VERALLIA GROUP CONSOLIDATED FINANCIAL STATEMENTS -

31 DECEMBER 2023

Statement of consolidated financial position

(in € million)	Notes	Year ended 31 December 2023	2022
ASSETS			
Goodwill	9	687.8	664.0
Other intangible assets	10	416.2	482.4
Property, plant and equipment	11	1,795.6	1,609.0
Investments in associates	3.3	6.7	5.9
Deferred tax	8.2	33.6	27.5
Other non-current assets	13	57.8	186.3
Non-current assets		**2,997.7**	**2,975.1**
Short-term portion of non-current assets		1.4	1.3
Inventories	14.1	711.5	536.8
Trade receivables	14.2	144.3	250.4
Current tax receivables	14	15.1	5.4
Other current assets	14.2	115.7	392.3
Cash and cash equivalents	15	474.6	330.8
Current assets		**1,462.6**	**1,517.0**
Total Assets		**4,460.3**	**4,492.1**
EQUITY & LIABILITIES			
Share capital	16.1	413.3	413.3
Consolidated reserves		494.6	590.1
Equity attributable to shareholders		**907.9**	**1,003.4**
Non controlling interests		50.6	64.0
Equity		**958.5**	**1,067.4**
Non-current financial liabilities and derivatives	17	1,610.5	1,562.2
Provisions for pensions and other employee benefits	19	88.9	87.4
Deferred tax	8.2	141.9	276.2
Provisions and other non-current financial liabilities	18	45.5	23.2
Non-current liabilities		**1,886.8**	**1,949.0**
Current financial liabilities and derivatives	17	249.2	200.9
Current portion of provisions and other non-current financial liabilities	18	49.8	54.3
Trade payables	14.3	627.1	740.6
Current tax liabilities	14	66.3	44.3
Other current liabilities	14.3	622.6	435.6
Current liabilities		**1,615.0**	**1,475.7**
Total Equity and Liabilities		**4,460.3**	**4,492.1**

*In accordance with IFRS 3, the balance sheet published at 31 December 2022 was restated for adjustments to the assets acquired and liabilities assumed from the Allied Group, purchased in 2022, that were made during the purchase price allocation period.

These adjustments are presented in Note **1.2.1** "Highlights" and in the reconciliation table that comes after the Group's summary financial statements.

Consolidated statement of income

(in € million)	Note	Year ended 31 December 2023	2022
Revenue	5.1	**3,903.8**	**3,351.5**
Cost of sales	5.2	(2,853.5)	(2,527.1)
Selling, general and administrative expenses	5.2	(212.4)	(194.4)
Acquisition-related items	6.1	(71.3)	(65.6)
Other operating income and expenses	6.2	(5.2)	(6.1)
Operating profit		**761.3**	**558.3**
Net financial income (expense)	7	**(119.0)**	**(80.7)**
Profit (loss) before tax		**642.4**	**477.6**
Income tax	8.1	(167.4)	(122.1)
Share of net profit (loss) of associates	3.3	0.3	0.2
Net profit (loss) for the year		**475.3**	**355.6**
Attributable to shareholders of the Company		***470.0***	***342.0***
Attributable to non-controlling interests		***5.3***	***13.6***
Basic earnings per share (in €)	16.4	**4.02**	**2.92**
Diluted earnings per share (in €)	16.4	**4.01**	**2.92**

Consolidated statement of comprehensive income

(in € million)	Note	Year ended 31 December 2023	2022
Net profit (loss) for the year		**475.3**	**355.6**
Items that may be reclassified to profit or loss			
Translation differences		(106.9)	(7.0)
Changes in fair value of cash flow hedges		(470.0)	(17.0)
Deferred tax on items that may subsequently be reclassified to profit or loss	8.2	127.3	6.5
Total		**(449.6)**	**(17.5)**
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liability (asset)	19.1	(5.9)	25.9
Deferred tax on items that will not be reclassified to profit or loss	8.2	1.6	(7.3)
Total		**(4.3)**	**18.6**
Other comprehensive income (loss)		**(453.9)**	**1.1**
Total comprehensive income (loss) for the year		**21.4**	**356.7**
Attributable to shareholders of the Company		*52.8*	*354.9*
Attributable to non-controlling interests		*(31.4)*	*1.8*

Consolidated statement of cash flows

		Year ended 31 December	
(in € million)	**Note**	**2023**	**2022**
Net profit (loss) for the year		**475.3**	**355.6**
Share of net profit (loss) of associates, net of dividends received	3.3	(0.3)	(0.2)
Depreciation, amortisation and impairment of assets		326.7	295.9
Gains and losses on disposals of assets	6.2	(3.1)	(1.3)
Interest expense on financial liabilities	17.7	53.2	29.4
Unrealised gains and losses on changes		12.9	10.8
Gain/loss on net monetary position (IAS 29, Hyperinflation)		24.5	18.4
Unrealised gains and losses on changes in the fair value of derivatives		22.2	2.1
Change in inventories	14	(191.8)	(92.8)
Change in trade receivables, trade payables and other receivables and payables	14	92.7	50.9
Current tax expense	14 & 8.1	176.8	135.5
Taxes paid	14	(131.4)	(105.9)
Changes in deferred taxes and provisions		0.2	0.8
Net cash flows from operating activities		**857.9**	**699.2**
Acquisition of property, plant and equipment and intangible assets	10 & 11	(418.0)	(367.0)
Increase (decrease) in debt on fixed assets	14	(1.5)	75.2
Acquisitions of subsidiaries, takeovers, net of cash acquired		(35.5)	(247.9)
Deferred payment related to the acquisition of a subsidiary		(2.9)	(0.4)
Capital expenditures		**(457.9)**	**(540.1)**
Disposals of property, plant and equipment, intangible assets included related costs		5.1	4.5
Disposals		**5.1**	**4.5**
Increase in loans, deposits and short-term borrowings		(10.9)	(12.3)
Reduction in loans, deposits and short-term borrowings		4.1	7.9
Changes in loans and deposits	13	**(6.8)**	**(4.4)**
Net cash flows from (used in) investing activities		**(459.6)**	**(540.0)**
Capital increase (reduction)	16	18.6	13.0
Dividends paid		(163.8)	(122.7)
(Increase) decrease in treasury stock		(41.7)	(8.4)
Transactions with shareholders of the parent company		**(186.9)**	**(118.1)**
Dividends paid to non-controlling interests by consolidated companies		(3.1)	(2.7)
Transactions with non-controlling interests		**(3.1)**	**(2.7)**
Increase (reduction) in bank overdrafts and other short-term borrowings	17	34.5	(1.7)
Increase in long-term debt	17	569.7	6.8
Reduction in long-term debt	17	(565.0)	(172.3)
Financial interest paid	17	(51.2)	(28.1)
Change in gross debt		**(12.0)**	**(195.3)**
Net cash flows from (used in) financing activities		**(202.0)**	**(316.1)**
Increase (reduction) in cash and cash equivalents		**196.3**	**(156.9)**
Impact of changes in foreign exchange rates on cash and cash equivalents		(52.6)	(6.9)
Opening cash and cash equivalents		**330.8**	**494.6**
Closing cash and cash equivalents		**474.6**	**330.8**

Consolidated statement of change 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	16.1	611,445	2.1	10.9					13.0		**13.0**
Distribution of Dividends (per share : 1.05 euro)	16.1	—	—	—				(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						(70.2)	(469.9)	122.9	(417.2)	(36.7)	**(453.9)**
Net profit (loss) for the year								470.0	470.0	5.3	**475.3**
Total comprehensive income for the year						**(70.2)**	**(469.9)**	**592.9**	**52.8**	**(31.4)**	**21.4**
Capital increase for the Group Savings Plan _ Verallia SA	16.1	611,445	2.1	16.5					18.6		**18.6**
Distribution of Dividends (per share : 1.40 euro)								(163.8)	(163.8)	(3.1)	**(166.9)**
Purchase of shares					(41.7)				(41.7)		**(41.7)**
Cancellation of Treasury shares	16.2	(611,445)	(2.1)	(17.7)	19.8						
Sales of treasury shares					7.2			(7.2)			
Share-based compensation								8.2	8.2	—	**8.2**
IAS 29 Hyperinflation								30.9	30.9	20.6	**51.5**
Change in non-controlling interests							—	—	—	—	**—**
Other								(0.5)	(0.5)	0.5	**—**
As of 31 December 2023		**122,289,183**	**413.3**	**132.7**	**(166.5)**	**(211.0)**	**(147.6)**	**886.9**	**907.9**	**50.6**	**958.5**

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 31 DECEMBER 2023

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

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

In 2023, the Group retrospectively adjusted the provisional impacts recognised at the transaction date (cf. Note **1.2)**.

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	(120.0)	664.0
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**	**49.3**	**2,975.1**
Short-term portion of non -current assets	1.3		1.3
Inventories	536.8		536.8
Trase receivables	250.4		250.4
Current tax receivables	5.4		5.4
Other current assets	392.8		392.3
Cash and cash equivalents	330.8		330.8
Current assets	**1,517.0**		**1,517.0**
Total Actifs	**4,442.7**	**49.3**	**4,492.1**
EQUITY & LIABILITIES			
Share capital	413.3		413.3
Consolidated reserves	590.1		590.1
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	50.2	276.2
Provisions and other non-current financial liabilities	23.2		23.2
Non-current liabilities	**1,898.8**	**50.2**	**1,949.0**
Current financial liabilities and derivatives	200.9		200.9
Current financial portions 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**	**49.3**	**4,492.1**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Information on the Group

1.1 Incorporation and creation

1.1.1 Company name

At 31 December 2023, the Company's name is "Verallia" and has been 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 term 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 governing laws

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

At 31 December 2023, the Company is a société anonyme (limited company) governed by French law.

1.2 Operations

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

The Group produced more than 16 billion glass bottles and jars in 2023.

At 31 December 2023, its main subsidiaries are located in the following countries: France, Italy, Germany, the United Kingdom, Spain, Portugal, Argentina and Brazil. Verallia employs approximately 11,000 employees worldwide and operates 34 factories.

1.1.2 Highlights

Acquisition of five new cullet treatment centres from the Santaolalla group

On 2 November 2023, the Group finalised the acquisition of all the shares in three Santaolalla Group companies (Ecosan Ambiental, Ecolabora and Vidrologic) in Spain and Portugal, including five new cullet processing plants, for €33.1 million; this transaction forms part of its commitment to sustainable development and particularly to reducing its CO2 emissions.

The acquisition of these entities was financed from Verallia's available cash.

The difference between the consideration paid and the carrying amount of the assets acquired and liabilities assumed has been recognised in full as goodwill in the provisional amount of €18.6 million.

Verallia obtains Investment Grade credit ratings from 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.

Refinancing of the Group's syndicated credit facility

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

- a €550 million term loan and
- a €550 million revolving credit facility (RCF) which remained undrawn at 31 December 2023,

in order to refinance in advance its €1 billion syndicated 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 (Note **17.2.2**).

