490.3** | **277.4** |
| **Financial income** | **(55.7)** | **(30.2)** |
| **Profit before tax** | **434.6** | **247.2** |
| Income tax | (118.0) | (68.9) |
| Share of net profit (loss) of associates | 0.6 | 0.5 |
| **Net profit** | **317.3** | **178.8** |

### 2.2.1 REVENUE

The Group generated €2,142.7 million revenue in the first half of 2023 compared with €1,638.9 million in the first half of 2022, reflecting a +30.7% increase.

Exchange rate variations had a -4.8% impact over the first half of the year, corresponding to -€78.6 million, largely due to the sharp depreciation in the Argentinian peso and to lower extent the Ukrainian hryvnia.

- **Change in revenue by type of effect in millions of euros in H1 2023**

| *In € million* | |
|---|---|
| **H1 2022 revenue** | **1,638.9** |
| Volume effect | -76.2 |
| Price/Mix effect | +544.3 |
| Exchange rate effect | -78.6 |
| Change in scope effect | +114.3 |
| **H1 2023 revenue** | **2,142.7** |

At constant exchange rates and scope, revenue rose sharply in the first half of the year, up +28.6% (+25.7% excluding Argentina).

During the same period Group sales volumes declined slightly, mainly as a result of weak beer sales in Europe since the start of the year, as well as a decrease in still wine sales. This trend may be partly attributable to inventory destocking in the value chain. Sales of sparkling wines and soft drinks are holding up well.

The production cost inflation was lower than initially expected in the first half of 2023. As a result, Verallia was able to make moderate and selective price reductions in Europe in the second quarter, after having increased its selling prices at the beginning of 2023. Lastly, the product mix was positive over the half-year.

- **Comparison between the first and second quarters of 2023**

| *In € million* | Q2 | | Q1 | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Revenue** | **1,091.1** | **889.0** | **1,051.6** | **749.9** |
| Reported growth | +22.7% | | +40.2% | |
| Organic growth | +23.4% | | +34.7% | |

- **Change in revenue by region**

| *(in € million)* | 30 June 2023 | Change 2022 - 2023 | | 30 June 2022 |
|---|---|---|---|---|
| | | In € million | In % | |
| Southern and Western Europe | 1,404.8 | 268.5 | 23.6% | 1,136.3 |
| Northern and Eastern Europe | 514.6 | 206.8 | 67.2% | 307.8 |
| Latin America | 223.3 | 28.5 | 14.6% | 194.8 |
| **Consolidated revenue** | **2,142.7** | **503.8** | **30.7%** | **1,638.9** |

- **Southern and Western Europe**

Revenue in Southern and Western Europe increased during the six-month period ended 30 June 2023 by €268.5 million, i.e. by +23.6% based on reported data and by +24.5% at constant scope and exchange rates, from €1,136.3 million for the six-month period ended 30 June 2022 to €1,404.8 million for the six-month period ended 30 June 2023.

Over the first half of the year, volumes in Southern and Western Europe declined slightly, primarily in the beer and still wines markets. It is worth noting that the decrease in volumes observed in the second quarter was lower than in the first quarter.

- **Northern and Eastern Europe**

Revenue in Northern and Eastern Europe increased during the six-month period ended 30 June 2023 by €206.8 million, i.e. by +67.2% based on reported data and by +34.4% at constant scope and exchange rates, from €307.8 million for the six-month period ended 30 June 2022 to €514.6 million for the six-month period ended 30 June 2023.

Currency exchange fluctuations had a negative impact of -4.3% due to the depreciation of the Ukrainian hryvnia. The scope effect related to the acquisition made in November 2022 in the UK accounted for 37.1%, or €114.3 million. Sales volumes decreased over the semester, affected by the weakness of the beer market in Germany and, to a lesser extent, still wines. As communicated in April, the second furnace in our Ukrainian factory has successfully resumed operations thanks to the commitment and dedication of our local teams.

- **Latin America**

Revenue in Latin America grew during the six-month period ended 30 June 2023 by €28.5 million, i.e. by +14.6% based on reported data and by +42.9% at constant scope and exchange rates (+15.1% organic growth excluding Argentina), from €194.8 million for the six-month period ended 30 June 2022 to €223.3 million for the six-month period ended 30 June 2023. Sales volumes slightly increased over the semester. Argentina continues to be affected by a wait-and-see political situation and a disrupted economic context. Volumes in Chile showed a marked decline, still hindered by high inventory levels among distributors and customers, as well as a decrease in exports from local customers. Brazil continues to perform well. The project for the new furnace in Campo Bom in the South of Brazil is progressing as anticipated, and the start-up of this furnace is scheduled for the first half of 2024.

### 2.2.2 COST OF SALES

The cost of sales rose from €1,235.0 million at 30 June 2022 to €1,499.7 million at 30 June 2023, i.e. by €264.7 million (+21.4%), primarily due to production cost inflation.

As a percentage of revenue, the cost of sales contracted by 5.4% in comparison with 2022, from 75.4% to 70.0%. The cost of sales therefore rose less in proportion than the rise in revenue.

### 2.2.3 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses rose by €21.4 million, i.e. by +21.9%, from €97.5 million during the six-month period ended 30 June 2022 to €118.9 million for the six-month period ended 30 June 2023.

As a percentage of revenue, selling, general and administrative expenses sales contracted by 40 basis points in comparison with 2022, from 5.9% to 5.5%.

### 2.2.4 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses decreased during the first half of 2023 from net income of €2.9 million at 30 June 2022 to net income of €0.7 million at 30 June 2023, i.e. a decrease of €2.2 million.

### 2.2.5 OPERATING PROFIT

Operating profit increased by €212.9 million, i.e. by +76.7%, in the six-month period ended 30 June 2023, from €277.4 million for the six-month period ended 30 June 2022 to €490.3 million for the six-month period ended 30 June 2023.

Operating profit improved during the six-month period ended 30 June 2023 primarily because of a positive inflation spread generated at Group level during the six-month period. A positive product mix and a net reduction in production cash costs (+€26.7 million from the Performance Action Plan) also contributed to this improvement.

### 2.2.6 FINANCIAL RESULT

Finance costs increased by €25.5 million, from a net expense of €30.2 million for the six-month period ended 30 June 2022 to a net expense of €55.7 million for the six-month period ended 30 June 2023.

Finances costs increase for the following reasons: higher financial expenses mainly due to (i) the impact of reference interest rates (Euribor) increase on short term financings (-€13.9 million); (ii) hyperinflationary effects in Argentina (-€14.6 million) and (iii) accelerated amortization of Term Loan A upfront fees following the refinancing (-€2.2 million) ; these factors were partially offset by positive variation coming from financial income of investments (+€11.2 million).

### 2.2.7 INCOME TAX

Income taxes increased by €49.1 million, i.e. by 71.2%, during the six-month period ended 30 June 2023 from €68.9 million for the six-month period ended 30 June 2022 to €118.0 million for the six-month period ended 30 June 2023. Overall, the effective tax rate in the first half of 2023 was 27.2% compared with 27.9% in the first half of 2022.

### 2.2.8 NET PROFIT (LOSS)

Net profit increased during the six-month period ended 30 June 2023 from €178.8 million, i.e. 10.9% of revenue, for the six-month period ended 30 June 2022 to €317.3 million, i.e. 14.8% of revenue, for the six-month period ended 30 June 2023. The increase was mainly driven by the improved adjusted EBITDA, which more than offset the rise in financial expenses and income tax.

Net income for H1 2023 includes an amortisation expense related to customer relationships, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €22 million and €0.19 per share (net of taxes). If this expense had not been taken into account, net income would be €340 million, €333 million attributable to shareholders and €2.84 per share. This expense was €23 million and €0.20 per share in H1 2022.

The share of net profit (loss) attributable to the Company's shareholders amounted to €310.8 million during the six-month period ended 30 June 2023 versus €173.8 million during the six-month period ended 30 June 2022. The share attributable to non-controlling interests amounted to €6.5 million during the six-month period ended 30 June 2023 versus €5.0 million during the six-month period ended 30 June 2022.

### 2.2.9 ADJUSTED EBITDA

**Adjusted EBITDA** increased by 54.9% in the first half of 2023 to €659.0 million compared with €425.4 million in the first half of 2022. The increase at constant scope and exchange rates was 57.2%.

The negative exchange rates effect amounted to -€31.7 million, mainly attributable to the Argentinean peso and the Ukrainian hryvnia depreciation.

In addition, inventory rebuild over the half-year positively contributed to the Activity pillar.

This performance was also made possible by a net reduction in production cash costs (Performance Action Plan) which amounted to €26.7 million over the half-year (or 2.0% of cash production costs). The success of this methodology is once again making a significant contribution to improving the Group's profitability.

In addition, the price-mix / cost spread remained positive across the Group, amounting to €231.1 million over the half-year.

The Group likewise significantly improved its adjusted EBITDA margin, which rose to 30.8% for the six-month period ended 30 June 2023, from 26.0% for the six-month period ended 30 June 2022.

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

| *(in € million)* | |
|---|---|
| **Adjusted EBITDA at 30 June 2022** | **425.4** |
| Activity contribution | (13.9) |
| Price-Mix/ Cost spread | 231.1 |
| Net productivity | 26,7 |
| Exchange rate | (31.7) |
| Other | 21.4 |
| **Adjusted EBITDA at 30 June 2023** | **659.0** |

- **Comparison between the first and second quarters of 2022 and 2023**

| *In € million* | Q2 | | Q1 | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| **Adjusted EBITDA** | **351.6** | **242.8** | **307.4** | **182.7** |
| *Adjusted EBITDA margin* | *32.2%* | *27.3%* | *29.2%* | *24.4%* |

- ### Change by operating segment between the first half of 2022 and first half of 2023

| *(in € million)* | 30 June 2023 | Variation 2022 – 2023 In € million | Variation 2022 – 2023 In %/bp | 30 June 2022 |
|---|---|---|---|---|
| **Southern and Western Europe** | | | | |
| Adjusted EBITDA | 436.5 | 150.4 | 52.6% | 286.1 |
| Adjusted EBITDA margin | 31.1% | - | +589 Pb | 25.2% |
| **Northern and Eastern Europe** | | | | |
| Adjusted EBITDA | 141.5 | 81.6 | 136.2% | 59.9 |
| Adjusted EBITDA margin | 27.5% | - | +804 Pb | 19.5% |
| **Latin America** | | | | |
| Adjusted EBITDA | 81.0 | 1.6 | 2.0% | 79.4 |
| Adjusted EBITDA margin | 36.3% | - | -449 Pb | 40.8% |
| **Consolidated adjusted EBITDA** | **659.0** | **233.6** | **54.9%** | **425.4** |
| **Consolidated adjusted EBITDA margin** | **30.8%** | **-** | **+480 Pb** | **26.0%** |

- ### Southern and Western Europe

In Southern and Western Europe, adjusted EBITDA increased by €150.4 million, i.e. by 52.6%, during the six-month period ended 30 June 2023 from €286.1 million for the six-month period ended 30 June 2022 to €436.5 million for the six-month period ended 30 June 2023. The adjusted EBITDA margin expanded by 589 basis points to 31.1% in the first half of 2023 from 25.2% in the first half of 2022.

A particularly good product mix in Italy and a positive inflation spread contributed to the rise in adjusted EBITDA. The Performance Action Plan (PAP) also generated cost savings in line with targets.

- ### Northern and Eastern Europe

In Northern and Eastern Europe, adjusted EBITDA increased by €81.6 million, i.e. by 136.2%, during the six-month period ended 30 June 2023 from €59.9 million for the six-month period ended 30 June 2022 to €141.5 million for the six-month period ended 30 June 2023.

The increase in EBITDA is mainly due to the generation of a positive inflation spread and industrial performance that exceeded the cost reduction target.

- ### Latin America

In Latin America, adjusted EBITDA increased by €1.6 million, i.e. by 2.0%, during the six-month period ended 30 June 2023 from €79.4 million for the six-month period ended 30 June 2022 to €81.0 million for the six-month period ended 30 June 2023.

The adjusted EBITDA margin decreased by -449 basis points to 36.3% in the first half of 2023, from 40.8% in the first half of 2022. Lower volumes in Chile weighed on fixed costs absorption and industrial performance.

## 2.3 KEY PERFORMANCE INDICATORS

The Group uses revenue, adjusted EBITDA, Operating cash flow, Cash conversion, Free Cash Flow 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.

Adjusted EBITDA, Operating cash flow, Cash conversion and Free Cash Flow are alternative performance measures according to AMF Position n°2015-12.

The latter 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, Operating cash flow, Cash conversion and Free Cash Flow differently from the definitions used by the Group.

### 2.3.1 ADJUSTED EBITDA

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.

| *(in € million)* | 30 June 2023 | 30 June 2022 | Change |
|---|---|---|---|
| **Adjusted EBITDA** | **659.0** | **425.4** | **233.6** |
| **Adjusted EBITDA margin** | **30.8%** | **26.0%** | **4,8%** |
| *Cash conversion* | *77.2%* | *77.4%* | ***-15Pb*** |

### 2.3.2 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 flow corresponds to cash flow plus the change in operating working capital requirement.

Free Cash Flow corresponds to Operating cash flow adjusted for other operating impacts.

Reconciliation of operating profit to adjusted EBITDA and Operating cash flow:

| *(in € million)* | 30 June 2023 | 30 June 2022 |
|---|---|---|
| **Operating profit** | **490.3** | **277.4** |
| Depreciation, amortisation and impairment (1) | 162.9 | 142.3 |
| Restructuring costs | 2.0 | 0.5 |
| IAS 29, Hyperinflation (Argentina) | (1.0) | (0.3) |
| Management share ownership plan and associated costs (2) | 4.6 | 4.5 |
| Acquisition fees and additional price | 0.2 | 0.0 |
| Other (3) | 0.0 | 1.0 |
| **Adjusted EBITDA** | **659.0** | **425.4** |
| Capex (4) | (150.1) | (96.3) |
| **Cash flow** | **508.9** | **329.1** |
| Change in operating working capital requirement (5) | (192.6) | (15.4) |
| **Operating cash flow** | **316.3** | **313.7** |
| Other operating impact (6) | 14.1 | (26.1) |
| Interest paid & other financial costs | (25.1) | (16.4) |
| Tax paid | (57.5) | (44.8) |
| **Free Cash Flow** | **247.8** | **226.4** |

*(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 (Note 6.2 of the Group's condensed interim consolidated financial statements).*

*(2) Corresponds to share-based compensation plans and associated costs (Note 5.2 of the Group's condensed interim consolidated financial statements).*

*(3) In 2022, corresponds mainly to the additional consideration received from the sale of shares in Thierry Bergeon Embouteillage.*

*(4) Excluding rights of use under IFRS 16.*

*(5) Taking into account only the impact of cash flows (note 13 to the Group's consolidated financial statements).*

*(6) Other operating impacts consist mainly of the cash effect of IFRS 16 restatements and the impact of the change in provisions for liabilities and charges.*

The Group's Operating cash flow increased by €2.6 million in the six-month period ended 30 June 2023. This rise was driven by higher adjusted EBITDA (which increased by €233.6 million) offset by higher capex (which increased by €53.8 million) and increase in inventory levels.

Free Cash Flow amounted to €247.8 million in the six-month period ended 30 June 2023, representing a €21.4 million increase compared to €226.4 million in the six-month period ended 30 June 2022.

### 2.3.3 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 2023 | 30 June 2022 |
|---|---|---|
| **Adjusted EBITDA** | **659.0** | **425.4** |
| Capex | (150.1) | (96.3) |
| ***Cash flows*** | ***508.9*** | ***329.1*** |
| ***Cash conversion*** | ***77.2%*** | ***77.4%*** |

The Group's cash conversion slightly decreased from 77.4% to 77.2% in the six-month period ended 30 June 2023 and remains high. Both Adjusted EBITDA (+54.9%) and capex increased (+55.9%), with the latter reflecting the scheduled roll-out of the Group's capital expenditure plan.

## 2.4 CONSOLIDATED GROUP CASH FLOWS FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2022 AND 30 JUNE 2021

The table below sets out the Group's cash flows for the six-month periods ended 30 June 2023 and 30 June 2022:

| *(in € million)* | 30 June 2023 | 30 June 2022 | Change |
|---|---|---|---|
| Net cash flows from operating activities | 501.9 | 373.4 | 128.5 |
| Net cash flows from (used in) investing activities | (232.6) | (127.4) | (105.2) |
| Net cash flows from (used in) financing activities | (114.2) | (91.1) | (23.1) |
| **Increase (decrease) in cash and cash equivalents** | **155.2** | **154.9** | **0.2** |
| *Impact of changes in foreign exchange rates on cash and cash equivalents* | *(22.4)* | *2.8* | *(25.2)* |
| **Cash and cash equivalents at beginning of the period** | **330.8** | **494.6** | **(163.9)** |
| **Closing cash and cash equivalents** | **463.4** | **652.3** | **(188.9)** |

At 30 June 2023, the Group's cash and cash equivalents amounted to €463.4 million compared to €652.3 million at 30 June 2022.

### 2.4.1. NET CASH FLOWS FROM OPERATING ACTIVITIES

The following table sets out net cash flows from the Group's operating activities for the periods ended 30 June 2023 and 30 June 2022:

| *(in € million)* | 30 June 2023 | 30 June 2022 | Change |
|---|---|---|---|
| **Net profit** | **317.3** | **178.8** | **138.5** |
| Share of net profit of associates, net of dividends received | (0.6) | (0.5) | (0.1) |
| Depreciation, amortisation and impairment of assets | 162.9 | 142.3 | 20.6 |
| Gains and losses on disposals of assets | (8.1) | (3.7) | (4.4) |
| Interest expense on financial liabilities | 23.8 | 14.3 | 9.5 |
| Unrealised foreign exchange gains and losses | (4.3) | 6.1 | (10.4) |
| Gain/loss on net monetary position (IAS 29, Hyperinflation) | 18.0 | 6.5 | 11.5 |
| Unrealised gains and losses on changes in the fair value of derivatives | 23.1 | 4.3 | 18.8 |
| Change in inventories | (117.7) | (17.0) | (100.7) |
| Change in trade receivables, trade payables and other receivables and payables | 4.1 | 24.0 | (19.9) |
| Current tax expense | 125.6 | 64.1 | 61.5 |
| Taxes paid | (57.5) | (44.8) | (12.7) |
| Changes in deferred taxes and provisions | 15.3 | (1.0) | 16.3 |
| **Net cash flows from operating activities** | **501.9** | **373.4** | **128.5** |

Net cash flows from the Group's operating activities amounted to €501.9 million for the six-month period ended 30 June 2023, compared to €373.4 million for the six-month period ended 30 June 2022.

The main cash flows generated during the six-month period ended 30 June 2023 resulted primarily from the increase in net profit, partially offset by the increase in inventories.

### 2.4.2. NET CASH FLOWS FROM INVESTING ACTIVITIES

The following table shows net cash flows from the Group's investing activities for the six-month periods ended 30 June 2023 and 30 June 2022:

| *(in € million)* | 30 June 2023 | 30 June 2022 | Change |
|---|---|---|---|
| Acquisition of property, plant and equipment and intangible assets | (150.1) | (96.3) | (53.8) |
| Increase (decrease) in debt on fixed assets | (77.6) | (29.8) | (47.8) |
| Acquisitions of subsidiaries, takeovers, net of cash acquired | (7.7) | (1.6) | (6.1) |
| Deferred payment related to acquisition of subsidiary | (0.3) | (0.4) | 0.2 |
| **Capital expenditure** | **(235.7)** | **(128.1)** | **(107.6)** |
| Disposals of property, plant and equipment and intangible assets | 8.4 | 4.9 | 3.5 |
| **Disposals** | **8.4** | **4.9** | **3.5** |
| Increase in loans, deposits and short-term borrowings | (6.8) | (5.5) | (1.3) |
| Reduction in loans, deposits and short-term borrowings | 1.5 | 1.3 | 0.2 |
| **Changes in loans and deposits** | **(5.3)** | **(4.2)** | **(1.1)** |
| **Net cash flows used in investing activities** | **(232.6)** | **(127.4)** | **(105.2)** |

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 €150.1 million at 30 June 2023 versus €96.3 million at 30 June 2022.

### 2.4.3. NET CASH FLOWS FROM FINANCING ACTIVITIES

The following table shows cash flows from the Group's financing activities for the six-month periods ended 30 June 2023 and 30 June 2022:

| *(in € million)* | 30 June 2023 | 30 June 2022 | Change |
|---|---|---|---|
| Capital increase (decrease) | 18.6 | 13.0 | 5.6 |
| Dividends paid | (163.8) | (122.7) | (41.1) |
| (Increase) decrease in treasury stock | (38.1) | (0.5) | (37.6) |
| **Transactions with shareholders** | **(183.3)** | **(110.2)** | **(73.1)** |
| Capital increases of subsidiaries subscribed by third parties | — | — | — |
| Dividends paid to non-controlling interests by consolidated companies | (3.1) | (0.6) | (2.5) |
| **Transactions with non-controlling interests** | **(3.1)** | **(0.6)** | **(2.5)** |
| Increase (decrease) in bank overdrafts and other short-term borrowings | 69.1 | 50.1 | 19.0 |
| Increase in long-term debt | 561.7 | 4.0 | 557.7 |
| Decrease in long-term debt | (536.5) | (20.4) | (516.1) |
| Financial interest paid | (22.1) | (14.0) | (8.1) |
| **Change in gross debt** | **72.2** | **19.7** | **52.5** |
| **Net cash flows from financing activities** | **(114.2)** | **(91.1)** | **(23.1)** |

Net cash flows from the Group's financing activities amounted to -€114.2 million for the six-month period ended 30 June 2023 compared to -€91.1 million for the six-month period ended 30 June 2022.

The main cash flows generated during the six-month period ended 30 June 2022 resulted from:

- transactions with shareholders amounting to -€183.3 million, including the capital increase reserved for employees to which €18.6 million was subscribed, the dividend payment made to shareholders corresponding to -€163.8 million, and the share buyback which totalled -€38.1 million as part of the share buyback programme.
- the €72.2 million change in gross debt, including (i) the increase in short-term borrowings, (ii) the issuance of a €550 million term loan to refinance in advance the Term Loan A of €500 million signed in 2019, (iii) interest payments corresponding to -€22.1 million (see Note 16 "Borrowings and financial liabilities" of the Group's condensed interim consolidated financial statements for the period ended 30 June 2023).

## 2.5 CHANGE IN AND COST OF DEBT

The Group's gross financial debt at 30 June 2023 totalled €1,864.8 million versus €1,736.6 million at 31 December 2022. Net financial debt decreased from €1,405.9 million at 31 December 2022 to €1,401.4 million at 30 June 2023.

At 30 June 2023, the Group's floating-rate financial debt portfolio after taking account of derivative instruments totalled €204.4 million, i.e. 11.0% of its gross financial debt (€142.4 million at 31 December 2022).

The cost of net financial debt during the six-month period ended 30 June 2023 came to €21.3 million (versus €14.0 million at 30 June 2022).

The Group's net debt/adjusted EBITDA ratio stood at 1.3x at 30 June 2023, which is lower than the 1.6x registered on 31 December 2022.

## 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 British pound, 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 is 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.

The net impact of hyperinflation in Argentina on revenue was -€1.8 million for the six-month period ended 30 June 2023, compared with +€2.3 million for the six-month period ended 30 June 2022. 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 2023 and 30 June 2022 amounted to respectively €150.1 million (of which €93.4 million in recurring capex and €56.7 million in strategic capex) and €96.3 million (of which €69.0 million in recurring capex and €27.3 million in strategic capex).

This increase reflects the planned execution of the Group's capital expenditure plan.

## 2.8 ACQUISITIONS, DISPOSALS AND CHANGES IN SCOPE

There were no significant changes in the scope of consolidation during the first half of 2023.