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 31 December 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.

Follow-up to 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 acquired and liabilities assumed, except for 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 completed 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 liabilities acquired, of which an €8.0 million increase in deferred tax liabilities.

Consequently, the consolidated statement of financial position at 31 December 2022 was restated (see the 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 31 December 2023).

Total Allied Glass net assets acquired after incorporating adjustments at the acquisition date

(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	50.8	60.1
Non-current liabilities	**115.7**	**50.8**	**166.5**
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**	**49.9**	**252.4**
Total net assets acquired	**(15.2)**	**121.4**	**106.2**
Acquisition price	235.5		235.5
Total net assets acquired	(15.2)	121.4	106.2
Goodwill	**250.7**	**(121.4)**	**129.3**

The amount of goodwill was adjusted accordingly and amounted to €129.3 million at 8 November 2022 (€130.1 million at 31 December 2023 based on exchange rates prevailing on the closing date).

At 31 December 2023, the impact of this acquisition on revenue and operating profit (loss) amounted to €215.2 million and €36.6 million, respectively.

Note 2 – Basis of preparation of the consolidated financial statements

2.1 Declaration of compliance and applicable framework

The Verallia Group's consolidated financial statements for the period ended 31 December 2023 were prepared in accordance with international accounting standards (IFRS) as published by the IASB (International Accounting Standards Board) and adopted in the European Union in compliance with European Regulation n°1606/2002 of 19 July 2002. They were approved by the Board of Directors on 14 February 2024.

International accounting standards include IFRS (International Financial Reporting Standards), IAS (International Accounting Standards) and their interpretations. This reporting framework can be found on the European Commission's website[1].

The 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. In addition, adjustments may have been made in the notes to the financial statements in respect of prior periods in order to conform to the presentation of the current year with no impact on the financial statements.

[1] https://ec.europa.eu/info/index_en

The terms "Verallia", "the Group" or "the Verallia group" refer to the Verallia SA company together with its consolidated subsidiaries.

The accounting principles applied are identical to those applied to the consolidated financial statements at 31 December 2022 except for the following standards, amendments and interpretations applied starting from 1 January 2023:

Amendments to IAS 1 - Disclosure of Material Accounting Policy Information	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates (distinction between changes in accounting policies vs changes in accounting estimates)	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules	1 January 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.

The amount of deferred taxes is now recognised for the taxable temporary difference (deferred tax liabilities) and for the deductible temporary difference (deferred tax assets).

The Pillar Two Directive was transposed into French law after being passed under the 2024 Finance Law. The Group falls within the scope of application of the Pillar Two rules on account of the revenues it generates. These new measures are being monitored closely at Group level.

Based on the information available to date, the Group does not expect them to have a material impact.

In addition, the Group applied the mandatory temporary exception introduced by these amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules to its consolidated financial statements at 31 December 2023, an exception that consists in not accounting for deferred taxes related to income tax arising from the Pillar Two rules.

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

Amendments to IAS 1– Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1 – Non-Current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to IAS 21 – Lack of Exchangeability	1 January 2025

2.2 Estimates and judgements

In preparing consolidated financial statements, Management relies on estimates and assumptions that may affect the amounts of assets, liabilities, income and expenses, as well as the information presented in the notes. These estimates and assumptions are reviewed on a regular basis to ensure that they are reasonable in light of the Group's history, economic conditions and the information available to the Group.

The Group has factored climate risks and fulfilment of its CSR commitments into its year-end assumptions and incorporated their potential impact into its financial statements. The risks factored in are described in Notes 11, 12, 14.4, 17.2.1, 18.1.2, 18.1.4, 19.3.1 and 23.1 to the financial statements.

Actual results may differ from the estimates used. Major sources of estimation uncertainty may result in significant adjustments made to the amounts of assets and liabilities in the subsequent year. Besides making use of estimates, the Group's Management must exercise judgement in selecting and/or applying the most appropriate accounting treatment for certain transactions and activities and in defining the terms of its application.

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	18.1
Measurement of defined benefit obligations and plan assets	19.1

2.3 Valuation principles

The consolidated financial statements were prepared on a historical cost basis with the exception of:

- certain financial assets and liabilities measured using the fair value model (Note **21**);
- defined benefit plan assets (Note **19.1**).

ACCOUNTING PRINCIPLES

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The methods used to measure the fair value of financial and non-financial assets and liabilities as defined above are classified according to the following three fair value levels:

- **Level 1**: fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: fair value measured using inputs other than quoted prices in active markets that are observable either directly (price) or indirectly (price-derived data).
- **Level 3**: fair value inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.4 Transactions in foreign currencies

ACCOUNTING PRINCIPLES

Translation of the financial statements of foreign companies

The Group's presentation currency is the euro, which is also the functional currency of the Group's parent company. Each Group entity determines its own functional currency, and all its financial transactions are then measured in that currency.

The financial statements of subsidiaries that have a functional currency other than the presentation currency are translated using the closing rate method:

- assets and liabilities, including goodwill and fair value adjustments in the context of acquisition accounting, are translated into euros at the closing rate, i.e. the daily rate on the closing date;
- statement of income and cash flow items are translated into euros at the average rate for the period, unless significant differences are recognised.

The resulting foreign currency translation differences are recognised in other comprehensive income, with a corresponding entry in the translation reserve in shareholders' equity. When a foreign entity is sold, the cumulative amount of foreign currency translation differences in equity relating to that entity is reclassified to profit or loss.

Recognition of foreign currency transactions

Transactions denominated in foreign currency are converted into euros at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate, and the resulting translation differences are recognised in the statement of income in financial income or expense. Non-monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate applicable on the day of the transaction.

Differences arising from the translation of borrowings, loans or advances that are substantially part of the net investment in a foreign entity are recognised in other comprehensive income, with a corresponding entry in the translation reserve in equity, and reclassified to profit or loss on disposal of the net investment.

Hyperinflation in Argentina

In 2018, Argentina was considered a "hyperinflationary" economy within the meaning of IFRS, rendering IAS 29 "Financial reporting in hyperinflationary economies" applicable.

Accordingly, the Group has applied IAS 29 since 1 January 2018. Adoption of IAS 29 requires the restatement of the non-monetary assets and liabilities, equity and statement of income of the Group's Argentine subsidiary in order to reflect the change in the purchasing power of its functional currency. The gain or loss on the net monetary position is included in financial income or expense. Moreover, the financial information for the Group's Argentine subsidiary is translated into euros by applying the exchange rate prevailing on the closing date of the relevant period.

On 20 March 2020, the IASB Interpretations Committee published its position with respect to accumulated translation differences in a hyperinflationary economy. The Group therefore transferred the translation differences accumulated on its Argentine subsidiary at 1 January 2018 to the translation reserve.

The rates selected for the main currencies were as follows:

	2023		2022	
	Closing rate	**Average rate**	**Closing rate**	**Average rate**
Brazilian real (EUR/BRL)	5.38	5.40	5.65	5.44
Argentine peso (EUR/ARS)*	895.12	317.87	189.21	136.66
Pound Sterling (EUR/GBP)	0.87	0.87	0.88	0.85
Russian rouble (EUR/RUB)	98.26	92.12	77.96	72.15
Ukrainian hryvnia (EUR/UAH)	42.21	39.55	38.95	33.96

* 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 – Consolidation method and scope of consolidation

ACCOUNTING PRINCIPLES

Basis of consolidation

The consolidated financial statements include the assets and liabilities, income and cash flows of the Company and its subsidiaries. All balances and reciprocal transactions between companies controlled by the Group are eliminated.

Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed or entitled to variable returns because of its relationship with the entity and has the ability to affect those returns because of the power it holds over it. The interests acquired in these entities are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases to be exercised. See Note **3.3** for more information on associates.

3.1 Changes in the scope of consolidation

ACCOUNTING PRINCIPLES

Business combinations

Business combinations are accounted for in accordance with IFRS 3 "Business combinations" using the acquisition method.

Goodwill corresponds to:
- the fair value of the consideration transferred; plus
- the amount recognised for any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of any pre-existing equity interest in the acquired company; less
- the net recognised amount (generally at fair value) of the identifiable assets acquired and liabilities assumed.

When the difference is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration for the acquisition is measured at fair value, which is the sum of the fair values, at the acquisition date, of the assets transferred, the liabilities incurred or assumed, and the equity securities issued in exchange for the acquisition of control of the acquired company. When the consideration transferred by the Company in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at fair value. Subsequent changes in the fair value of the contingent consideration corresponding to debt instruments are recognised in profit or loss.

Acquisition-related costs are recorded as expenses when incurred and recognised in "Items related to acquisitions" in the consolidated statement of income.

At the acquisition date, the Group recognises identifiable assets acquired and liabilities assumed (identifiable net assets) in the subsidiary, based on their fair value at that date (with some exceptions). The assets and liabilities recognised may be adjusted for a maximum of 12 months from the acquisition date, based on new information gathered on the facts and circumstances existing at the acquisition date.

For business combinations resulting in less than a 100% interest, the non-controlling interest in the acquired company (i.e. any interest that gives its holders the right to a share of the net assets of the acquired company), as at the acquisition date, is measured:

- either at fair value, so that a portion of the goodwill recognised at the time of the combination is allocated to the non-controlling interest (the "full goodwill" method);
- or based on the share of the identifiable net assets of the acquired company, so that only goodwill attributable to the Group is recognised (the "partial goodwill" method).

The method applied is selected depending on factors specific to each transaction.

Changes in equity interests (%) in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a gain or loss of control are accounted for as equity transactions – in other words, as transactions with shareholders acting in that capacity. The difference between the fair value of any consideration paid and the carrying amount of the share of the subsidiary's net assets acquired or disposed of is recorded in equity.

Commitments to purchase non-controlling interests

Commitments to purchase non-controlling interests result in the recognition in the financial statements of a liability in "Provisions and other non-current financial liabilities", which is the present value of the estimated exercise price of the put option on non-controlling interests, with a corresponding reduction in non-controlling interests and equity attributable to owners of the parent company for the balance, if any. Any subsequent change in the fair value of the liability is recognised through an adjustment to equity.

Assets and liabilities held for sale and discontinued operations

When the Group expects to recover the value of an asset or group of assets through its sale rather than its use, the asset in question is presented separately on the "Assets held for sale" line in the statement of financial position, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". Liabilities related to such assets, if any, are also presented on a separate line of the statement of financial position ("Liabilities related to assets held for sale").

Assets classified as such are measured at the lesser of the carrying amount or the fair value, less the cost of selling them. Assets classified as assets held for sale cease to be depreciated from the date they qualify for classification as assets held for sale.

A discontinued operation is either a component of the Group from which it has separated or an activity that is classified as held for sale and:

- which represents a separate major line of business or geographical area of operations; and
- is part of a single, coordinated plan to dispose of a separate line of business or geographical area of operations; or
- is an activity acquired exclusively for resale.

When an activity is classified as a discontinued operation, the income statement and the cash flows statement are restated as if the activity had met the criteria for an activity that was discontinued from the start of the comparative period.

In these financial statements, no non-current assets meet the criteria for classification as assets held for sale and no operations were sold during the year.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

To determine the fair value of assets and liabilities at the acquisition date, the Group makes estimates using several methods with the help of independent valuation experts. These estimates are based on a number of assumptions and assessments.

The significant assumptions used to determine the fair value of assets acquired and liabilities assumed include the following valuation methods: the cost approach, the revenue approach and the market approach. These methods are based on cash flow projections and related discount rates, sector indices, market prices for replacement cost and comparable market transactions.

3.1.1 Changes in 2023

There were no noteworthy changes to the scope of consolidation other than the acquisition of companies from the Santaolalla Group described in Note **1.2.1** "Highlights".

3.1.2 Changes in 2022

There were no significant changes to the scope of consolidation other than the buyout of Verallia Deutschland's minority shareholders by Verallia Packaging and the acquisition of Allied Glass described in Note **1.2.1** "Highlights".

3.2 List of the main consolidated companies

		% interest as of 31 December		% control as of 31 December		
Entity	**Country**	**2023**	**2022**	**2023**	**2022**	**Consolidation method**
Verallia SA	France	100.00 %	100.00 %	100.00 %	100.00 %	Parent company
Verallia Deutschland	Germany	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Rayen-Cura	Argentina	59.96 %	59.96 %	60.00 %	60.00 %	Full consolidation
Verallia Brasil	Brazil	99.99 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Chile	Chile	99.99 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Spain	Spain	99.94 %	99.94 %	99.94 %	99.94 %	Full consolidation
Société Charentaise de Décor	France	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia France	France	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Packaging	France	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Italia	Italy	99.99 %	100.00 %	99.99 %	100.00 %	Full consolidation
Verallia Polska	Poland	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Portugal	Portugal	99.94 %	99.94 %	100.00 %	100.00 %	Full consolidation
Kavminsteklo Zao	Russia	99.15 %	99.15 %	99.15 %	99.15 %	Full consolidation
Zao Kamyshinsky Steklotarny ZA	Russia	96.46 %	96.46 %	96.46 %	96.46 %	Full consolidation
Verallia UK *	United Kingdom	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation
Verallia Ukraine	Ukraine	100.00 %	100.00 %	100.00 %	100.00 %	Full consolidation

*Allied Glass Container has been renamed Verallia UK since January 2023

3.3 Investments in equity-accounted companies

ACCOUNTING PRINCIPLES

Associates

Associates are companies over which the Group exercises significant influence, i.e. the power to participate in financial and operating policy decisions, but without exercising control or joint control over such policies. They are recognised in the consolidated financial statements using the equity method.

Equity method

Under the equity method, an investment in an associate must initially be recognised at the acquisition cost and then adjusted based on the Group's share of the profit or loss and, where applicable, its share of the associate's other items of comprehensive income as well as dividends. Goodwill is included in the carrying amount of the investment. Any losses or reversals of the value of investments and any gains or losses on the sale of investments in companies accounted for under the equity method are presented under "Share of net income of associates" in the statement of income.

Gains from transactions with equity-accounted entities are eliminated via a corresponding entry of equity-accounted securities in proportion to the Group's interest in the Company. Losses are eliminated in the same way as gains, but only insofar as they are not indicative of impairment.

The Group holds several interests in associates, none of which is of a significant size individually:

		Main % interest as of 31 December		
Entity	**Country**	**2023**	**2022**	**Consolidation method**
Vetreco SRL	Italy	40.0 %	40.0 %	Equity method
Cogeneradores Vidrieros	Spain	41.0 %	25.8 %	Equity method
Verre Recycling	Germany	40.0 %	40.0 %	Equity method

Changes in investments in associates break down as follows:

	Year ended 31 December	
(in € million)	**2023**	**2022**
Opening		
Gross amount	5.9	5.1
Impairment	—	—
Investments in associates – Net amount	**5.9**	**5.1**
Changes during the year		
Translation differences	—	—
Transfers, share issues and other movements	0.5	0.6
Dividend paid	—	—
Share of profit (loss) of associates	0.3	0.2
Total changes	**0.8**	**0.8**
Closing		
Gross amount	6.7	5.9
Impairment	—	—
Investments in associates – Net amount	**6.7**	**5.9**

The table below presents the main financial information concerning investments in associates (presented at 100%):

	Year ended 31 December	
(in € million)	**2023**	**2022**
Equity	16.3	13.3
Total assets	58.6	61.5
Total revenue	103.8	96.0
Net profit (loss) for the year	**0.2**	**(1.0)**

Note 4 – Segment information

ACCOUNTING PRINCIPLES

Definition of operating segments

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

4.1 Basis for segmentation

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

- **Southern and Western Europe**, comprising production plants located in France, Italy, Spain and Portugal. Verallia's operations in this region consist of 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 consist of 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 activities in Latin America 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 consolidation 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). The management organisation and internal reporting system remain unchanged following the takeover of Allied Glass. This reporting method 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 excluding rights of use under IFRS 16;
- adjusted EBITDA, an indicator for monitoring the underlying performance of businesses adjusted for certain non-recurring expenses and/or income liable to distort the Company's performance.

Adjusted EBITDA is calculated on the basis of 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 of IFRS 8:

		Year ended 31 December	
(in € million)	**Notes**	**2023**	**2022**
Net profit (loss) for the year		**475.3**	**355.6**
Net financial income		119.0	80.7
Income tax		167.4	122.1
Share of net result of associates		(0.3)	(0.2)
Operating profit		**761.3**	**558.3**
Depreciation, amortisation and impairment	A	326.7	295.9
Restructuring costs		3.4	(0.8)
IAS 29, Hyperinflation (Argentina)		5.8	4.3
Management share ownership plan and associated costs	B	6.2	6.2
Acquisition fees and additional price		0.7	5.1
Other		3.9	(3.5)
Adjusted EBITDA		**1,108.0**	**865.5**

A. Includes depreciation and amortisation of intangible assets and property, plant and equipment, and amortisation of intangible assets acquired through business combinations.

B. Corresponds to share-based compensation plans and associated costs.

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

4.3 Segment information

		Year ended 31 December 2023				
(in € million)	**Notes**	**Northern and Eastern Europe**	**Southern and Western Europe**	**Latin America**	**Eliminations**	**Group total**
Revenue from activities with external customers	5.1	979.8	2,527.2	396.8	—	3,903.8
Inter-segment revenue		5.6	23.7	2.9	(32.2)	—
Total segment revenue		**985.3**	**2,550.9**	**399.7**	**(32.2)**	**3,903.8**
Adjusted EBITDA	**4.2**	**244.2**	**725.2**	**138.5**	**—**	**1,108.0**
Capital expenditure*		**95.2**	**226.0**	**96.9**	**—**	**418.0**

*Excluding rights of use under IFRS 16

		Year ended 31 December 2022				
(in € million)	**Notes**	**Northern and Eastern Europe**	**Southern and Western Europe**	**Latin America**	**Eliminations**	**Group total**
Revenue from activities with external customers	5.1	695.3	2,236.4	419.8	—	3,351.5
Inter-segment revenue		12.1	8.8	—	(20.9)	—
Total segment revenue		**707.4**	**2,245.2**	**419.8**	**(20.9)**	**3,351.5**
Adjusted EBITDA	**4.2**	**146.5**	**554.5**	**164.6**	**—**	**865.5**
Capital expenditure*		**73.3**	**209.6**	**84.1**	**—**	**367.0**

*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 the use expected to be made of its glass packaging (notion of "end market" as defined internally):

	Year ended 31 December	
(in € million)	**2023**	**2022**
Still wines	1,180.6	1,149.4
Sparkling wines	474.6	392.1
Spirits	617.8	413.0
Beers	455.4	415.4
Food	646.6	531.5
Soft drinks	433.7	358.9
Others	95.1	91.2
Revenue	**3,903.8**	**3,351.5**

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, financial instruments, deferred tax assets and post-employment benefit assets) is presented below.

	Year ended 31 December	
(in € million)	**2023**	**2022**
France	338.6	313.8
Italy	419.9	375.4
Spain	238.5	222.9
Germany	221.2	205.3
Brazil	249.6	163.0
Other countries	326.3	326.8
Total	**1,794.1**	**1,607.2**

The Group does not monitor customer relationships by country, so they were excluded from the analysis of non-current assets by country.

4.6 Information about the main customers

None of the Group's customers individually accounted for more than 10% of revenue in 2023 or 2022.

Note 5 – Operating income and expenses

5.1 Revenue

ACCOUNTING PRINCIPLES

Verallia's operations mainly concern the manufacture of glass packaging for beverages and food products (bottles and jars).

In accordance with commercial practices and norms in the Group's markets, commercial agreements with customers generally do not involve a commitment in respect of purchase volumes or significant penalties in the event of cancellation. In addition, no significant initial lump sum payments are made. Thus, each order combined with a possible framework agreement represents a contract within the meaning of IFRS 15. Contracts generally run for less than one year so, under the terms of IFRS 15, the order book is not presented. The costs of obtaining contracts are not material.

Each agreement contains a performance obligation corresponding to the delivery of bottles and jars. The revenue generated from the sale of bottles and jars is recognised when the control of the asset is transferred to the customer, i.e. when the product is shipped or delivered, according to Incoterms rules.

In its operations, the Group does not resort to any intermediaries when selling goods to its customers other than transport services. As a result, agent/principal analysis is not relevant.

Revenue is the amount receivable for goods provided in the normal course of business, excluding amounts collected on behalf of third parties, such as sales taxes, goods and services taxes, and value added taxes.

Moulds are recognised as property, plant and equipment insofar as their purchase does not constitute a separate performance obligation (no transfer of control to customers).

Contracts have no funding component since the time between revenue recognition and payment is generally short. As a result, the Group does not adjust the transaction price based on the time value of money. Moreover, contract assets and liabilities are not material.

Revenue by country of origin

	Year ended 31 December	
(in € million)	2023	2022
France	947.1	873.7
Italy	874.8	714.8
Spain	581.3	507.8
Germany	586.8	497.0
Brazil	236.2	203.1
Other countries	677.6	555.1
Total revenue	**3,903.8**	**3,351.5**

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

5.2. Expenses by function and by nature

ACCOUNTING PRINCIPLES

Cost of sales

Cost of sales includes all costs directly or indirectly related to the products sold. The main components are the cost of raw materials, energy, wages and transport, and the depreciation of production equipment.

Selling, general and administrative expenses

Selling, general and administrative expenses include all expenses relating to general management, marketing, finance and accounting, computing, legal, human resources, technical, and research and development activities.