## 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 2023 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

We remain confident in our various markets, which benefit from solid fundamentals for the coming semesters.

The excellent results for the first half of 2023 illustrate more than ever the strength and validity of Verallia's profitable growth business model, based on steady organic growth, a positive inflation spread and a 2% annual reduction in cash production costs (Performance Action Plan).

In line with its first-half performance, the Group anticipates adjusted EBITDA between €1.10 billion and €1.25 billion.

Verallia also confirms its objective of achieving revenue growth above 20% in 2023.

Lastly, the Group continues to deploy its decarbonization technologies, notably by constructing electric and hybrid furnaces, which are essential to implementing its CSR roadmap.

## 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 4 “Main risks” of the 2022 Universal Registration Document.

## 3. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *(in € million)* | Notes | 30 June 2023 | 31 December 2022 * |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 9 | 672.1 | 664.6 |
| Other intangible assets | 10 | 453.4 | 482.4 |
| Property, plant and equipment | 11 | 1,667.0 | 1,609.0 |
| Investments in associates | | 6.7 | 5.9 |
| Deferred tax | | 22.0 | 27.5 |
| Other non-current assets | | 65.9 | 186.3 |
| **Non-current assets** | | **2,887.1** | **2,975.7** |
| Short-term portion of non-current assets | | 1.4 | 1.3 |
| Inventories | 13.1 | 647.4 | 536.8 |
| Trade receivables | 13.2 | 279.2 | 250.4 |
| Current tax receivables | 13 | 3.4 | 5.4 |
| Other current assets | 13.2 | 184.5 | 392.3 |
| Cash and cash equivalents | 14 | 463.4 | 330.8 |
| **Current assets** | | **1,579.3** | **1,517.0** |
| **Total Assets** | | **4,466.4** | **4,492.7** |
| **EQUITY & LIABILITIES** | | | |
| Share capital | 15.1 | 413.3 | 413.3 |
| Consolidated reserves | 15 | 475.5 | 590.1 |
| **Equity attributable to shareholders** | | **888.8** | **1,003.4** |
| Non controlling interests | | 68.4 | 64.0 |
| **Equity** | | **957.2** | **1,067.4** |
| Non-current financial liabilities and derivatives | 16 | 1,617.9 | 1,562.2 |
| Provisions for pensions and other employee benefits | 18 | 86.2 | 87.4 |
| Deferred tax | | 174.2 | 276.8 |
| Provisions and other non-current financial liabilities | 17 | 48.2 | 23.2 |
| **Non-current liabilities** | | **1,926.5** | **1,949.6** |
| Current financial liabilities and derivatives | 16 | 272.1 | 200.9 |
| Current portion of provisions and other non-current financial liabilities | 17 | 58.7 | 54.3 |
| Trade payables | 13.3 | 674.2 | 740.6 |
| Current tax liabilities | 13 | 86.3 | 44.3 |
| Other current liabilities | 13.3 | 491.4 | 435.6 |
| **Current liabilities** | | **1,582.7** | **1,475.7** |
| **Total Equity and Liabilities** | | **4,466.4** | **4,492.7** |

*In accordance with IFRS 3R, the balance sheet published on December 31, 2022, was restated to reflect the adjustments to the value of assets acquired and liabilities assumed from the Allied group (which was acquired in 2022), identified during the purchase price allocation period.

These adjustments are presented in note 1.2 "Highlights" and in the reconciliation table that follows the Group's summary financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF INCOME

| *(in € million)* | Note | As of 30 June | |
|---|---|---|---|
| | | **2023** | **2022** |
| **Revenue** | **5.1** | **2,142.7** | **1,638.9** |
| Cost of sales | 5.2 | (1,499.7) | (1,235.0) |
| Selling, general and administrative expenses | 5.2 | (118.9) | (97.5) |
| Acquisition-related items | 6.1 | (34.5) | (31.9) |
| Other operating income and expenses | 6.2 | 0.7 | 2.9 |
| **Operating profit** | | **490.3** | **277.4** |
| **Net financial income (expense)** | **7** | **(55.7)** | **(30.2)** |
| **Profit (loss) before tax** | | **434.6** | **247.2** |
| Income tax | | (118.0) | (68.9) |
| Share of net profit (loss) of associates | | 0.6 | 0.5 |
| **Net profit (loss) for the year** | | **317.3** | **178.8** |
| ***Attributable to shareholders of the Company*** | | ***310.8*** | ***173.8*** |
| *Attributable to non-controlling interests* | | *6.5* | *5.0* |
| **Basic earnings per share (in €)** | **15.4** | **2.65** | **1.49** |
| **Diluted earnings per share (in €)** | **15.4** | **2.65** | **1.49** |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in € million)* | As of 30 June | |
|---|---|---|
| | **2023** | **2022** |
| **Net profit (loss) for the year** | **317.3** | **178.8** |
| Items that may be reclassified to profit or loss | | |
| Translation differences | (38.6) | 71.5 |
| Changes in fair value of cash flow hedges | (341.5) | 400.0 |
| Deferred tax on items that may subsequently be reclassified to profit or loss | 91.7 | (105.2) |
| **Total** | **(288.4)** | **366.3** |
| Items that will not be reclassified to profit or loss | | |
| Remeasurement of the defined benefit liability (asset) | (0.4) | 32.9 |
| Deferred tax on items that will not be reclassified to profit or loss | 0.1 | (9.1) |
| **Total** | **(0.3)** | **23.8** |
| **Other comprehensive income (loss)** | **(288.7)** | **390.1** |
| **Total comprehensive income (loss) for the year** | **28.6** | **568.9** |
| *Attributable to shareholders of the Company* | *37.3* | *563.5* |
| *Attributable to non-controlling interests* | *(8.7)* | *5.4* |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| *(in € million)* | Note | As of 30 June | |
|---|---|---|---|
| | | 2023 | 2022 |
| **Net profit (loss) for the year** | | **317.3** | **178.8** |
| Share of net profit (loss) of associates, net of dividends received | | (0.6) | (0.5) |
| Depreciation, amortisation and impairment of assets | | 162.9 | 142.3 |
| Gains and losses on disposals of assets | 6.2 | (8.1) | (3.7) |
| Interest expense on financial liabilities | | 23.8 | 14.3 |
| Unrealised gains and losses on changes | | (4.3) | 6.1 |
| Gain/loss on net monetary position (IAS 29, Hyperinflation) | | 18.0 | 6.5 |
| Unrealised gains and losses on changes in the fair value of derivatives | | 23.1 | 4.3 |
| Change in inventories | | (117.7) | (17.0) |
| Change in trade receivables, trade payables and other receivables and payables | | 4.1 | 24.0 |
| Current tax expense | | 125.6 | 64.1 |
| Taxes paid | | (57.5) | (44.8) |
| Changes in deferred taxes and provisions | | 15.3 | (1.0) |
| **Net cash flows from operating activities** | | **501.9** | **373.4** |
| Acquisition of property, plant and equipment and intangible assets | 10 & 11 | (150.1) | (96.3) |
| Increase (decrease) in debt on fixed assets | 13 | (77.6) | (29.8) |
| Acquisitions of subsidiaries, takeovers, net of cash acquired | | (7.7) | (1.6) |
| Deferred payment related to the acquisition of a subsidiary | | (0.3) | (0.4) |
| **Capital expenditures** | | **(235.7)** | **(128.1)** |
| Disposals of property, plant and equipment, intangible assets included related | | 8.4 | 4.9 |
| **Disposals** | | **8.4** | **4.9** |
| Increase in loans, deposits and short-term borrowings | | (6.8) | (5.5) |
| Reduction in loans, deposits and short-term borrowings | | 1.5 | 1.3 |
| **Changes in loans and deposits** | | **(5.3)** | **(4.2)** |
| **Net cash flows from (used in) investing activities** | | **(232.6)** | **(127.4)** |
| Capital increase (reduction) | 15 | 18.6 | 13.0 |
| Dividends paid | | (163.8) | (122.7) |
| (Increase) decrease in treasury stock | | (38.1) | (0.5) |
| **Transactions with shareholders of the parent company** | | **(183.3)** | **(110.2)** |
| Capital increases of subsidiaries subscribed by third parties | | — | — |
| Dividends paid to non-controlling interests by consolidated companies | | (3.1) | (0.6) |
| **Transactions with non-controlling interests** | | **(3.1)** | **(0.6)** |
| Increase (reduction) in bank overdrafts and other short-term borrowings | 16 | 69.1 | 50.1 |
| Increase in long-term debt | 16 | 561.7 | 4.0 |
| Reduction in long-term debt | 16 | (536.5) | (20.4) |
| Financial interest paid | | (22.1) | (14.0) |
| **Change in gross debt** | | **72.2** | **19.7** |
| **Net cash flows from (used in) financing activities** | | **(114.2)** | **(91.1)** |
| **Increase (reduction) in cash and cash equivalents** | | **155.2** | **154.9** |
| Impact of changes in foreign exchange rates on cash and cash equivalents | | (22.4) | 2.8 |
| Impact of changes in fair value on cash and cash equivalents | | — | — |
| **Opening cash and cash equivalents** | | **330.8** | **494.6** |
| **Closing cash and cash equivalents** | | **463.4** | **652.3** |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(in € million)* | Note | 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 2021** | | **122,289,183** | **413.3** | **138.5** | **(165.1)** | **(145.5)** | **336.7** | **168.5** | **746.4** | **53.3** | **799.7** |
| Other comprehensive income | | | — | — | — | 4.7 | (16.9) | 25.1 | 12.9 | (11.8) | 1.1 |
| Net profit (loss) for the year | | | — | — | — | — | — | 342.0 | 342.0 | 13.6 | 355.6 |
| ***Total comprehensive income for the year*** | | | ***—*** | ***—*** | ***—*** | ***4.7*** | ***(16.9)*** | ***367.1*** | ***354.9*** | ***1.8*** | ***356.7*** |
| Capital increase for the Group Savings Plan _ Verallia SA | | 611,445 | 2.1 | 10.9 | — | — | — | — | 13.0 | — | 13.0 |
| Distribution of Dividends (per share : 0.95 euro) | | | — | — | — | — | — | (122.7) | (122.7) | (1.5) | (124.2) |
| Purchase of shares | | | — | — | (8.4) | | — | — | (8.4) | — | (8.4) |
| Cancellation of Treasury shares | | (611,445) | (2.1) | (15.5) | 17.6 | — | — | — | — | — | — |
| Sales of treasury shares | | | — | — | 4.1 | — | — | (4.1) | — | — | — |
| Share-based compensation | | | — | — | — | — | — | 5.7 | 5.7 | — | 5.7 |
| IAS 29 Hyperinflation | | | — | — | — | — | — | 27.6 | 27.6 | 18.5 | 46.1 |
| Change in non-controlling interests | | | — | — | — | — | 2.5 | (15.8) | (13.3) | (8.1) | (21.4) |
| Other | | | — | — | — | — | — | 0.1 | 0.1 | — | 0.1 |
| **As of 31 December 2022** | | **122,289,183** | **413.3** | **133.9** | **(151.8)** | **(140.8)** | **322.3** | **426.4** | **1,003.4** | **64.0** | **1,067.4** |
| Other comprehensive income | | | — | — | — | (23.3) | (341.5) | 91.4 | (273.4) | (15.3) | (288.7) |
| Net profit (loss) for the year | | | — | — | — | — | — | 310.8 | 310.8 | 6.5 | 317.3 |
| ***Total comprehensive income for the year*** | | ***—*** | ***—*** | ***—*** | ***—*** | ***(23.3)*** | ***(341.5)*** | ***402.2*** | ***37.4*** | ***(8.8)*** | ***28.6*** |
| Capital increase for the Group Savings Plan _ Verallia SA | 15 | 611,445 | 2.1 | 16.6 | — | — | — | — | 18.6 | — | 18.6 |
| Distribution of Dividends (per share : 1.40 euro) | 15 | | — | — | — | — | — | (163.8) | (163.8) | (3.1) | (166.9) |
| Purchase of shares | | | — | — | (38.1) | — | — | — | (38.1) | — | (38.1) |
| Cancellation of Treasury shares | | (611,445) | (2.1) | (17.7) | 19.8 | — | — | — | — | — | — |
| Sales of treasury shares | | | — | — | 7.2 | — | — | (7.2) | — | — | — |
| Share-based compensation | | | — | — | — | — | — | 7.0 | 7.0 | — | 7.0 |
| IAS 29 Hyperinflation | | | — | — | — | — | — | 24.4 | 24.4 | 16.3 | 40.8 |
| Change in non-controlling interests | | | — | — | — | — | — | — | — | — | — |
| Other | | | — | — | — | — | — | — | — | — | — |
| **As of 30 June 2023** | | **122,289,183** | **413.3** | **132.7** | **(162.9)** | **(164.1)** | **(19.2)** | **689.0** | **888.8** | **68.5** | **957.2** |

## RECONCILIATION OF THE BALANCE SHEET PUBLISHED AT 31 DECEMBER 2022 WITH THE BALANCE SHEET AT 31 DECEMBER 2022 PRESENTED FOR COMPARISON PURPOSES IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2023

In accordance with the provisions set out in IFRS 3, the Group has 12 months in which to identify and measure the assets and liabilities acquired.

The acquisition was finalised a few days prior to the closing date of 31 December 2022, so final purchase price allocation was still pending.

During the first half of the year, the Group retrospectively adjusted the provisional impacts recognised at the transaction date.

Consequently, the condensed consolidated statement of financial position at 31 December 2022 presented in these financial statements has been restated as follows:

| *(in € million)* | 31 December 2022 | Adjustments | 31 December 2022-Adjusted |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 783.9 | (119.4) | 664.6 |
| Other intangible assets | 313.1 | 169.3 | 482.4 |
| Property, plant and equipment | 1,609.0 | | 1,609.0 |
| Investments in associates | 5.9 | | 5.9 |
| Deferred tax | 27.5 | | 27.5 |
| Other non-current assets | 186.3 | | 186.3 |
| **Non-current assets** | **2,925.7** | **49.9** | **2,975.7** |
| Short-term portion of non-current assets | 1.3 | | 1.3 |
| Inventories | 536.8 | | 536.8 |
| Trade receivables | 250.4 | | 250.4 |
| Current tax receivables | 5.4 | | 5.4 |
| Other current assets | 392.3 | | 392.3 |
| Cash and cash equivalents | 330.8 | | 330.8 |
| **Current assets** | **1,517.0** | | **1,517.0** |
| **Total Assets** | **4,442.7** | **49.9** | **4,492.7** |
| **EQUITY & LIABILITIES** | | | |
| Share capital | 413.3 | | 413.3 |
| Consolidated reserves | 333.1 | | 333.1 |
| **Equity attributable to shareholders** | **1,003.4** | | **1,003.4** |
| Non controlling interests | 64.0 | | 64.0 |
| **Equity** | **1,067.4** | | **1,067.4** |
| Non-current financial liabilities and derivatives | 1,562.2 | | 1,562.2 |
| Provisions for pensions and other employee benefits | 87.4 | | 87.4 |
| Deferred tax | 226.0 | 51.0 | 277.0 |
| Provisions and other non-current financial liabilities | 23.2 | | 23.2 |
| **Non-current liabilities** | **1,898.8** | **51.0** | **1,949.8** |
| Current financial liabilities and derivatives | 200.9 | | 200.9 |
| Current portion of provisions and other non-current financial liabilities | 54.3 | | 54.3 |
| Trade payables | 740.6 | | 740.6 |
| Current tax liabilities | 44.3 | | 44.3 |
| Other current liabilities | 436.4 | (0.9) | 435.6 |
| **Current liabilities** | **1,476.5** | **(0.9)** | **1,475.7** |
| **Total Equity and Liabilities** | **4,442.7** | **49.9** | **4,492.7** |

## NOTE 1 – INFORMATION ON THE GROUP

### 1.1 INCORPORATION AND CREATION

#### 1.1.1 CORPORATE NAME

At 30 June 2023, 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 2023, the Company is a *société anonyme* (limited company) governed by French law.

### 1.2 HIGHLIGHTS

**Syndicated credit facility refinancing arranged by the Group with its banks**

In April 2023, Verallia arranged a €1.1 billion syndicated loan in the form of:

a. a €550 million term loan and

b. a €550 million revolving credit facility (RCF), which remained undrawn at 30 June 2023,

in order to refinance in advance its €1 billion syndicated credit facility which was signed in 2019 and scheduled to mature in 2024.

The new term loan has a four-year maturity with a one-year extension option, while the new RCF has a five-year maturity with two one-year extension options.

The terms and conditions applied to these new credit facilities are linked to CSR indicators.

**Group's long-term credit rating upgraded by Moody's and Standard & Poor's**

In April 2023, rating agency Moody's upgraded the Group's long-term credit rating to Baa3 with a stable outlook.

In May 2023, rating agency Standard and Poor's upgraded the Group's long-term credit rating to BBB- with a positive outlook.

The issue ratings on each of the two €500 million sustainability-linked bonds issued in May 2021 and November 2021 were also upgraded from BB+ to BBB-.

Verallia is now rated as Investment Grade by both agencies.

### 2023 employee shareholding offer

On 22 June 2023, Verallia issued 611,445 new ordinary shares, corresponding to 0.5% of its share capital and voting rights, as part of a capital increase reserved for employees based on a standard formula with a discount and including a matching contribution. The IFRS 2 expense measuring the benefits offered to employees was measured by reference to the share's fair value on the last day of subscription. At 30 June 2023, it amounted to €3.0 million.

In order to offset the dilutive impact of this transaction, Verallia simultaneously carried out a capital reduction by cancelling 611,445 treasury shares acquired under the share buyback programme.

### Update on the acquisition of Allied Glass

On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass for £206 million, equivalent to €235.5 million.

At 31 December 2022, the difference between the total consideration paid and the carrying amount of the assets and liabilities acquired, except for the inventories measured at their fair value, was recognised as goodwill in the provisional amount of €250.7 million, as allowed under IFRS 3 Business Combinations.

During the course of 2023 and within 12 months of the acquisition date, the Group continued with the process of identifying and measuring the identifiable assets acquired and liabilities assumed.

Changes to the values assigned initially were recognised retrospectively at the acquisition date with a corresponding impact on the amount of goodwill, primarily concerning:

- the valuation of customer relationships in an amount of €171.3 million (£149.8 million);
- the -€42.8 million deferred tax liability for customer relationships (-£37.4 million);
- adjustments to the assets acquired and liabilities assumed, of which an €8.6 million increase in deferred tax liabilities.

### Allied's net assets acquired after incorporating adjustments

| *(in € million)* | Assets acquired and liabilities assumed before adjustments | Adjustments | Assets acquired and liabilities assumed after adjustments |
|---|---|---|---|
| **ASSETS ACQUIRED** | | | |
| Intangible assets | | 171,3 | 171,3 |
| Property, plant and equipment | 94,4 | | 94,4 |
| **Non current assets** | **94,4** | **171,3** | **265,7** |
| Inventories | 42,6 | | 42,6 |
| Trade receivables | 31,7 | | 31,7 |
| Current tax receivables | 1,9 | | 1,9 |
| Other current assets | 5,5 | | 5,5 |
| Cash and cash equivalents | 11,1 | | 11,1 |
| **Current assets** | **92,8** | | **92,8** |
| **Total identifiable assets acquired** | **187,3** | **171,3** | **358,6** |
| **LIABILITIES ASSUMED** | | | |
| Non-current financial liabilities and derivatives | 106,4 | | 106,4 |
| Deferred tax | 9,3 | 51,4 | 60,7 |
| **Non-current liabilities** | **115,7** | **51,4** | **167,1** |
| Current financial liabilities and derivatives | 38,2 | | 38,2 |
| Trade payables | 25,6 | | 25,6 |
| Other current liabilities | 22,9 | (0,9) | 22,0 |
| **Current liabilities** | **86,8** | **(0,9)** | **85,9** |
| **Total liabilities assumed** | **202,5** | **50,5** | **253,0** |
| **Total net assets acquired** | **(15,2)** | **120,8** | **105,6** |
| Acquisition price | 235,5 | | 235,5 |
| Total net assets acquired | (15,2) | 120,8 | 105,6 |
| **Goodwill** | **250,7** | **120,8** | **129,9** |

The amount of the goodwill is adjusted accordingly and amounted to €129.9 million at 8 November 2022 (€128.4 million based on December 31, 2022 exchange rate).

At 30 June 2023, the impact of this acquisition on revenue and net profit (loss) amounted to respectively €109.8 million and €1.6 million.

### 1.3 OPERATIONS

With industrial operations in 12 countries, Verallia is the world's third-largest producer of glass packaging for beverages and food products.

By acquiring Allied Glass on 8 November 2022, the Group has expanded its Northern European manufacturing footprint with operations in the United Kingdom and thus reinforced its position in premium glass bottles for the spirits market.

The Group boasts sound positions in Western and Eastern Europe, as well as in Latin America.

Its main subsidiaries are located in the following countries: France, Italy, Germany, the United Kingdom, Spain, Portugal, Argentina and Brazil. Verallia employs more than 10,000 employees worldwide and operates 34 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 2023 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 effect since 1 January 2023.

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 2022 universal registration document.

These interim financial statements were approved by the Board of Directors on 25 July 2023.

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 terms “Verallia”, “Group” and “the Verallia Group” refer to the whole group encompassing the Verallia SA company and its consolidated subsidiaries.

The Group applied to its condensed consolidated financial statements at 30 June 2023 the following standards, amendments and interpretations which came into effect on 1 January 2023:

| | |
|---|---|
| Amendments to IAS 1: Disclosure of accounting methods | January 1, 2023 |
| Amendments to IAS 8 : Definition of accounting estimates | January 1, 2023 |
| Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction | January 1, 2023 |

The amendments to IAS 1 and IAS 8 had no material impact on the Group’s financial statements.

The amendment to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction had no impact on the Group’s financial statements to the extent that the Group did not apply the initial recognition exemption for deferred taxes which is allowed when a temporary difference arises from the initial recognition (other than for business combinations) of an asset or liability that affects neither accounting profit nor taxable profit at the transaction date.

This amendment also had no impact on the presentation of the Group’s financial statements or of the notes to its financial statements.

Based on the information available to date, the Group does not expect to be materially affected by the adoption by the Council of the EU on 15 December 2022 of the European Directive implementing the Pillar 2 rules published by the OECD.

The Group applied to its consolidated financial statements at 30 June 2023 the amendment to IAS 12 International Tax Reform – Pillar 2 Model Rules published by the IASB on 23 May 2023 and not yet in effect. The Group applied the mandatory temporary exception introduced by this IAS 12 amendment, which consists in not accounting for deferred taxes related to income tax arising from the Pillar 2 rules.

The Group did not apply early the following new standards, amendments and interpretations, which have been published but are not yet in effect:

| | |
|---|---|
| Amendments to IAS 1: Classification of liabilities as current or non-current | January 1, 2024 |
| Amendments to IAS 1 : Non-current liabilities with covenants | January 1, 2024 |
| Amendments to IFRS 16 : Lease liability in a sale and leaseback | January 1, 2024 |
| Amendments to IAS 7 and IFRS 7 : Supplier Finance Arrangements | January 1, 2024 |

## 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.

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 |
| Measurement of provisions and other financial liabilities | 17 |
| Measurement of defined benefit obligations and plan assets | 18 |

## 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 2023 | | As of 31 December 2022 | | As of 30 June 2022 | |
|---|---|---|---|---|---|---|
| | Closing rate | Average rate | Closing rate | Average rate | Closing rate | Average rate |
| Brazilian real (EUR/BRL) | 5.28 | 5.48 | 5.65 | 5.44 | 5.46 | 5.56 |
| Pound Sterling (EUR/GBP) | 0.86 | 0.88 | 0.88 | 0.85 | n/a | n/a |
| Argentine peso (EUR/ARS)* | 279.03 | 228.97 | 189.21 | 136.66 | 130.78 | 122.47 |
| Russian rouble (EUR/RUB) | 95.03 | 83.43 | 77.96 | 72.15 | 52.75 | 82.96 |
| Ukrainian hryvnia (EUR/UAH) | 40.00 | 39.53 | 38.95 | 33.96 | 30.78 | 31.74 |

* *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 2023

There were no significant changes in the scope of consolidation during the first half of 2023.