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

(in € million)	Notes	Year ended 31 December 2023	2022
Raw materials, energy, transport and other production costs		(2,162.3)	(1,920.0)
Personnel expenses*	A	(650.1)	(567.4)
Depreciation and amortisation*	B	(253.5)	(234.1)
Total cost of sales and selling, general and administrative expenses		**(3,065.9)**	**(2,721.5)**

A. Personnel expenses include:
   - €2.0 million in 2023 and €2.9 million in 2022 in respect of costs relating to post-employment benefits (Notes **19.1** and **19.2**);
   - €6.2 million in 2023 in respect of costs relating to share-based compensation plans, as in 2022 (Note **19.3**).

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

* Includes research and development expenses, net of research tax credits obtained, of €2.2 million in 2023 and €6.1 million in 2022. The change relative to 2022 was the result of higher research tax credits obtained in 2023 (€5.6 million).

Note 6 - Other operating income and expenses

6.1 Acquisition-related items

ACCOUNTING PRINCIPLES

Acquisition-related items mainly cover the impact of the adjustments recognised in connection with the purchase price allocation (amortisation of assets exclusively recognised through business combinations, such as customer relationships), as well as acquisition costs including miscellaneous fees and due diligence costs in connection with actual or prospective acquisitions. These items are presented separately from "selling, general and administrative expenses" on account of their materiality.

(in € million)	Notes	Year ended 31 December 2023	2022
Acquisition and M&A costs		(0.7)	(5.1)
Amortisation of intangible assets acquired through business combinations	A	(70.6)	(60.5)
Acquisition-related items		**(71.3)**	**(65.6)**

A. 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, see Note **10**).

6.2 Other operating income and expenses

ACCOUNTING PRINCIPLES

Other operating income and expenses reflect significant events occurring during the period that may distort the reading of the Company's performance. They mainly include gains and losses on disposals, impairment losses, significant litigation outside the normal course of business, restructuring costs incurred upon the disposal or closure of operations, and costs in relation to downsizing measures.

Other operating income and expenses break down as follows:

(in € million)	Notes	Year ended 31 December 2023	2022
Gains on disposals of assets	A	12.2	4.4
Reversals of asset impairment		1.3	—
Other income		**13.5**	**4.4**
Restructuring costs	B	(3.4)	0.8
Losses on disposals of assets and scrapped assets	C	(9.0)	(3.1)
Impairment of assets		(3.8)	(1.4)
Others	D	(2.5)	(6.8)
Other expenses		**(18.7)**	**(10.4)**
Other income and expenses – net		**(5.2)**	**(6.0)**

A. In 2023, this amount corresponds to insurance compensation received for damages incurred in Argentina and the United Kingdom.

B. As in 2023, the amount corresponds mainly to the re-estimation of the transformation plan carried out in France, including the costs related to the shutdown of a furnace and redundancy support measures.

C. The impact in 2023 mostly concerned scrapped assets in the United Kingdom following fire damages covered by insurance.

D. In 2023, this item mainly included provisions for environmental risks .

Note 7 – Financial income and expenses

ACCOUNTING PRINCIPLES

Financial income and expenses mainly include interest expense on borrowings, accretion of financial assets and provisions, financial expense related to pension plans and other post-employment benefits, factoring fees, bank charges, changes in the fair value of derivative instruments not designated as hedging instruments, and unrealised and realised foreign exchange gains and losses. They also include interest expense on lease liabilities .

Financial income mainly comprises income from cash and cash equivalents.

(in € million)	Notes	Year ended 31 December 2023	2022
Interest expense excluding lease liabilities	A	(71.7)	(34.9)
Interest expense related to lease liabilities	17.5	(2.4)	(1.4)
Amortisation of debt issuance costs, and other *		(14.3)	(17.1)
Financial income from cash and cash equivalents and other	B	28.7	20.3
Cost of net debt		**(59.7)**	**(33.1)**
Refinancing costs	C	(2.2)	—
Foreign exchange gains and losses	D	(15.3)	(12.8)
Net interest expense related to pension plans and other benefits	19.1	(3.0)	(1.3)
Profit (loss) on net monetary position in Argentina (IAS 29)	2.4	(38.8)	(33.5)
Net financial income (expense)		**(119.0)**	**(80.7)**

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

A. Corresponds primarily to interest expense on borrowings (described in Note **17**).

B. Corresponds in 2023 to financial investment income, primarily in Argentina and at Verallia Packaging, and in 2022 to financial investment income, primarily in Argentina.

C. 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.

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

Note 8 – Income tax

ACCOUNTING PRINCIPLES

Income tax expense represents the sum of current tax and deferred tax.

Tax expense is calculated based on the tax laws in force or substantively in force as of the closing date in the countries where the Company and its subsidiaries operate.

The amount of current tax payable (or recoverable) is determined based on the best estimate of the amount of tax that the Group expects to pay (or recover) and reflecting any potential associated uncertainties.

Current tax and deferred tax are recognised in profit or loss unless they relate to items that have been recognised in other comprehensive income or directly in equity. If current tax or deferred tax arises from the initial recognition of a business combination, the tax effect is included in the recognition of the business combination.

Deferred tax assets and liabilities are recognised on the basis of temporary differences between the carrying amounts of assets and liabilities on the balance sheet and their respective tax values (with some exceptions).

The impact of a change in tax rates and tax laws on deferred income tax assets and liabilities is generally recognised as tax income/expense over the period that the change was substantively in effect. Deferred tax assets and liabilities are measured at the expected tax rates for the period of realisation of the asset or settlement of the liability, based on tax rates and tax laws prevailing or substantively in force on the closing date.

Deferred tax assets are recognised in respect of deductible temporary differences, unused tax losses and unused tax credits only if it is probable that the Group will have sufficient future taxable profits against which they can be used. They are reviewed at each closing date and are impaired if it no longer appears likely that sufficient future taxable income will be available. To determine whether deferred tax assets should be recognised in respect of tax loss carryforwards, the Group applies various criteria that take into account the likely recovery period based on economic projections and the strategy for recovering tax losses over the long term applied in each country.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

Management's judgement is necessary to determine the extent to which tax losses can be recovered by the Group, resulting in the recognition of a deferred tax asset. In assessing the recognition of deferred tax assets, Management considers whether it is more likely than not that they will be used. Ultimately, deferred tax assets will be used if sufficient taxable income is available during periods in which temporary differences become deductible. Estimates of taxable profit and the use of tax loss carryforwards are based on the earnings forecast in the budget, the medium-term plan and, if necessary, supplementary estimates.

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

8.1 Income tax

The table below shows the breakdown of income tax expense:

(in € million)	Year ended 31 December 2023	2022
France	(33.6)	(13.1)
Outside France	(143.3)	(122.3)
Current tax	**(176.8)**	**(135.5)**
France	7.1	2.0
Outside France	2.4	11.3
Deferred tax	**9.5**	**13.3**
Total income tax	**(167.4)**	**(122.1)**

8.2 Analysis of deferred taxes on the balance sheet

In the consolidated balance sheet, changes in net deferred taxes are as follows:

(in € million)	Year ended 31 December 2023	2022
Opening	**(248.7)**	**(199.1)**
Deferred tax (expense)/benefit	9.5	13.3
Changes in deferred taxes related to actuarial gains and losses IAS19 and the fair value of cash flow hedge	128.3	(0.8)
Translation and hyperinflation adjustments	1.3	(3.2)
Change in group structure	—	(9.3)
Other	1.2	0.6
As of December 31 - Published value	**(108.4)**	**(198.5)**
*Adjustments - Deferred Taxes on Allied Customer Relationships.**	—	*(50.2)*
As of December 31 - Adjusted value	**(108.4)**	**(248.7)**

*On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group completed the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period: deferred tax liabilities at 31 December 2022 were adjusted accordingly by €-50.2 million. This adjustment corresponds to the retroactive recognition of deferred taxes on customer relationships related to the acquisition of Allied Glass. See Note 1.2.1 "Highlights - Update on the acquisition of Allied Glass".

The table below shows deferred taxes by type:

(in € million)	Year ended 31 December 2023	2022
Deferred tax assets	33.5	27.5
Deferred tax liabilities*	(141.9)	(276.2)
Net deferred tax	**(108.4)**	**(248.7)**
Pensions	10.3	8.7
IFRS 16 - taxable temporary difference	(15.9)	(10.7)
Depreciation and amortisation, accelerated amortisation and regulated provisions*	(193.2)	(208.4)
IFRS 16 - deductible temporary difference	16.2	10.8
Tax loss carryforwards	2.6	11.0
Other **	71.6	(60.1)
Total	**(108.4)**	**(248.7)**

* On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group completed the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period: deferred tax liabilities at 31 December 2022 were adjusted accordingly by €-50.2 million. This adjustment corresponds to the retroactive recognition of deferred taxes on customer relationships related to the acquisition of Allied Glass. See Note 1.2.1 "Highlights - Update on the acquisition of Allied Glass".
**In 2023, as in 2022, this item corresponds mainly to hedging instruments.

At 31 December 2023, deferred tax losses carried forward recognised as assets amounted to €2.6 million (€11.0 million at 31 December 2022) and were generated mainly in Russia. It is estimated that tax loss carryforwards will continue to be used for a period of two years.

Unrecognised deferred tax assets related to tax losses, in the amount of €4.0 million (€5.9 million at 31 December 2022), mainly concern Chile.

8.3 Tax proof

The reconciliation between the income tax shown in the consolidated statement of income and the theoretical tax that would be incurred based on the rate prevailing in the country where the parent company of the Group resides (France) is as follows:

	Notes	Year ended 31 December	
(in € million)		**2023**	**2022**
Profit (loss) before tax		**642.4**	**477.6**
Tax rate in France (%)		25.82 %	25.82 %
Theoretical tax expense		**(165.9)**	**(123.3)**
Difference in tax rates between countries	A	0.4	(4.5)
Non recognised deferred tax assets		1.3	3.8
Permanent differences	B	7.0	13.1
Tax not levied on taxable profits	C	(9.5)	(8.2)
Withholding tax		(0.2)	0.1
Other		(0.5)	(3.1)
Total income tax		**(167.4)**	**(122.1)**

A. This item corresponds mainly to the impact of the differential between the tax rate in France and the tax rate applied to the Group's subsidiaries.
B. This item corresponds mainly to tax on a portion of dividends received and the reintegration of net non-tax-deductible expenses.
C. These taxes mainly include the CVAE tax in France and IRAP tax in Italy.

8.4 Tax consolidation

The calculation of income tax expense takes into account specific local rules applicable to Verallia entities, including tax consolidation adopted by Verallia in France and Spain as well as in Germany under the country's Organschaft rules.

In France, Verallia SA is the head of the French tax group.