## 3.2 CHANGES IN SCOPE DURING THE FIRST HALF OF 2022

There were no significant changes in the scope of consolidation during the first half of 2022.

# 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 three 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, the United Kingdom, Russia, Poland and Ukraine. The Group's operations in Northern and Eastern Europe are mainly oriented towards bottles for beer, particularly in Germany, and jars and bottles for food, mostly for local markets, and for the premium spirits market.
- **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 in 2019 and its internal reporting system as submitted to the Board of Directors, which is Verallia's chief operating decision-maker ("CODM"). Its management organisation and internal reporting remain unchanged following its takeover of Allied Glass. 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 performances of businesses adjusted for certain expenses and/or income that are non-recurring or 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 in IFRS 8:

| *(in € million)* | Note | As of 30 June | |
|---|---|---|---|
| | | 2023 | 2022 |
| **Net profit (loss) for the year** | | **317.2** | **178.8** |
| Net financial income | | 55.7 | 30.2 |
| Income tax | | 118.0 | 68.9 |
| Share of net result of associates | | (0.6) | (0.5) |
| **Operating profit** | | **490.3** | **277.4** |
| Depreciation, amortisation and impairment | A | 162.9 | 142.3 |
| Restructuring costs | | 2.0 | 0.5 |
| IAS 29, Hyperinflation (Argentina) | | (1.0) | (0.3) |
| Management share ownership plan and associated costs | B | 4.6 | 4.5 |
| Acquisition fees and additional price | | 0.2 | — |
| Other | | — | 1.0 |
| **Adjusted EBITDA** | | **659.0** | **425.4** |

A. Includes depreciation and amortisation 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 (**Note 6.2**).

B. Corresponds to share-based compensation plans and associated costs (**Note 5.2**).

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 | As of 30 June 2023 | | | | |
|---|---|---|---|---|---|---|
| | | Northern and Eastern Europe | Southern and Western Europe | Latin America | Eliminations | Group total |
| Revenue from activities with external customers | 5.1 | 514.6 | 1,404.8 | 223.3 | — | 2,142.7 |
| Inter-segment revenue | | 2.2 | 14.8 | 2.6 | (19.6) | — |
| **Total segment revenue** | | **516.8** | **1,419.6** | **226.0** | **(19.6)** | **2,142.7** |
| **Adjusted EBITDA** | **4.2** | **141.5** | **436.5** | **81.0** | **—** | **659.0** |
| **Capital expenditure*** | | **25.7** | **87.7** | **36.7** | **—** | **150.1** |

*Excluding rights of use under IFRS 16

| *(in € million)* | Note | As of 30 June 2022 | | | | |
|---|---|---|---|---|---|---|
| | | Northern and Eastern Europe | Southern and Western Europe | Latin America | Eliminations | Group total |
| Revenue from activities with external customers | 5.1 | 307.8 | 1,136.3 | 194.8 | — | 1,638.9 |
| Inter-segment revenue | | 8.9 | 6.5 | 0.0 | (15.4) | — |
| **Total segment revenue** | | **316.7** | **1,142.8** | **194.8** | **(15.4)** | **1,638.9** |
| **Adjusted EBITDA** | **4.2** | **59.9** | **286.1** | **79.4** | **—** | **425.4** |
| **Capital expenditure*** | | **16.8** | **48.0** | **31.5** | **—** | **96.3** |

*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)* | As of 30 June | |
|---|---|---|
| | 2023 | 2022 |
| Still wines | 686.6 | 586.0 |
| Sparkling wines | 287.6 | 206.6 |
| Spirits | 319.4 | 187.5 |
| Beers | 253.4 | 203.3 |
| Food | 334.7 | 252.5 |
| Soft drinks | 221.6 | 166.3 |
| Others | 39.4 | 36.7 |
| **Revenue** | **2,142.7** | **1,638.9** |

## 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 2023 | 31 December 2022 |
|---|---|---|
| France | 308.6 | 313.8 |
| Italy | 400.6 | 375.4 |
| Spain | 231.1 | 222.9 |
| Germany | 199.9 | 205.3 |
| Brazil | 203.2 | 163.0 |
| Other countries | 495.0 | 326.8 |
| **Total** | **1,838.4** | **1,607.2** |

## 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 2023 or the first half of 2022.

## NOTE 5 – OPERATING INCOME AND EXPENSES

### 5.1 REVENUE BY COUNTRY OF ORIGIN

| *(in € million)* | As of 30 June | |
|---|---|---|
| | 2023 | 2022 |
| France | 559.7 | 475.0 |
| Italy | 453.4 | 333.9 |
| Spain | 321.0 | 263.2 |
| Germany | 310.1 | 234.6 |
| Brazil | 123.4 | 98.8 |
| Other countries | 375.1 | 233.4 |
| **Total revenue** | **2,142.7** | **1,638.9** |

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 | As of 30 June | |
|---|---|---|---|
| | | 2023 | 2022 |
| Raw materials, energy, transport and other production costs | | (1,136.8) | (938.5) |
| Personnel expenses | A | (354.3) | (282.8) |
| Depreciation and amortisation | B | (127.5) | (111.2) |
| **Total cost of sales and selling, general and administrative expenses** | **C** | **(1,618.6)** | **(1,332.6)** |

A. Personnel expenses include:

- €0.5 million at 30 June 2023 and €1.5 million at 30 June 2022 in respect of costs relating to post-employment benefits (**Notes 18.1 and 18.2**).
- €4.6 million at 30 June 2023 and €4.5 million at 30 June 2022 in respect of costs relating to share-based compensation plans.
- €3.0 million at 30 June 2023 in respect of costs relating to the shareholding offer reserved to Group employees.

B. Includes amortisation of intangible assets and depreciation of 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 €3.7 million at 30 June 2023 and €2.9 million at 30 June 2022.

## 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)* | As of 30 June | | |
|---|---|---|---|
| | Note | 2023 | 2022 |
| Acquisition and M&A costs | A | (0.2) | (0.8) |
| Amortisation of intangible assets acquired through business combinations | B | (34.3) | (31.1) |
| **Acquisition-related items** | | **(34.5)** | **(31.9)** |

A. In the first half of 2022, corresponds mainly to the additional consideration received from the sale of shares in Thierry Bergeon Embouteillage.

B. Represents the amortisation over a 12-year useful life of the Verallia Group’s customer relationships recognised in 2015 (gross value of €740 million) and the amortisation over a 17-year useful life of the customer relationships of the Allied Group acquired in 2022 due to the premium nature of its products (gross value of €169.3 million, cf. **Note 10**).

### 6.2 OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses break down as follows:

| *(in € million)* | As of 30 June | | |
|---|---|---|---|
| | Note | 2023 | 2022 |
| Gains on disposals of assets | A | 10.8 | 5.0 |
| Reversals of asset impairment | | 0.6 | — |
| **Other income** | | **11.4** | **5.0** |
| Restructuring costs | | (2.0) | (0.5) |
| Losses on disposals of assets and scrapped assets | | (2.8) | (1.3) |
| Impairment of assets | | (1.6) | — |
| Others | B | (4.3) | (0.3) |
| **Other expenses** | | **(10.7)** | **(2.1)** |
| **Other income and expenses – net** | | **0.7** | **2.9** |

A. At 30 June 2023, this amount corresponds to insurance compensation received for the damages incurred in 2021, in Argentina.

B. At 30 June 2023, additional provisions were made for asbestos-related risks.

## NOTE 7 – FINANCIAL INCOME AND EXPENSES

Financial income and expenses consist of the following:

| (in € million) | Note | As of 30 June 2023 | 2022 |
|---|---|---|---|
| Interest expense excluding lease liabilities | 16 | (32.9) | (16.2) |
| Interest expense related to lease liabilities | | (0.9) | (0.7) |
| Amortisation of debt issuance costs, and other * | | (7.5) | (6.0) |
| Financial income from cash and cash equivalents and other | A | 20.0 | 8.9 |
| **Cost of net debt** | | **(21.3)** | **(14.0)** |
| Expenses related to financing | B | (2.2) | — |
| Foreign exchange gains and losses | C | (7.6) | (7.0) |
| Net interest expense related to pension plans and other benefits | 18.1 | (1.4) | (0.6) |
| Profit (loss) on net monetary position in Argentina (IAS 29) | 2.3 | (23.2) | (8.6) |
| **Net financial income (expense)** | | **(55.7)** | **(30.2)** |

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

A. Corresponds in 2023 and 2022 to financial investment income, primarily in Argentina, and interest income on interest rate hedging instruments.

B. Corresponds mainly in 2023 to the accelerated amortisation of issuance costs still to be amortised on Term Loan A and on the Revolving Credit Facility arranged in 2019 and refinanced in april 2023.

C. Corresponds mainly in 2023 and 2022 to BRL and GBP foreign exchange impacts and to the effects of variations in foreign exchange derivatives.

## NOTE 8 – INCOME TAXES

The effective tax rate in the first half of 2023 results from the application to profit before tax at 30 June 2023 of the estimated effective tax rate for the full year.

The income tax expense at 30 June 2023 was €118 million (implying an effective interim tax rate of 27.2%) compared to €68.9 million at 30 June 2022 (implying an effective interim tax rate of 27.9%).

In addition, the Group applied the mandatory temporary exception introduced by the amendment to IAS 12 - International Tax Reform - Pillar 2 Model Rules, which consists in not accounting for deferred taxes related to income tax arising from the Pillar 2 rules (cf. Note 2.1).

## 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 |
|---|---|---|---|---|
| **Net value published as of 31 December 2022** | | | | |
| Gross amount | 347.5 | 378.5 | 57.9 | 783.9 |
| **Net amount published as of 31 December 2022** | **347.5** | **378.5** | **57.9** | **783.9** |
| **Net value adjusted as of 31 December 2022** | | | | |
| Adjusted Allied Goodwill Gross amount* | (119.4) | — | — | (119.4) |
| **Net amount adjusted as of 31 December 2022** | **228.1** | **378.5** | **57.9** | **664.6** |
| **Changes during the year** | | | | |
| Translation differences | 3.5 | — | 4.0 | 7.5 |
| **Total changes** | **3.5** | **—** | **4.0** | **7.5** |
| As of 30 June 2023 | | | | |
| Gross amount | 231.7 | 378.5 | 61.9 | 672.1 |
| **Net amount as of 30 June 2023** | **231.7** | **378.5** | **61.9** | **672.1** |

*On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group continued with the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period. Goodwill was adjusted accordingly.

*See Note 1.2 "Highlights - Update on the acquisition of Allied Glass".*

## NOTE 10 – OTHER INTANGIBLE ASSETS

Other intangible assets break down as follows:

| *(in € million)* | Customer relationships | Software | Other | Total |
|---|---|---|---|---|
| **Net value published as of 31 December 2022** | | | | |
| Gross amount | 724.2 | 47.2 | 13.9 | 785.3 |
| Cumulative amortisation and impairment | (432.5) | (36.3) | (3.4) | (472.2) |
| **Net amount published as of 31 December 2022** | **291.7** | **10.9** | **10.5** | **313.1** |
| **Net value adjusted as of 31 December 2022** | | | | |
| Adjustment - Allied Contract Customers* | 169.3 | — | — | 169.3 |
| **Cumulative amortisation and impairment as of 31 December 2022** | **461.0** | **10.9** | **10.5** | **482.4** |
| **Changes during the year** | | | | |
| Changes in scope and transfers | — | 1.7 | (1.7) | — |
| Acquisitions | — | — | 2.0 | 2.0 |
| Disposals | — | — | — | — |
| Translation differences | 5.9 | — | — | 5.9 |
| Amortisation and impairment | (34.3) | (2.3) | (0.3) | (36.9) |
| **Total changes** | **(28.4)** | **(0.6)** | **—** | **(29.0)** |
| **As of 30 June 2023** | | | | |
| Gross amount | 901.6 | 49.2 | 14.2 | 965.0 |
| Cumulative amortisation and impairment | (469.0) | (38.9) | (3.7) | (511.6) |
| **Net amount as of 30 June 2023** | **432.6** | **10.3** | **10.5** | **453.4** |

*On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group continued with the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period: the adjustment corresponds to the incorporation of the customer relationships, retrospectively, arising from the acquisition of Allied Glass.

*See Note 1.2 "Highlights - Update on the acquisition of Allied Glass".*

## NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment break down as follows:

| *(in € millions)* | Note | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| Assets owned | A | 1,607.6 | 1,555.4 |
| Assets leased | B | 59.4 | 53.6 |
| **Property, plant and equipment** | | **1,667.0** | **1,609.0** |

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 December 31, 2022** | | | | | |
| Gross amount | 66.4 | 429.1 | 2,571.5 | 238.1 | 3,305.1 |
| Cumulative depreciation and impairment | (1.0) | (211.0) | (1,536.5) | (1.2) | (1,749.7) |
| **Net amount** | **65.4** | **218.1** | **1,035.0** | **236.9** | **1,555.4** |
| **Changes during the period** | | | | | |
| Changes in scope and other | 0.2 | (0.4) | 8.1 | — | 7.9 |
| Acquisitions | — | 0.1 | 21.9 | 126.1 | 148.1 |
| IAS 29, Hyperinflation | 1.1 | 8.5 | 12.7 | 2.4 | 24.7 |
| Disposals | — | — | (0.4) | — | (0.4) |
| Translation differences | (1.5) | (4.7) | (6.8) | 0.1 | (12.9) |
| Depreciation and impairment | — | (10.3) | (104.9) | — | (115.2) |
| Transfers | — | 11.2 | 67.9 | (79.1) | — |
| **Total changes** | **(0.2)** | **4.4** | **(1.5)** | **49.5** | **52.2** |
| **As of June 30, 2023** | | | | | |
| Gross amount | 66.1 | 462.6 | 2,733.5 | 287.7 | 3,550.0 |
| Cumulative depreciation and impairment | (0.9) | (240.1) | (1,700.1) | (1.3) | (1,942.4) |
| **Net amount** | **65.2** | **222.5** | **1,033.4** | **286.4** | **1,607.6** |

B. Rights of use break down as follows:

| *(in € millions)* | Buildings | Machinery and equipment | Others | Total |
|---|---|---|---|---|
| **Net carrying amount as of 31 December 2022** | **38.9** | **14.7** | **—** | **53.6** |
| Additions during the period | 9.9 | 7.8 | — | 17.7 |
| Reductions during the period | — | (0.4) | — | (0.4) |
| Changes in scope and other | 2.8 | (3.5) | — | (0.7) |
| Depreciation during the period | (6.8) | (4.0) | — | (10.8) |
| **Net carrying amount as of 30 June 2023** | **44.8** | **14.6** | **—** | **59.4** |

## 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.

Based on the healthy levels of business and profitability generated over the period, the bright outlooks for its CGUs and the stability of the interest rate assumptions used, the Group did not identify any indication of impairment.

Given that there was no indication of impairment, as defined by IAS 36, no impairment tests were performed at 30 June 2023.

## NOTE 13 – CHANGE IN NET WORKING CAPITAL

The change in net working capital at 30 June 2023 and 31 December 2022 is as follows:

| *(in € million)* | Notes | 31 December 2022 | Impact of cash flows | Foreign exchange and other | Change in group structure | 30 June 2023 |
|---|---|---|---|---|---|---|
| Inventories | 13.1 | **536.8** | 117.7 | (7.4) | **0.2** | **647.4** |
| Operating receivables | 13.2 | **409.5** | (19.9) | (41.5) | — | **348.1** |
| Operating liabilities | 13.3 | **(944.5)** | 17.2 | 3.4 | — | **(923.8)** |
| Debts to suppliers of fixed assets | | **(156.2)** | 77.6 | (0.8) | — | **(79.4)** |
| **Operating working capital** | | **(154.4)** | **192.6** | **(46.2)** | **0.2** | **(7.8)** |
| Other receivables (non-operating) * | 13.2 | **233.2** | (334.2) | 216.5 | — | **115.6** |
| Other liabilities (non-operating) | 13.3 | **(76.5)** | 322.1 | (408.7) | **0.9** | **(162.2)** |
| Current tax assets and liabilities | | **(38.9)** | (57.5) | 13.5 | — | **(82.9)** |
| **Total working capital** | | **(36.6)** | **123.0** | **(224.9)** | **1.2** | **(137.3)** |
| **Change in working capital** | | **(73.4)** | | | | **(100.7)** |

***Reconciliation with the condensed consolidated statement of cash flows :***

| | |
|---|---|
| Change in inventory | (117.7) |
| Change in trade receivables, trade payables and other receivables/payables | 4.1 |
| Current tax expense | 125.6 |
| Income taxes paid | (57.5) |
| Increase (decrease) in debt to suppliers of fixed assets | (77.6) |
| **Total** | **(123.0)** |

**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 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | **Gross** | **Depreciation** | **Net** | **Gross** | **Depreciation** | **Net** |
| Raw materials | 208.4 | (24.9) | 183.5 | 192.8 | (24.5) | 168.3 |
| Inventories of work in progress | 2.4 | (1.7) | 0.7 | 2.2 | (1.6) | 0.6 |
| Finished goods | 481.5 | (18.3) | 463.2 | 373.9 | (6.0) | 367.9 |
| **Total inventories** | **692.3** | **(44.9)** | **647.4** | **568.9** | **(32.1)** | **536.8** |

### 13.2 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

Trade receivables – gross values, impairment losses and net values – break down as follows:

| *(in € million)* | 30 June 2023 | | | 31 December 2022 | | |
|---|---|---|---|---|---|---|
| | Gross | Depreciation | Net | Gross | Depreciation | Net |
| **Trade receivables** | **299.3** | **(20.1)** | **279.2** | **262.9** | **(12.5)** | **250.4** |

The table below shows the ageing of trade receivables at 30 June 2023 and 31 December 2022:

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **Accounts receivable not yet due** | **270.7** | **239.0** |
| **Accounts receivable past due** | **8.5** | **11.4** |
| Under 30 days | 6.4 | 9.0 |
| Between 30 and 90 days | 0.6 | 1.7 |
| Beyond 90 days | 1.5 | 0.7 |
| **Total trade receivables (net amounts)** | **279.2** | **250.4** |

Current assets break down as follows:

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Advances to suppliers | 6.1 | 11.5 |
| Prepaid social security contributions | 1.9 | 0.4 |
| Other taxes paid in advance and recoverable (other than income taxes) | 36.6 | 76.2 |
| Other operating receivables | 22.8 | 70.8 |
| Derivatives assets * | 111.0 | 228.3 |
| Other non-trade receivables | 6.1 | 5.1 |
| **Other current assets** | **184.5** | **392.3** |

**Current derivative assets correspond mainly to the fair value of energy hedging derivatives. The non-current portion of these derivative assets is presented in "other non-current assets" in the amount of € 35.4 million.*

## 13.3 TRADE PAYABLES AND OTHER CURRENT LIABILITIES

Trade payables and other current liabilities break down as follows:

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **Trade payables** | **674.2** | **740.6** |
| Customer down payments | 42.0 | 14.6 |
| Debts on fixed assets | 79.4 | 156.2 |
| Grants received | 7.6 | 14.5 |
| Accrued personnel expenses | 114.8 | 114.4 |
| Tax liabilities (other than income tax) | 34.9 | 15.2 |
| Derivative liabilities | 150.2 | 48.1 |
| Other | 62.5 | 72.8 |
| **Other current liabilities** | **491.4** | **435.6** |
| **Total trade payables and other current liabilities** | **1,165.6** | **1,176.4** |

*On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group continued with the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period: other liabilities at 31 December 2022 were adjusted accordingly by -€0.9 million.

*See Note 1.2 "Highlights - Update on the acquisition of Allied Glass".*

## 13.4 FACTORING

### ACCOUNTING PRINCIPLES

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 the second half of 2022, the Group renewed and increased its pan-European factoring programme to a maximum of €500 million with Crédit Agricole Leasing & Factoring.

This programme came into effect on 1 December 2022 for a period of 3 years; it is now, since 2022, based on the Group's Sustainability-Linked Financing Framework and incorporates environmental criteria. The two sustainability performance targets are (i) to reduce Verallia's annual CO2 emissions (scopes 1 and 2) to 2,625 kt CO2 by 2025; and (ii) to increase the percentage of external cullet used in its production operations to 59% by 2025.

The Group also has local lines in certain countries (primarily Italy and Argentina) giving it access to additional financing of up to €50 million.

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Assignment of receivables without recourse | 504.4 | 324.9 |
| Assignment of receivables with recourse | 18.7 | 9.6 |
| **Total receivables assigned** | **523.1** | **334.5** |

Note that the amount of non-recourse receivables transferred at 30 June 2022 was €416.4 million.

Under the 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 under the contract running until 30 November 2022 and 1.5% of the receivables transferred as from 1 December 2022.

The amounts thus recorded in "Other non-current assets" at 30 June 2023 and 31 December 2022 were €9.3 million and €7.0 million, respectively.

## NOTE 14 – CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents is as follows:

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Cash | 377.9 | 271.8 |
| Cash equivalents | 85.6 | 59.0 |
| **Total cash and cash equivalents** | **463.4** | **330.8** |

At 30 June 2023, cash and cash equivalents consisted mainly of cash in bank accounts, short-term bank deposits and equivalent money-market funds in the amount of €463.4 million (€330.8 million at 31 December 2022).

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 or restrict this access, including monetary restrictions in some foreign jurisdictions. Cash held in countries with immediate currency convertibility or transferability restrictions amounted to €75.8 million at 30 June 2023 (€73.1 million at 31 December 2022)

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

## NOTE 15 – EQUITY

### 15.1 SHARE CAPITAL

On 22 June 2023, the Chief Executive Officer:

- certified the completion of the capital increase reserved for employees and corporate officers of a total nominal amount of €2,066,684.10 via the issue of 611,445 new ordinary shares, combined with a share premium amounting to €16,551,816.15, and
- carried out a capital reduction by cancelling 611,445 treasury shares which the Company had previously bought back.

At 30 June 2023, the share capital therefore amounted to €413,337,438.54 and consisted of 122,289,183 ordinary shares with a nominal value of €3.38 each.

### 15.2 TREASURY SHARES

#### 15.2.1 TREASURY SHARES

At 30 June 2023, the Group held 5,273,869 treasury shares versus 5,031,208 treasury shares at 31 December 2022 subsequent to the following operations:

- the final allocation of 251,893 shares to certain employees (managerial staff) on 23 March 2023 under the share ownership plan;
- the cancellation of 611,445 shares;
- the buyback of 1,105,999 shares under the share buyback programme launched in 2022.

#### 15.2.2 LIQUIDITY AGREEMENT

At 30 June 2023, the liquidity account amounted to €3.4 million.

### 15.3. TRANSLATION RESERVE

The €23.3 million decrease in the translation reserve in the first half of 2023 was primarily attributable to the depreciation of the Argentine peso and Russian rouble.

The €72 million increase in the translation reserve in the first half of 2022 was primarily attributable to the appreciation of the Brazilian real and Russian rouble.