8.5 Uncertainty regarding tax treatment

Uncertain tax positions include risk estimations, litigation and disputes, be they actual or probable, regarding the calculation of income tax. Any of the Group's entities may be subject to a tax audit or even be asked by the local tax authorities to make adjustments. These requested adjustments along with any uncertain tax positions identified by the Group give rise to the recognition of a liability, the amount of which is reviewed regularly in accordance with the criteria set out in the IFRIC 23 interpretation "Uncertain tax positions".

Uncertain tax positions amounted to €15.8 million at 31 December 2023 (€13.3 million at 31 December 2022) and mainly concerned proposed rectifications or notifications of adjustments received from the tax authorities.

Note 9 – Goodwill

ACCOUNTING PRINCIPLES

At the acquisition date, goodwill is measured in accordance with the accounting standards applicable to business combinations, as described in Note **3.1**.

For the purposes of impairment testing (Note **12**), goodwill is allocated to the cash-generating unit (or group of cash-generating units) benefiting from the synergies of the business combination, depending on the level at which the return on investments is monitored for internal management purposes. A cash generating unit (CGU) is the smallest identifiable group of assets generating cash inflows that are largely independent of those generated by the entity's other assets. CGUs are defined on the basis of industrial organisation and correspond to countries.

In view of the Group's activities, goodwill is tested at the level of groups of CGUs corresponding to the Group's operating segments (Note **4**).

Goodwill is not amortised but is tested for impairment at each year-end or whenever events or changes in circumstances indicate that it may be impaired.

Impairment losses affecting goodwill cannot be reversed. The methods applied by the Group to perform impairment tests are described in Note **12**.

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*	(120.0)	—	—	(120.0)
Net amount adjusted as of 31 December 2022	**227.6**	**378.5**	**57.9**	**664.0**
Changes during the year				
Translation differences	2.3	—	2.9	5.2
Change in Group Structure**	—	18.6	—	18.6
Total changes	**2.3**	**18.6**	**2.9**	**23.8**
As of 31 December 2023				
Gross amount	229.9	397.1	60.8	687.8
Net amount as of 31 December 2023	**229.9**	**397.1**	**60.8**	**687.8**

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

**Change in Group Structure corresponds to the preliminary goodwill linked to the acquisition of three companies from the Santaolalla Group.

*See Note **1.2** "Highlights"*

Note 10 – Other intangible assets

ACCOUNTING PRINCIPLES

Other intangible assets mainly include customer relationships, patents, trademarks, software and development costs. They are carried at historical cost less accumulated amortisation and depreciation. Intangible assets acquired in a business combination are recorded at fair value at the acquisition date.

Customer relationships are measured using the multi-period excess earnings method, in accordance with IFRS 13 "Fair value measurement". The useful life of customer relationships is estimated based on the period during which the economic benefits of the asset are consumed. Customer relationships identified during the acquisition of Saint-Gobain's glass packaging division in 2015 are being amortised on a straight-line basis over an estimated useful life of 12 years and customer relationships identified during the acquisition of Allied Glass in 2022 are being amortised on a straight-line basis over an estimated useful life of 17 years.

Costs incurred for in-house software development – mainly configuration, programming and testing costs – are recognised as intangible assets and are generally amortised over a period of 5 years.

Patents and purchased computer software are amortised over their estimated useful lives, not exceeding a period of 20 years for patents and 3 to 5 years for software.

Research costs are expensed in the year in which they are incurred. Process development costs meeting the recognition criteria of IAS 38 are included in intangible assets and amortised over their estimated useful lives (not exceeding 5 years) from the date of first sale of the products to which they relate.

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**	—	3.2	(2.7)	0.5
Acquisitions	—	0.1	5.1	5.2
Disposals	—	—	—	—
Translation differences	4.1	(0.1)	—	4.0
Amortisation and impairment	(70.7)	(4.7)	(0.6)	(76.0)
Total changes	**(66.6)**	**(1.5)**	**1.8**	**(66.3)**
As of 31 December 2023				
Gross amount	899.1	49.5	16.2	964.8
Cumulative amortisation and impairment	(504.7)	(39.9)	(4.0)	(548.6)
Net amount as of 31 December 2023	**394.4**	**9.6**	**12.2**	**416.2**

*On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group completed the process of identifying the assets acquired and liabilities assumed during the purchase price allocation period; the adjustment corresponds to the retroactive recognition of customer relationships related to the acquisition of Allied Glass. See Note 1.2 "Highlights - Update on the acquisition of Allied Glass".

**Changes in scope correspond to intangible assets acquired during the acquisition of three companies from the Santaolalla Group.

Note 11 – Property, plant and equipment

ACCOUNTING PRINCIPLES

Property, plant and equipment

Property, plant and equipment is recorded at historical cost less any accumulated depreciation and impairment charges. This cost includes incidental expenses directly attributable to the acquisition. Property, plant and equipment acquired in a business combination is carried at its fair value on the acquisition date. Borrowing costs incurred for the construction and acquisition of property, plant and equipment requiring a long period of preparation before it can be used are included in the cost of the associated asset. Property, plant and equipment other than land is depreciated using the component approach on a straight-line basis over the estimated useful lives of:

Main plants and office buildings	30-40 years
Other buildings	15-25 years
Machinery and other production equipment	5-16 years
Vehicles	3-5 years
Furniture, accessories, computer and office equipment	4-16 years

Equipment notably includes the moulds used in the product manufacturing process. They are depreciated on the basis of "beaten costs", i.e. production units.

The Group is adapting and replacing its production facilities, for instance with furnaces that use new technologies, in a drive to rise to the planet's environmental challenges and reduce its CO_2 emissions. These new technologies have no impact on the useful life of its fixed assets.

Government grants for purchases of property, plant and equipment are recognised as deferred income under "Other current liabilities" and recorded in the statement of income as the asset is amortised.

Leases

IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

So it was decided that certain logistics management contracts including materials handling and inventory management services as well as the rental of sites dedicated to Verallia contain a lease component in that the dedicated site corresponds to an identified asset, the Group obtains substantially all the economic benefits generated by this asset and it has the right to control the use of the dedicated site.

The Group records a right-of-use asset and a lease liability on the lease's start date. The right-of-use asset is initially measured at cost then, subsequently, at cost less any cumulative depreciation and any cumulative impairment losses. The amount may be adjusted according to certain cases of remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments outstanding at the lease's start date. The discount rate applied corresponds to the interest rate implicit in the agreement or, if that rate cannot be readily determined, at the incremental borrowing rate (based on terms and not maturities). It is the latter that the Group generally applies as its discount rate.

The lease liability is subsequently increased by the interest expense and reduced by the amount of rent paid. It is remeasured in the event of an amendment to future lease payments resulting from a change in an index or rate used to determine those payments, a new estimate of the amounts expected to be paid under a residual value guarantee or, where applicable, a remeasurement on the exercise of an option to purchase the underlying asset or extend the lease term or on the non-exercise of a termination option (which thus become reasonably certain).

The Group owns substantially all its property, plant and equipment. The Group's leases mainly cover warehouses, offices, forklift trucks and other industrial equipment, and vehicles. They are essentially fixed-rent agreements (possibly with index clauses).

Lease terms for warehouses and offices vary by country.

The Group takes the following into account when assessing the reasonable certainty of renewal or termination options being exercised:

- the financial conditions for the optional periods (attractive rents);
- with regard to property, their location (strategically located near Group factories and/or client sites) and any alterations made to the layout;
- in some cases, the Group's operational plans and their impact on the use of a leased property.

For equipment and vehicles, rental periods generally range from 3 to 6 years.

Property, plant and equipment breaks down as follows:

(in € million)		Year ended 31 December	
	Note	**2023**	**2022**
Assets owned	A	1,734.7	1,555.4
Assets leased	B	60.8	53.6
Property, plant and equipment		**1,795.5**	**1,609.0**

A. The property, plant and equipment owned by the Group breaks 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*	0.6	10.1	7.5	3.1	21.3
Acquisitions	0.9	2.0	48.9	361.1	412.9
IAS 29, Hyperinflation	1.4	9.7	15.0	1.5	27.6
Disposals	—	(0.2)	(2.2)	0.5	(1.9)
Translation differences	(3.1)	(17.0)	(28.1)	(5.0)	(53.2)
Depreciation and impairment	(0.1)	(18.2)	(208.0)	(1.1)	(227.4)
Transfers	0.1	20.6	179.9	(200.6)	—
Total changes	**(0.2)**	**7.0**	**13.0**	**159.5**	**179.3**
As of December 31, 2023					
Gross amount	66.1	476.9	2,780.4	398.2	3,721.6
Cumulative depreciation and impairment	(0.9)	(251.8)	(1,732.4)	(1.8)	(1,986.9)
Net amount	**65.2**	**225.1**	**1,048.0**	**396.4**	**1,734.7**

* Changes in scope correspond to property, plant and equipment acquired during the acquisition of a recycling activity and of three companies from the Santaolalla Group.

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	14.2	18.4	—	32.6
Reductions during the period	(0.3)	(1.3)	—	(1.6)
Changes in scope and other	3.0	(3.4)	—	(0.4)
Depreciation during the period	(14.8)	(8.5)	—	(23.3)
Net carrying amount as of 31 December 2023	**40.9**	**20.0**	**—**	**60.8**

Note 12 – Impairment of goodwill and fixed assets

The carrying amounts of goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually 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. Such events or situations are related to material and adverse changes affecting the economic environment and the assumptions or objectives identified at the time of acquisition.

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. The breakdown of goodwill generated at the time of the acquisition of Compagnie de Saint-Gobain's packaging activities in 2015 was based on the contribution of each group of CGUs to EBITDA.

When the carrying amount of CGUs or groups of CGUs exceeds their recoverable amount, an impairment loss is recognised and allocated first to the carrying amount of any goodwill allocated to the groups of CGUs.

The recoverable amount of the CGUs or groups of CGUs is the greater of the fair value net of exit costs and the value in use, which is measured against their expected future discounted cash flows.

Impairment losses recorded against goodwill cannot be reversed through profit or loss. For property, plant and equipment and other intangible assets, impairments recognised in previous periods may be reversed, taking into account the depreciation adjustment, if there is an indication that the loss of value no longer exists and that the recoverable amount of the asset is greater than its carrying amount.

In 2022, following Russia's invasion of Ukraine, the Verallia Group identified an indication of impairment on the CGUs corresponding to Ukraine and Russia and therefore also performed asset impairment tests on these two CGUs as well as its annual goodwill impairment tests on CGU groups. The Group's exposure in Ukraine and Russia remains low. As for Ukraine, the revenue generated in Russia represents less than 3% of the Group's total revenue as of December 31, 2023.

At 31 December 2023, based on healthy levels of business and profitability over the period, the outlooks for its CGUs and stable interest rate assumptions, 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 on the Ukraine or Russia CGUs at 31 December 2023.

However, the Group did perform asset impairment tests on the Argentina CGU at 31 December 2023 due to the devaluation of the Argentine peso in 2023.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

The assumptions, judgements and estimates on which impairment tests are based are the main assumptions used to estimate recoverable amounts when calculating value in use (discount rate, perpetual growth rate, expected cash flows), all of which depend on an assessment of the economic and financial environment.