### 15.4 EARNINGS PER SHARE

#### 15.4.1 BASIC EARNING 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:

| | As of 30 June | |
|---|---|---|
| | **2023** | **2022** |
| Group's share of net profit (loss) (in € million) | 310.8 | 173.8 |
| Number of shares | 117,085,362 | 116,893,524 |
| **Basic earnings per share (in €)** | **2.65** | **1.49** |

#### 15.4.2 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:

| | As of 30 June | |
|---|---|---|
| | **2023** | **2022** |
| Group's share of net profit (loss) (in € million) | 310.8 | 173.8 |
| Diluted number of shares | 117,275,411 | 116,993,887 |
| **Diluted earnings per share (in €)** | **2.65** | **1.49** |

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 2023 | 31 December 2022 |
|---|---|---|---|
| Financial debt - Non current | 16.2 | 1,602.7 | 1,559.8 |
| Financial debt - Current | 16.2 | 272.1 | 201.3 |
| Financial derivative instruments - net | | (10.0) | (24.5) |
| **Gross debt** | | **1,864.8** | **1,736.6** |
| Cash and cash equivalents | 14 | (463.4) | (330.8) |
| **Net debt** | | **1,401.4** | **1,405.9** |

## 16.2 CHANGE IN GROSS FINANCIAL DEBT

### 16.2.1 Sustainability-linked bonds

At 30 June 2023, the Company had two sustainability-linked bonds which it had issued in 2021 in compliance with the International Capital Market Association's Sustainability-Linked Bond Principles: one of a total amount of €500 million with a maturity of 7 years (to 14 May 2028) and an annual coupon of 1.625%[1] ; the other of a total amount of €500 million with a maturity of 10 years (to 10 November 2031) and an annual coupon of 1.875%[1].

The interest rate may be revised upwards starting from the first interest period following 31 December 2025 and until maturity, depending on the achievement of two sustainability performance targets:

- a reduction in Verallia's annual CO2 emissions (scopes 1 and 2) to 2,625 kt CO2 by 2025 (corresponding to a 15% decrease from its 2019 baseline); and
- an increase in the percentage of external cullet used in its production operations to 59% by 2025 (implying a 10-point increase from 2019).

Failure to meet either of these targets would raise the coupon by 12.5 basis points for the first bond issued in May 2021 and by 10 basis points for the second bond issued in November 2021.

### 16.2.2 Sustainability-linked loan : Term loan and revolving credit facility

In April 2023, Verallia arranged a €1.1 billion syndicated loan in the form of:

- a €550 million term loan, and
- a €550 million revolving credit facility (RCF), which remained undrawn at 30 June 2023,

in order to refinance in advance its €1 billion syndicated credit facility which was signed in 2019 and scheduled to mature in 2024.

At 30 June 2023, Verallia SA therefore had a €550 million term loan and a €550 million revolving credit facility (RCF) which remained undrawn at 30 June 2023.

The new term loan has a four-year maturity with a one-year extension option, while the new RCF has a five-year maturity with a two one-year extension options.

The applicable margin on the term loan was initially set at Euribor + 150 basis points with an upward or downward adjustment (margin ratchet) mechanism. The term loan is currently indexed to the 3M Euribor rate.

The terms and conditions applied to these facilities are linked to CSR indicators. These indicators can impact the margins applied upwards or downwards (±1.⅔ bp per indicator) and are linked to the following three objectives: a reduction in the Group's scope 1 & 2 CO2 emissions, optimisation of water consumption in its plants, and the promotion of diversity and inclusion.

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[1] Prospectuses approved by the Autorité des marches financiers (French Financial Markets Authority) on respectively 11 May 2021 under visa 21-150 and 8 November 2021 under visa 21-477

The facilities agreement also contains certain affirmative and negative covenants, for instance the Group cannot:

- grant security interests;
- divest/transfer assets; or
- conduct certain mergers, demergers, partial asset transfers and similar transactions;

with each of these cases subject to stipulated thresholds and exceptions typical in this type of financing arrangement.

The facilities agreement also includes affirmative covenants, for instance to comply with applicable laws or keep the borrowings at least at the same rank as the borrower's unsecured debts under the facilities agreement.

Last of all, should Verallia's two long-term credit ratings assigned by S&P and Moody's be downgraded to below BBB- and Baa3, respectively, the facilities agreement requires the leverage ratio (total net debt / adjusted consolidated EBITDA), to be below 4.50x, to be tested every half-year.

No payment default had arisen or persisted under the facilities agreement as of 30 June 2023.

### 16.2.3 Negotiable European Commercial Paper (Neu CP)

At 30 June 2023, outstanding issues amounted to €175.3 million.

At 31 December 2022, outstanding issues amounted to €150.3 million.

### 16.2.4 Instalment loan from Bpifrance, a Verallia shareholder (under a related-party agreement)

In December 2021, the Company entered into an instalment loan agreement for a total principal amount of €30.0 million with Bpifrance. The loan has been fully drawn; it carries interest at a fixed annual rate of 0.40% and has a 3-year maturity. The amount outstanding at end-June 2023 was €15.0 million.

## At 30 June 2023

| *(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 2023 | | Total as of 30 June 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Non-current | Current | |
| Sustainability-Linked Bond November 2021 | 500.0 | EUR | 1.875% | 2.07% | 10/11/2031 | Maturity | 7.2 | 492.8 | 6.0 | 498.8 |
| Sustainability-Linked Bond May 2021 | 500.0 | EUR | 1.625% | 1.72% | 14/05/2028 | Maturity | 2.2 | 497.8 | 1.1 | 498.8 |
| Revolving credit facility (floor 0%) RCF | 550.0 | EUR | Euribor + 1,00% | 4.22% | 17/04/2028 | Revolving | 2.9 | — | — | — |
| Term Loan B (floor 0%) | 550.0 | EUR | Euribor + 1,50% | 4.76% | 16/04/2027 | Maturity | 2.8 | 544.3 | 4.8 | 549.0 |
| Lease liabilities | | | | | | | | 40.6 | 18.9 | 59.5 |
| Other borrowings | | | | | | | | 27.2 | 13.1 | 40.4 |
| **Total long-term debt** | | | | | | | | **1,602.7** | **43.9** | **1,646.6** |
| Negotiable commercial paper (NEU CP) | 400.0 | EUR | | | | | | | 175.3 | 175.3 |
| Other borrowings | | | | | | | | | 52.9 | 52.9 |
| **Total short-term debt** | | | | | | | | **—** | **228.3** | **228.3** |
| **Total financial debt** | | | | | | | | **1,602.7** | **272.1** | **1,874.9** |
| Financial derivatives liability | | | | | | | | 15.1 | — | 15.1 |
| **Financial Debt and financial derivatives liability** | | | | | | | | **1,617.9** | **272.1** | **1,890.0** |
| Financial derivatives asset | | | | | | | | (24.0) | (1.1) | (25.2) |
| **Gross debt** | | | | | | | | **1,593.8** | **271.0** | **1,864.8** |

## At 31 December 2022

| *(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 2022 | | Total as of 31 December 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Non-current | Current | |
| Sustainability-Linked Bond November 2021 | 500.0 | EUR | 1.875% | 2.07 % | 10/11/2031 | Maturity | 7.6 | 492.4 | 1.3 | 493.7 |
| Sustainability-Linked Bond May 2021 | 500.0 | EUR | 1.625% | 1.72 % | 14/05/2028 | Maturity | 2.5 | 497.5 | 5.2 | 502.7 |
| Revolving credit facility (floor 0%) RCF1 | 500.0 | EUR | Euribor + 0,85% | 0.85 % | 07/10/2024 | Revolving | 1.1 | — | — | — |
| Term Loan A (floor 0%) | 500.0 | EUR | Euribor + 1,25% | 4.39 % | 07/10/2024 | Maturity | 1.1 | 497.8 | 2.8 | 500.6 |
| Lease liabilities | | | | | | | | 36.2 | 17.3 | 53.5 |
| Other borrowings | | | | | | | | 35.9 | 15.6 | 51.5 |
| **Total long-term debt** | | | | | | | | **1,559.8** | **42.2** | **1,602.0** |
| Negotiable commercial paper (NEU CP) | 400.0 | EUR | | | | | | | 150.3 | 150.3 |
| Other borrowings | | | | | | | | | 8.9 | 8.9 |
| **Total short-term debt** | | | | | | | | | **159.1** | **159.1** |
| **Total financial debt** | | | | | | | | **1,559.8** | **201.3** | **1,761.1** |
| Financial derivatives liability | | | | | | | | 2.5 | (0.4) | 2.0 |
| **Financial Debt and financial derivatives liability** | | | | | | | | **1,562.2** | **200.9** | **1,763.1** |
| Financial derivatives asset | | | | | | | | (26.5) | — | (26.5) |
| **Gross debt** | | | | | | | | **1,535.7** | **200.9** | **1,736.6** |

## 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 2023 | 31 December 2022 |
|---|---|---|
| Total fixed-rate borrowings | 1,660.4 | 1,594.3 |
| Total variable-rate borrowings | 204.4 | 142.4 |
| **Total borrowings** | **1,864.8** | **1,736.6** |

## 16.4 DEBT REPAYMENT SCHEDULE

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

| *(in € million)* | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Less than one year | 271.0 | 200.9 |
| Between one and five years | 1,096.9 | 539.2 |
| More than five years | 497.0 | 996.6 |
| **Gross debt** | **1,864.8** | **1,736.6** |

At 30 June 2023, borrowings of under a year consisted primarily of €175.3 million of Neu CP (negotiable commercial paper) versus €150.3 million at 31 December 2022.

## 16.5 CHANGE IN DEBT

The change in financial debt is as follows:

| *(in € million)* | 31 December 2022 | Cash inflows | Cash outflows | Discount effects and other* | Interest expense | Change in the scope of consolidation | Translation differences | 30 June 2023 |
|---|---|---|---|---|---|---|---|---|
| **Non-current financial liabilities and derivatives** | **1,562.2** | **561.7** | **(538.5)** | **31.9** | **—** | **(0.1)** | **0.7** | **1,617.9** |
| Current financial liabilities and derivatives (excluding interest) | 191.8 | 69.2 | (24.5) | 35.2 | (11.9) | — | 0.3 | 260.2 |
| Interest on long-term debt | 9.1 | (0.1) | 4.4 | (1.4) | — | — | — | 11.9 |
| **Current financial liabilities and derivatives** | **200.9** | **69.1** | **(20.1)** | **33.8** | **(11.9)** | **—** | **0.3** | **272.1** |
| **Financial liabilities and financial derivatives liability** | **1,763.1** | **630.8** | **(558.7)** | **65.7** | **(11.9)** | **(0.1)** | **1.0** | **1,890.0** |
| Financial derivatives asset | (26.5) | — | — | 1.3 | — | — | — | (25.2) |
| **Gross debt** | **1,736.6** | **630.8** | **(558.6)** | **67.0** | **(11.9)** | **(0.1)** | **1.0** | **1,864.8** |

* 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 | 69.1 | |
| Increase in long-term debt | 561.7 | |
| Reduction in long-term debt | | (536.5) |
| Financial interest paid | | (22.1) |
| **Total** | **630.8** | **(558.6)** |

## NOTE 17 – PROVISIONS AND OTHER NON-CURRENT FINANCIAL LIABILITIES

The change in provisions in the first half of 2023 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 2022** | | | | | | | | |
| Current portion | 8.4 | 10.7 | 8.3 | — | 26.9 | **54.3** | — | **54.3** |
| Non-current portion | 1.3 | 10.5 | 0.4 | — | 10.5 | **22.7** | 0.5 | **23.2** |
| **Total provisions** | **9.7** | **21.2** | **8.7** | **—** | **37.4** | **77.0** | **0.5** | **77.5** |
| **Changes during the period** | | | | | | | | |
| Additions | 2.3 | 3.0 | 1.3 | — | 46.0 | 52.6 | — | 52.6 |
| Reversals (unused) | (0.4) | 0.0 | (0.3) | — | (0.8) | (1.5) | — | (1.5) |
| Reversals (used) | (4.0) | (0.7) | (1.8) | — | (20.2) | (26.7) | — | (26.7) |
| Other (reclassifications and translation differences) | 1.0 | 1.4 | (0.2) | — | 3.0 | 5.2 | (0.2) | 5.0 |
| **Total changes** | **(1.1)** | **3.7** | **(1.0)** | **—** | **28.0** | **29.6** | **(0.2)** | **29.5** |
| **As of 30 June 2023** | | | | | | | | |
| Current portion | 8.6 | 6.1 | 7.4 | — | 36.6 | **58.7** | — | **58.7** |
| Non-current portion | 0.0 | 18.8 | 0.3 | — | 28.8 | **47.9** | 0.3 | **48.2** |
| **Total provisions** | **8.6** | **24.9** | **7.7** | **—** | **65.4** | **106.6** | **0.3** | **106.9** |

The change in provisions for "Other risks" corresponds mainly to:

- a provision amounting to €18,2 million and a reversal amounting to €19,6 million relating to the Group's deficit with respect to its CO2 allowances under Phase IV of the EU ETS scheme. The settlement of forward purchases carried out in April 2023 resulted in an outflow of €14.6 million.
- provisions for aid granted and for losses on contracts with customers.