In addition, the assumptions used to calculate future cash flows take climate risk into consideration as well as the expenditure required to improve the circularity of Verallia's glass packaging and decarbonise its activities. The Group's commitments to invest in reducing CO_2 emissions are included in its estimates for the coming years.

The Group identified no asset impairment losses arising from climate change.

Similarly, no impairment losses were recognised on the goodwill or assets tested in 2023 or 2022.

Cash flow projections

Projections of future cash flow correspond to the budget for the coming year, the strategic plan for the following two years and an extrapolation for years four and five.

The Group uses a number of macroeconomic assumptions to determine its cash flows: exchange rates, GDP growth, inflation, and variations in commodity, energy and packaging prices. As regards energy, the Group establishes its assumptions based on expected variations in underlying energy price data (Brent, TTF, NCG). These assumptions are determined using external data and by incorporating the hedging arrangements made.

In addition, the Group takes into account the schedule for maintenance stoppages (furnaces and machines) and for rolling out the Performance Action Plan (to improve its industrial performance).

The extrapolation carried out over two years (years four and five) for the purposes of the test is based on growth and margin rates and WCR that are relatively close to those of the last year of the Plan.

Cash flows beyond this five-year period are extrapolated using a constant perpetual growth rate determined on the basis of past performance and market growth forecasts.

The assumptions used to draw up the plan are based on economic growth assumptions and consistent with past performance.

In 2022, cash flow projections for the Ukraine and Russia CGUs and, consequently, for the Northern and Eastern Europe group of CGUs, were established over 10 years in order to factor in the uncertain geopolitical and economic climate. In 2023, the economic climate in Russia and Ukraine trended favourably for Verallia and the Zorya plant in Ukraine reopened. So, with operating conditions stabilising sooner than expected, the Group was able to establish cash flow projections over a 5-year period for the purpose of the impairment test on the Northern and Eastern Europe group of CGUs.

Main assumptions used to estimate the value in use of each group of CGUs

	Year ended 31 December	
	2023	2022
Southern and Western Europe		
Discount rate	8.8%	8.0 %
Perpetual growth rate	2.9%	2.9 %
Northern and Eastern Europe		
Discount rate	8.6%	From 9.4% to 7.2%
Perpetual growth rate	2.9%	2.9 %
Latin America		
Discount rate	11.7%	12.3%
Perpetual growth rate	2.9%	2.9%

The discount rate is the segment's weighted average cost of capital (WACC) for each CGU or group of CGUs.

The discount rates and perpetual growth rates applied at 31 December 2023 were updated from their 31 December 2022 values. The perpetual growth rates applied at 31 December 2022 were impacted by the inflation prospects in the region or countries concerned. The WACC values applied also factor in these inflation prospects and the risks in each country.

In 2022, given the exceptional circumstances in Ukraine and Russia, different WACC values were established for each year of the 10-year forecast horizon for these two CGUs and, consequently, for the Northern and Eastern Europe group of CGUs including these two CGUs. In 2023, with Verallia's situation in Ukraine and Russia having returned to normal, the Group adopted the usual approach based on a single discount rate for the Northern and Eastern Europe group of CGUs.

As in 2022, the Group performed its 2023 impairment tests on the Latin America group of CGUs based on the euro due to uncertainty about the inflation rate applicable in Argentina over the long term and the proven capacity of Argentine entity Rayen Cura in 2023 to pass hyperinflation onto its selling prices. A perpetual growth rate of 2.9% was used.

Sensitivity analysis

The Group analysed the sensitivity of its impairment tests to the main assumptions used to determine the recoverable amount of each group of CGUs to which goodwill is allocated and of the assets tested, namely the discount rate and long-term growth rate used to determine terminal value and terminal-year cash flows as they represent a significant portion of the recoverable amount.

For the Northern and Eastern Europe, Southern and Western Europe and Latin America groups of CGUs, no impairment losses would be recorded in 2023 in the event of a 1 percentage point increase in the WACC, a 0.5 percentage point reduction in the perpetual growth rate or a 10% decline in terminal-year cash flows.

Note 13 – Other non-current assets

The table below shows the breakdown of other non-current assets:

(in € million)	Notes	Year ended 31 December 2023	2022
Equity securities	21	8.2	7.6
Loans, deposits and guarantees	21	27.3	24.6
Pension plan surpluses		1.7	4.4
Other *		20.5	149.7
Total other non-current assets		**57.8**	**186.3**

*The "Others" line corresponds mainly to the fair value of interest rate hedging derivatives.

Loans, deposits and guarantees include reserves and escrow accounts for factoring agreements (Note **14.4**). The table below shows changes in the net carrying amount of other non-current assets:

(in € million)	Equity securities	Loans, deposits and guarantees	Pension plan surpluses	Other	Total
As of 31 December 2022					
Gross amount	8.5	31.6	4.4	149.7	194.2
Impairment	(0.9)	(7.0)	—	—	(7.9)
Net amount	**7.6**	**24.6**	**4.4**	**149.7**	**186.3**
Changes during the year					
Increase (decrease)	0.6	6.8	—	3.8	11.3
Impairment	—	—	—	—	—
Translation differences	—	(4.2)	—	—	(4.2)
Transfers and other movements	—	—	(2.6)	(132.9)	(135.6)
Total changes	**0.6**	**2.6**	**(2.6)**	**(129.1)**	**(128.5)**
As of 31 December 2023					
Gross amount	9.1	34.3	1.7	20.5	65.7
Impairment	(0.9)	(7.0)	—	—	(7.9)
Net amount	**8.2**	**27.3**	**1.7**	**20.5**	**57.8**

Note 14 – Change in net working capital

The change in net working capital in 2023 and 2022 was as follows:

(in € million)	Notes	31 December 2022	Adjust-ments **	31 December 2022 Ajusted	Impact of cash flows	Foreign exchange and other	Change in group structure	31 December 2023
Inventories	14.1	536.8	—	536.8	191.8	(19.2)	2.1	711.5
Operating receivables	14.2	409.5	—	409.5	(156.7)	(30.7)	4.5	226.7
Operating liabilities	14.3	(944.5)	—	(944.5)	41.5	13.6	(2.3)	(891.8)
Debts to suppliers of fixed assets	14.3	(156.2)	—	(156.2)	1.5	(0.3)	—	(155.0)
Operating working capital		**(154.4)**	**—**	**(154.4)**	**78.1**	**(36.6)**	**4.4**	**(108.6)**
Other receivables (non-operating) *	14.2	233.2	—	233.2	(689.3)	489.4	—	33.3
Other liabilities (non-operating) *	14.3	(76.5)	0.9	(75.6)	681.7	(809.0)	(0.1)	(203.0)
Current tax assets and liabilities		(38.9)	—	(38.9)	(15.2)	4.0	(1.1)	(51.2)
Total working capital		**(36.6)**	**0.9**	**(35.7)**	**55.2**	**(352.2)**	**3.1**	**(329.4)**
Change in working capital		**(73.4)**	**0.9**	**(72.5)**				**(293.7)**

Reconciliation with the condensed consolidated statement of cash flows :	
Change in inventory	(191.8)
Change in trade receivables, trade payables and other receivables/payables	92.7
Current tax expense	176.8
Income taxes paid	(131.4)
Increase (decrease) in debt to suppliers of fixed assets	(1.5)
Total	**(55.2)**

* Other receivables and other debts (non-operating): the column "foreign exchange and other" corresponds mainly to the variation in the fair value of energy hedging derivatives.

** On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group completed 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.

14.1 Inventories

ACCOUNTING PRINCIPLES

Inventories are carried at the lesser of their acquisition cost or probable net realisable value. The cost of inventories includes purchase costs, production costs and other costs incurred to bring inventories to their current location and condition. It is generally determined using the weighted average cost method and, in some cases, the first-in, first-out method (FIFO). The probable net realisable value is the sale price in the ordinary course of business, less estimated completion and sale costs. Inventory acquired in a business combination is carried at its fair value on the acquisition date. The impact of underutilised capacity is excluded when measuring inventory.

Inventory can be impaired to reflect the loss in value of inventories. For inventories of finished products, the provision generally relates to inventories whose realisable value is lower than the net carrying amount, inventories not meeting marketing quality standards, and inventories whose slow turnover is liable to result in deterioration.

The change in net inventories is as follows:

(in € million)	Year ended 31 December					
	2023			2022		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Raw materials	225.5	(29.4)	196.1	192.8	(24.5)	168.3
Inventories of work in progress	3.1	(1.9)	1.2	2.2	(1.6)	0.6
Finished goods	529.9	(15.7)	514.2	373.9	(6.0)	367.9
Total inventories	**758.5**	**(47.0)**	**711.5**	**568.9**	**(32.1)**	**536.8**

14.2 Trade receivables and other current assets

ACCOUNTING PRINCIPLES

Accounting

Trade receivables are initially recognised at fair value and then measured at amortised cost using the effective interest rate method, net of impairment losses (if any). As trade receivables are generally due within one year, their nominal value is close to their fair value.

On the other hand, receivables with recourse (receivables that are not guaranteed by the factor because they exceed the provisions of either the insurance or factoring arrangement) included in the factoring programme are managed based on the "hold to collect and sell" business model and are measured at fair value in the balance sheet with a corresponding entry in other comprehensive income.

Amortisation

The impairment policy for trade receivables and related accounts is described in Note **21**.

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

(in € million)	Year ended 31 December					
	2023			2022		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Trade receivables	**163.9**	**(19.6)**	**144.3**	**262.9**	**(12.5)**	**250.4**

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

(in € million)	Year ended 31 December					
	2023			2022		
	Gross	Depreciation	Net	Gross	Depreciation	Net
Accounts receivable not yet due	**141.5**	**(5.8)**	**135.7**	**246.8**	**(7.8)**	**239.0**
Accounts receivable past due	**22.4**	**(13.8)**	**8.6**	**16.1**	**(4.7)**	**11.4**
Under 30 days	14.7	(6.1)	8.6	9.7	(0.7)	9.0
Between 30 and 90 days	0.2	(0.2)	—	2.3	(0.6)	1.7
Beyond 90 days	7.5	(7.5)	—	4.1	(3.4)	0.7
Total trade receivables	**163.9**	**(19.6)**	**144.3**	**262.9**	**(12.5)**	**250.4**

The table below shows the breakdown of other current assets:

(in € million)	Year ended 31 December 2023	2022
Advances to suppliers	4.0	11.5
Prepaid social security contributions	0.7	0.4
Other taxes paid in advance and recoverable (other than income taxes)	51.3	76.2
Other operating receivables	24.3	70.8
Derivatives assets	26.9	228.3
Other non-trade receivables	8.5	5.1
Other current assets	**115.7**	**392.3**

14.3 Trade payables and other current liabilities

ACCOUNTING PRINCIPLES

Trade payables and other current liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. Trade payables and related accounts, other payables and accrued liabilities are generally due within one year, such that their nominal value is close to their fair value.

Trade payables and other current liabilities break down as follows:

(in € million)	Year ended 31 December 2023	2022
Trade payables	**627.1**	**740.6**
Customer down payments	79.0	14.6
Debts on fixed assets	154.9	156.2
Grants received	13.9	14.5
Accrued personnel expenses	131.2	128.5
Tax liabilities (other than income tax)	21.4	15.2
Derivative liabilities	182.2	48.1
Other *	40.0	58.7
Other current liabilities	**622.6**	**435.6**
Total trade payables and other current liabilities	**1,249.7**	**1,176.4**

* On 8 November 2022, the Verallia Group acquired all the shares held by Tonic Topco in Allied Glass. The Group completed 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.

14.4 Factoring

ACCOUNTING PRINCIPLES

Under a non-recourse factoring agreement, when the Group has transferred substantially all the risks and rewards of ownership of the receivables, the receivables are derecognised from the consolidated balance sheet.

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

When trade receivables are sold with limited recourse and substantially all the risks and rewards of these receivables are not transferred, the receivables remain in the consolidated balance sheet. Cash inflows and outflows related to factoring agreements for which the Group does not derecognise receivables are presented on a net basis as cash flows related to financing activities. Contracts through which the Group derecognises receivables result in changes in trade receivables, which are recognised as cash flows from operating activities.

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 CO_2 emissions (Scopes 1 and 2) to 2,625 kt CO_2 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.

	Year ended 31 December	
(in € million)	2023	2022
Assignment of receivables without recourse	424.4	324.9
Assignment of receivables with recourse	11.9	9.6
Total receivables assigned	**436.3**	**334.5**

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 31 December 2023 and 31 December 2022 were €7.7 million and €7.0 million, respectively.

In addition, the Group has entered into various factoring programmes offered by some of its clients in the amount of €69.0 million in 2023 and €45.3 million in 2022.

Note 15 – Cash and cash equivalents

ACCOUNTING PRINCIPLES

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits held with other banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

Statement of cash flow

The statement of cash flow is prepared using the indirect method on the basis of consolidated net income/loss and is broken down into three categories:

- **cash flow from operating activities**: including taxes, acquisition costs relating to takeovers and payments received as grants;
- **cash flows from investing activities**: in particular in the event of a takeover (excluding acquisition costs), a loss of control (including transaction costs), acquisitions and disposals of non-consolidated investments, associate companies and joint ventures, as well as acquisitions and disposals of fixed assets (including fees and deferred payments) other than right-of-use lease assets;
- **cash flow from financing activities**: including issuance and repayment of loans, issuance of equity instruments, shareholder equity transactions (including transaction costs and any deferred payments), interest paid (cash flows related to financial expense), treasury share transactions and dividends paid.

The balance of cash and cash equivalents is as follows:

	Year ended 31 December	
(in € million)	**2023**	**2022**
Cash	349.7	271.8
Cash equivalents	124.9	59.0
Total cash and cash equivalents	**474.6**	**330.8**

At 31 December 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 €474.6 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 imposing restrictions on immediate currency convertibility or transferability amounted to €65.1 million at 31 December 2023 (€73.1 million at 31 December 2022).

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

Note 16 – Equity

16.1 Share capital

The change in the number of shares and share capital was as follows:

(in €)	Number of shares	Face value	Share capital
As of 31 December 2022	**122,289,183**	**3.38**	**413,337,439**
Capital Increase / Issue of ordinary share (22 June 2023)	611,445	3.38	2,066,684
Cancellation of treasury shares (22 June 2023)	(611,445)	3.38	(2,066,684)
As of 31 December 2023	**122,289,183**	**3.38**	**413,337,439**

At 31 December 2023, the share capital amounted to €413,337,438.54 and consisted of 122,289,183 ordinary shares with a nominal value of €3.38 each.

16.1.1 Capital increase

On 22 June 2023, the Chief Executive Officer recognised the completion of a 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 of €16,551,816.15.

16.1.2 Capital reduction

On 22 June 2023, the Company carried out a capital reduction by cancelling 611,445 treasury shares that it had previously bought back.

16.2 Treasury shares

16.2.1 Share buybacks

At 31 December 2023, the Group held 5,384,950 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 1,217,080 shares under the share buyback programme launched in 2022.

Verallia decided to launch a share buyback programme and entrusted an investment services provider with a share buyback mandate for a maximum amount of €50 million over a period running from 7 December 2022 to November 2023. Verallia intends to cancel all the shares bought back. This share buyback programme falls under the delegation of authority granted by the General Shareholders' Meeting on 11 May 2022 under resolution 16.

16.2.2 Liquidity agreement

In 2019, Verallia signed an AMAFI liquidity agreement with Rothschild Martin Maurel for market-making purposes with respect to its own shares on the regulated market of Euronext Paris. The liquidity agreement took effect on 6 January 2020 for an initial term of 12 months, renewable by tacit agreement for successive 12-month periods.

At 31 December 2023, the liquidity account amounted to €3,3 million and the Company did not hold any treasury shares through this liquidity contract.

16.3 Translation reserve

The translation reserve decreased by €70.2 million in 2023 following a €4.7 million increase in 2022.

The decrease in the translation reserve was primarily attributable to the devaluation of the Argentine peso decided by Argentina's new president, Javier Milei.

16.4 Earnings per share

16.4.1 Basic earnings per share

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

	Year ended 31 December	
	2023	2022
Group's share of net profit (loss) (in € million)	470.0	342.0
Number of shares	116,941,934	117,191,417
Basic earnings per share (in €)	**4.02**	**2.92**

16.4.2. 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 excluding treasury shares, after adjusting for the effects of all potential dilutive ordinary shares:

	Year ended 31 December	
	2023	2022
Group's share of net profit (loss) (in € million)	470.0	342.0
Diluted number of shares	117,246,749	117,300,110
Diluted earnings per share (in €)	**4.01**	**2.92**

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

Note 17 – Borrowings and financial liabilities

17.1 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:

		Year ended 31 December	
(in € million)	**Note**	**2023**	**2022**
Financial debt - Non current	17.2	1,598.3	1,559.8
Financial debt - Current	17.2	240.5	201.3
Financial derivative instruments - net	17.2	0.3	(24.5)
Gross debt		**1,839.1**	**1,736.6**
Cash and cash equivalents	15	(474.6)	(330.8)
Net debt		**1,364.5**	**1,405.9**

17.2 Change in gross financial debt

17.2.1 Sustainability-linked bond issue

At 31 December 2023, the Group had two sustainability-linked bonds which it had issued in 2021 in accordance with the Sustainability-Linked Bond Principles of the International Capital Markets Association: one of a total amount of €500 million with a 7-year maturity (maturing on 14 May 2028) and a coupon of 1.625% per annum[2], and the other of a total amount of €500 million with a 10-year maturity (maturing on 10 November 2031) and a coupon of 1.875% per annum[2].

The coupon rate could potentially 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:

- to reduce Verallia's annual CO_2 emissions (Scopes 1 and 2) to 2,625kt CO_2 by 2025 (implying a 15% reduction from 2019 CO_2 emission levels); and
- to increase 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 potentially raise the coupon rate by 12.5 basis points for the first issue in May 2021 and by 10 basis points for the second issue in November 2021.

2 Prospectus aproved by the French Financial Markets Authority on May 11, 2021 under visa 21-150 and on November 8, 2021 under visa 21-477

17.2.2 Syndicated facility

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

- a €550 million term loan and
- a €550 million revolving credit facility (RCF) which remained undrawn at 31 December 2023,

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

At 31 December 2023, Verallia SA therefore had a €550 million term loan and a €550 million revolving credit facility (RCF) which remained undrawn.

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 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 CO_2 emissions, optimisation of water consumption in its plants, and the promotion of diversity and inclusion.

17.2.3 Negotiable European Commercial Paper (NEU CP)

On 28 September 2023, the Verallia Group transferred its short-term financing programme of Negotiable European Commercial Paper (NEU CP) to Verallia SA, to replace the existing programme held by its wholly owned subsidiary Verallia Packaging.

The NEU CP programme has been increased to a maximum principal amount of €500 million versus €400 million previously. The former programme of Verallia Packaging will be turned off as from the first issuances are made by Verallia SA and will be progressively be switched off until its outstanding issuances reach maturity. The new programme will not be rated as the securities and shares issued by Verallia SA are admitted to trading on the regulated market of Euronext Paris.

The outstanding amount issued at 31 December 2023 was €158.2 million.

The outstanding amount issued at 31 December 2022 was €150.3 million.

17.2.4 Instalment loan from Bpifrance, a Verallia shareholder (related party agreement)

In December 2021, the company entered into an instalment loan agreement for a total principal amount of €30 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-December 2023 was €12.5 million.

GROSS FINANCIAL DEBT AT 31 DECEMBER 2023

At 31 December 2023, the €550 million revolving credit facility had not been drawn.

(in € million)	Notes	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 2023		Total as of 31 December 2023
									Non-current	Current	
Sustainability-Linked Bond November 2021		500.0	EUR	1.875 %	2.07 %	10/11/2031	Maturity	6.7	493.3	1.3	494.6
Sustainability-Linked Bond May 2021		500.0	EUR	1.625 %	1.72 %	14/05/2028	Maturity	2.0	498.0	5.2	503.2
Revolving credit facility (floor 0%) RCF		550.0	EUR	Euribor + 0,75%	4.93 %	17/04/2028	Revolving	2.6	—	—	—
Term Loan B (floor 0%)		550.0	EUR	Euribor + 1,25%	5.39 %	16/04/2027	Maturity	2.5	545.0	5.2	550.2
Lease liabilities	17.5								41.3	20.2	61.5
Other borrowings									20.7	15.4	36.1
Total long-term debt									***1,598.3***	***47.3***	***1,645.6***
Negotiable commercial paper (NEU CP)		500.0	EUR							158.2	158.2
Other borrowings										35.0	35.0
Total short-term debt										***193.2***	***193.2***
Total financial debt									**1,598.3**	**240.5**	**1,838.8**
Financial derivatives liability	20.2								12.2	8.7	20.9
Financial Debt and financial derivatives liability									**1,610.5**	**249.2**	**1,859.7**
Financial derivatives asset	20.2								(16.4)	(4.2)	(20.6)
Gross debt									**1,594.1**	**245.0**	**1,839.1**

GROSS FINANCIAL DEBT AT 31 DECEMBER 2022

At 31 December 2022, the €500 million revolving credit facility had not been drawn.