## NOTE 18 – PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

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

| *(in € million)* | Notes | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| Annuities payable to plan beneficiaries | | 52.6 | 53.5 |
| Flat-rate compensation | | 26.7 | 27.0 |
| Post-employment medical benefits | | 3.6 | 3.7 |
| **Provisions for pensions and other liabilities** | **18.1** | **82.9** | **84.2** |
| Other long-term benefits | 18.2 | 3.3 | 3.2 |
| **Provisions for pensions and other employee benefits** | | **86.2** | **87.4** |

### 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.

In addition, the PFLSS (French social security finance bill) promulgated in France on 14 April 2023 and published in the Official Journal on 15 April 2023, raising the legal age of retirement and lengthening the period over which contributions must be paid, had a positive €0.5 million impact on the financial statements at 30 June 2023.

***Rate assumptions***

Assumptions about mortality, staff turnover and salary growth take into account the economic and demographic conditions of 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 2023 | 31 December 2022 |
|---|---|---|
| Discount rate | 3,7% to 3,8% | 3,7% to 3,8% |
| Salary increases including long-term inflation | 1.8% to 2.3% | 1.8% to 2.3% |
| Long-term inflation rate | 2.0 % | 2.0 % |

### 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 2023 | 31 December 2022 |
|---|---|---|---|
| Provisions for pensions and other post-employment benefit liabilities | 18 | 82.9 | 84.2 |
| Pension plan surpluses | | (4.3) | (4.4) |
| **Net pension liabilities and other post-employment benefit liabilities** | | **78.6** | **79.8** |

## 18.2 OTHER LONG-TERM BENEFITS

At 30 June 2023, provisions for other long-term employee benefits primarily included long-service awards payable by the subsidiaries in France amounting to €1.7 million (€1.7 million at 31 December 2022) and bonuses in Germany amounting to €1.2 million (€1.1 million at 31 December 2022).

Defined benefit pension liabilities are 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 15 February 2023, the Board of Directors decided, in accordance with the authorisation granted by the Combined General Shareholders' Meeting of 10 June 2020, to set up a new performance share allocation plan covering a three-year period spanning 2023 to 2025 (the "2023-2025 Plan").

The shares ultimately awarded under this 2023-2025 Plan will be allocated without any discount, subject to (a) the continued employment of the employee or executive concerned and (b) performance criteria. The 2023-2025 Plan will be aligned with latest market practices, especially with respect to the performance criteria applied.

At 30 June 2023, the number of potential ordinary shares under this new plan was 296,450.

The shares ultimately awarded under the 2021-2022 plan resulted in the delivery of 251,893 shares on 23 March 2023, factoring in the percentage of the performance criteria achieved on completion of the plan.

## NOTE 19 – FINANCIAL INSTRUMENTS

## *Classification and fair value measurement*

Financial assets and liabilities are classified as follows:

| | | 30 June 2023 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | | | 8.0 | | | | 8.0 | | | 8.0 | 8.0 |
| Loans, deposits and receipts | | 29.8 | | | | | 29.8 | | 29.8 | | 29.8 |
| Trade receivables and related accounts (excluding current tax receivables) | 13.2 | 352.3 | | | | | 352.3 | | 352.3 | | 352.3 |
| Derivative instruments hedging financial risk | | | | | | 25.2 | 25.2 | | 25.2 | | 25.2 |
| Derivative instruments hedging operating risk (*) | 13.2 | | | | | 111.5 | 111.5 | | 111.5 | | 111.5 |
| Cash and cash equivalents | 14 | 377.9 | | | 85.6 | | 463.4 | 451.3 | 12.1 | | 463.4 |
| **Total financial assets** | | **760.0** | **8.0** | **—** | **85.6** | **136.6** | **990.2** | **451.3** | **530.9** | **8.0** | **990.2** |
| Sustainability-Linked Bond November 2021 | 16 | (498.8) | | | | | (498.8) | (402.2) | | | (402.2) |
| Sustainability-Linked Bond May 2021 | 16 | (498.8) | | | | | (498.8) | (440.4) | | | (440.4) |
| Term Loan A and revolving credit facility (unused) | 16 | (549.0) | | | | | (549.0) | | (549.0) | | (549.0) |
| Financial liabilities on finance leases | 16 | (59.5) | | | | | (59.5) | | (59.5) | | (59.5) |
| Other long-term liabilities | 16 | (40.5) | | | | | (40.5) | | (40.5) | | (40.5) |
| **Total long-term debt** | | **(1,646.7)** | **—** | **—** | **—** | **—** | **(1,646.7)** | **(842.6)** | **(649.0)** | **—** | **(1,491.6)** |
| Derivative instruments hedging financial risk (**) | | | | | | (15.1) | (15.1) | | (15.1) | | (15.1) |
| **Total long-term debt and financial derivatives liability** | | **(1,646.7)** | **—** | **—** | | **(15.1)** | **(1,661.8)** | **(842.6)** | **(664.2)** | | **(1,506.8)** |
| Negotiable commercial paper (NEU CP) | 16 | (175.3) | | | | | (175.3) | | (175.3) | | (175.3) |
| Other short-term liabilities | 16 | (52.8) | | — | | | (52.8) | | (52.8) | | (52.8) |
| **Total short-term debt** | | **(228.2)** | **—** | **—** | **—** | **—** | **(228.2)** | | **(228.2)** | **—** | **(228.2)** |
| Derivative instruments hedging operating risk (*) | 13.3 | | | | | (150.2) | (150.2) | | (150.2) | | (150.2) |
| Trade payables and related accounts | 13.3 | (674.3) | | | | | (674.3) | | (674.3) | | (674.3) |
| Other payables and accrued liabilities | 13.3 | (340.9) | | | | | (340.9) | | (340.9) | | (340.9) |
| **Total financial liabilities** | | **(2,890.1)** | **—** | **—** | **—** | **(165.4)** | **(3,055.5)** | **(842.6)** | **(2,057.8)** | **—** | **(2,900.4)** |
| **Total** | | **(2,130.1)** | **8.0** | **—** | **85.6** | **(28.7)** | **(2,065.3)** | **(391.3)** | **(1,527.0)** | **8.0** | **(1,910.2)** |

(*) All commodity swaps are designated as cash flow hedges.

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

| | | 31 December 2022 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 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 | | | 7.6 | | | | 7.6 | | | 7.6 | 7.6 |
| Loans, deposits and receipts | | 26.0 | | | | | 26.0 | | 26.0 | | 26.0 |
| Trade receivables and related accounts (excluding current tax receivables) | 13.2 | 290.5 | | | | | 290.5 | | 290.5 | | 290.5 |
| Derivative instruments hedging financial risk | | | | | | 26.5 | 26.5 | | 26.5 | | 26.5 |
| Derivative instruments hedging operating risk (*) | 13.2 | | | | | 352.2 | 352.2 | | 352.2 | | 352.2 |
| Cash and cash equivalents | 14 | 271.8 | | | 59.0 | | 330.8 | 328.4 | 2.3 | | 330.8 |
| **Total financial assets** | | **588.3** | **7.6** | **—** | **59.0** | **378.7** | **1,033.5** | **328.4** | **697.5** | **7.6** | **1,033.5** |
| Sustainability-Linked Bond November 2021 | 16 | (493.7) | | | | | (493.7) | (388.3) | | | (388.3) |
| Sustainability-Linked Bond May 2021 | 16 | (502.7) | | | | | (502.7) | (429.0) | | | (429.0) |
| Term Loan A and revolving credit facility (unused) | 16 | (500.6) | | | | | (500.6) | | (500.6) | | (500.6) |
| Financial liabilities on finance leases | 16 | (53.5) | | | | | (53.5) | | (53.5) | | (53.5) |
| Other long-term liabilities | 16 | (51.5) | | | | | (51.5) | | (51.5) | | (51.5) |
| **Total long-term debt** | | **(1,602.0)** | **—** | **—** | **—** | **—** | **(1,602.0)** | **(817.4)** | **(605.5)** | **—** | **(1,422.9)** |
| Derivative instruments hedging financial risk (**) | | | | | | (2.0) | (2.0) | | (2.0) | | (2.0) |
| **Total long-term debt and financial derivatives liability** | | **(1,602.0)** | **—** | **—** | **—** | **(2.0)** | **(1,604.0) €** | **(817.37)** | **(607.6)** | | **(1,424.9)** |
| Negotiable commercial paper (NEU CP) | 16 | (150.3) | | | | | (150.3) | | (150.3) | | (150.3) |
| Other short-term liabilities | 16 | (8.8) | | | | | (8.8) | | (8.8) | | (8.8) |
| **Total short-term debt** | | **(159.1)** | **—** | **—** | **—** | **—** | **(159.1)** | | **(159.1)** | | **(159.1)** |
| Derivative instruments hedging operating risk (*) | 13.3 | | | | | (48.1) | (48.1) | | (48.1) | | (48.1) |
| Trade payables and related accounts | 13.3 | (740.6) | | | | | (740.6) | | (740.6) | | (740.6) |
| Other payables and accrued liabilities | 13.3 | (388.4) | | | | | (388.4) | | (388.4) | | (388.4) |
| **Total financial liabilities** | | **(2,890.1)** | **—** | **—** | **—** | **(50.1)** | **(2,940.2)** | **(817.4)** | **(1,943.8)** | **—** | **(2,761.1)** |
| **Total** | | **(2,301.8)** | **7.6** | **—** | **59.0** | **328.6** | **(1,906.7)** | **(489.0)** | **(1,246.1)** | **7.6** | **(1,727.6)** |

(*) All commodity swaps 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

The main changes arising during the first half of 2023 were as follows:

- The joint and several guarantee provided by Verallia Packaging on the sustainability-linked bonds was lifted

The sustainability-linked bonds issued in 2021 were under a joint and several guarantee provided by Verallia Packaging SAS on Verallia SA's liabilities in respect of these bonds. The prospectuses also included the possibility of lifting the guarantee, for instance if the syndicated facility signed on 17 July 2019 was refinanced with an unsecured bank loan taken on by Verallia SA. The guarantee was therefore lifted after the syndicated facility signed on 17 July 2019 was refinanced by way of the facilities agreement signed by Verallia SA in April 2023 as described in the note 16.2.2.

- The joint and several guarantee provided by Verallia Packaging on the instalment loan from Bpifrance was lifted

The loan agreement was under a guarantee provided by Verallia Packaging SAS on Verallia SA's liabilities in respect of the Bpifrance loan. The loan agreement included the possibility of lifting this guarantee, for instance if the syndicated facility signed on 17 July 2019 was refinanced with an unsecured bank loan taken on by Verallia SA. The guarantee was therefore lifted after the syndicated facility signed on 17 July 2019 was refinanced by way of the facilities agreement signed by Verallia SA in April 2023.

## NOTE 22 – EVENTS AFTER THE REPORTING PERIOD

No significant events occurred after the closing date.

## 4. STATUTORY AUDITORS' REVIEW REPORT ON THE 2023 INTERIM FINANCIAL INFORMATION

**For the period from January 1st, 2023 to June 30, 2023**

*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, 2023 to June 30, 2023;
- the verification of the information presented in the interim management report.

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 25, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

BM&A

Nicolas Brunetaud

Eric Seyvos