(in € million)	Notes	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 Non-current	Current	Total as of 31 december 2022
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	17.5								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	20.2								2.5	(0.4)	2.0
Financial Debt and financial derivatives liability									***1,562.2***	***200.9***	***1,763.1***
Financial derivatives asset	20.2								(26.5)	—	(26.5)
Gross debt									**1,535.7**	**200.9**	**1,736.6**

17.3 The Group's debt structure

The interest rates applicable to the Group's entire portfolio of financial liabilities, after incorporating derivative instruments, are as follows:

	Year ended 31 December	
(in € million)	**2023**	**2022**
Fixed-rate debt	1,642.0	1,594.3
Floating-rate debt	197.1	142.4
Gross debt	**1,839.1**	**1,736.6**

17.4 Debt repayment schedule

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

	Year ended 31 December	
(in € million)	**2023**	**2022**
Less than one year	245.1	200.9
Between one and five years	1,089.6	539.2
More than five years	504.4	996.6
Gross debt	**1,839.1**	**1,736.6**

At 31 December 2023, borrowings of under a year consisted primarily of €158.2 million of NEU CP (negotiable commercial paper) versus €150.3 million at 31 December 2022.

17.5 Lease liabilities

At 31 December 2023, lease liabilities amounted to €61.5 million.

(in € million)	**Leases current Terms Debts**	**Leases non current Terms Debts**	**Lease debts**
31 December 2022	**17.3**	**36.2**	**53.5**
Reductions during the period	(23.4)	(3.3)	(26.7)
Additions and modifications of contracts during the period	24.0	8.4	32.3
Capitalized Interests	2.4	—	2.4
Change in Group Structure	—	—	—
Other	—	—	—
31 December 2023	**20.2**	**41.3**	**61.5**

The maturity profile for lease liabilities is as follows:

(in € million)	**Year ended 31 December 2023**	**Year ended December 31 2022**
Less than one year	20.2	17.3
In one to five years	38.9	30.6
In more than five years	2.3	5.6
Total lease liabilities	**61.5**	**53.5**

17.6 Covenants

17.6.1 Senior facilities agreement

The Senior Facilities Agreement signed on 17 april 2023, contains certain negative covenants, for instance the Group cannot:

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

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

The Senior 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 Senior 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 Senior Facilities Agreement requires the leverage ratio (total net debt / adjusted consolidated EBITDA) to be below 4.50x and tested every half-year.

This Senior Facilities Agreement was used to refinance the facilities agreements arranged in 2019 which included numerous contractual provisions: various affirmative and negative covenants, the requirement that the Group's operational subsidiaries accede as guarantors, and tests to be carried out every half-year on the leverage ratio (total net debt / pro forma consolidated EBITDA) until the facilities agreement arranged in 2019 expired.

At 31 December 2023, no payment default had occurred or was still ongoing under the Senior Facilities Agreement.

17.6.2 Sustainability-linked bond issuance

The prospectuses relating to each Sustainability-Linked bond issuance both include an undertaking, for the Company and for certain material Group subsidiaries, not to pledge their respective assets as guarantee for the payment obligations of the Company or of any of the aforementioned material subsidiaries under any future bond financial indebtedness, in the event where bond creditors under the Sustainability-Linked bonds would not be treated pari passu.

17.7 Change in debt

The change in financial debt in 2023 was 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	31 December 2023
Non-current financial liabilities and derivatives	**1,562.2**	**569.0**	**(530.7)**	**4.8**	**—**	**4.6**	**0.6**	**1,610.5**
Current financial liabilities and derivatives (excluding interest)	191.8	35.2	(43.4)	41.2	12.7	0.1	(0.3)	237.3
Interest on long-term debt	9.1	—	(42.0)	0.4	44.3	—	—	11.8
Current financial liabilities and derivatives	**200.9**	**35.2**	**(85.4)**	**41.6**	**57.0**	**0.1**	**(0.3)**	**249.2**
Financial liabilities and financial derivatives liability	**1,763.1**	**604.2**	**(616.1)**	**46.4**	**57.0**	**4.8**	**0.3**	**1,859.7**
Financial derivatives asset	(26.5)	—	—	9.8	(3.8)	—	—	(20.6)
Gross debt	**1,736.6**	**604.2**	**(616.1)**	**56.1**	**53.2**	**4.75**	**0.3**	**1,839.1**

* 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	34.5	
Increase in long-term debt	569.7	
Reduction in long-term debt		(565.0)
Financial interest paid		(51.2)
Total	**604.2**	**(616.1)**

Note 18 – Provisions and other non-current financial liabilities

The change in provisions in financial year 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								
Business Consolidation	—	—	—	—	0.6	0.6	3.3	3.9
Additions	4.8	4.4	4.6	—	41.2	55.0	—	55.0
Reversals (unused)	(0.9)	(1.2)	(1.9)	—	(6.6)	(10.6)	—	(10.6)
Reversals (used)	(5.1)	(1.0)	(3.2)	—	(23.5)	(32.8)	—	(32.8)
Other (reclassifications and translation differences)	1.0	1.7	(0.2)	—	2.8	5.3	(2.9)	2.4
Total changes	**(0.3)**	**3.9**	**(0.7)**	**—**	**14.5**	**17.4**	**0.4**	**17.8**
As of 31 December 2023								
Current portion	9.4	6.9	7.6	—	25.9	49.8	—	49.8
Non-current portion	—	18.2	0.4	—	26.0	44.6	0.9	45.5
Total provisions	**9.4**	**25.1**	**8.0**	**—**	**51.9**	**94.4**	**0.9**	**95.3**

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

- provisions set aside in the amount of €20.0 million and a reversal of the provision in the amount of €19.6 million relating to the Group's deficit with respect to its CO_2 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 liabilities on aid granted and losses on customer contracts.

18.1 Provisions and contingent liabilities

ACCOUNTING PRINCIPLES

A provision is made when (i) the Group has a legal or current implicit obligation towards a third party resulting from a past event, (ii) an outflow of resources will probably be necessary for the Group to extinguish the obligation, and (iii) the amount of the obligation can be reliably estimated.

Provisions primarily concern obligations associated with litigation, restructuring plans and other risks identified with respect to the Group's operations. Provisions with settlement dates that can be reliably estimated are discounted.

When a current obligation is unlikely to exist, the Group recognises a contingent liability unless there is little likelihood of an outflow of resources embodying an economic benefit.

Contingent liabilities assumed during a business combination are recognised at their fair value on the acquisition date.

Under the regulation on carbon dioxide (CO2) emission allowances, the Group records CO2 allowances allocated free of charge or purchased in its inventory of raw materials. When the CO2 allowances to be surrendered for CO2 emitted during year N exceed the Group's stock of CO2 allowances, it recognises a provision to cover this deficit of year N allowances to be surrendered in April of year N+1.

Measurement of the provision takes into account the price of forward purchases made for the following year and the spot price on 31 December of the current year for the balance not covered by forward purchases.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

Estimates primarily concern valuations of liabilities and contingent liabilities, especially provisions for litigation and other Group risks.

18.1.1 Provisions for claims, litigation and other

These provisions mainly concern provisions for claims, litigation and other commercial risks, primarily in France and Italy.

Litigation between Verallia Italia and Nelson Servizi

In December 2014, Verallia Italia, as a supplier, and Nelson Servizi, as a distributor, renewed their previously agreed distribution contract and established mutual undertakings to sell and buy bottles for the Cuban market for the years 2015, 2016 and 2017. In 2015, the Group decided to cease all commercial activity for the Cuban market starting from the second half of 2016. In response, Nelson Servizi suspended all payments to Verallia Italia.

Verallia Italia then informed Nelson Servizi that said distribution contract would be cancelled if Nelson Servizi did not settle its debts towards it. Nelson Servizi thus requested that Verallia Italia be ordered to pay damages amounting to €11 million.

In 2021, Verallia Italia was ordered to make a payment of €1.8 million and the corresponding provision was consequently reversed.

Verallia Italia has lodged an appeal against the court decision.

18.1.2 Provisions for environmental risks

Provisions for environmental risks cover the costs of environmental protection measures, asbestos-related costs and the costs of waste disposal relating to the reconstruction of furnaces.

Asbestos-related litigation

Charges of gross negligence (inexcusable fault)

In France, since the late 1990s, several former and current Group employees or their assignees have filed lawsuits against the Group's French subsidiary, Verallia France, for gross negligence after falling ill as a result of their alleged exposure to asbestos-containing materials.

At 31 December 2023, the amount provisioned in respect of these claims stood at €3.0 million.

Claims for anxiety-related damages

Lawsuits have been filed by Group employees or former employees for recognition of anxiety caused by their alleged exposure to asbestos-containing materials at the Group's French facilities.

At 31 December 2023, the amount provisioned for all such claims amounted to €3.8 million.

Decontamination of Canoas site in Brazil

Verallia Brasil owns a property located in the city of Canoas, Brazil.

Industrial activity at the site was stopped during 2011-2012 when activity on the domestic products line was discontinued.

There are still buildings and fixtures on the site that require demolition and land decontamination.

At 31 December 2023, the amount provisioned to cover the costs of demolition and land decontamination and related expenses totalled €6.6 million.

18.1.3 Provisions for restructuring and personnel expenses

Provisions for restructuring and personnel expenses amounted to €8.0 million at 31 December 2023 and €8.7 million at 31 December 2022.

They mainly concern the transformation plan carried out in France, after it was decided not to rebuild the oldest of the three furnaces at the Cognac facility, and redundancy aid measures.

18.1.4 Provisions for other risks

Provisions for other risks mainly concern the provision relating to the Group's CO2 allowances deficit with respect to its CO2 emissions in financial year 2023, under Phase IV (2021-2030) defined by the Quotas (EU ETS) Directive.

With respect to the provision for CO2 allowance deficits, emission projections were calculated for Phase IV of the European scheme which started in 2021 and are based on the detailed estimates made periodically by the Group's industrial management.

Management measures the Group's capacity utilisation and any upgrades made to its production facilities, taking into consideration the various decarbonisation measures introduced by the Group.

Moreover, in accordance with the Quotas (EU ETS) Directive, the Group adjusts its estimate of the number of allowances it will be allocated free of charge depending on its production activity.

The Group is pursuing its policy of purchasing allowances on the market based on its expected deficit.

In order to secure the prices at which it will have to buy allowances, the Group has already made forward purchases of CO2 allowances on the market for a total amount at 31 December 2023 of €14.6 million.

The valuation of the provision is thus based on the price of forward purchases made by the Group and on the spot price at the end of the year for the balance not covered by forward purchases.

The Group's recorded deficit for the year 2023 amounts to €20.8 million (€18.6 million in 2022).

18.1.5 Risks relating to associates

In 2013, Verallia Brasil, a Company subsidiary, set up a joint venture governed by Brazilian law (Industria Vidreira de Nordeste – IVN) with a local partner, Ipiaram Empreendimentos e Participações Ltda (Ipiaram). Verallia Brasil held a majority stake in this joint venture, the purpose of which was to build and operate a glass manufacturing facility in the Brazilian state of Sergipe. The plant came onstream in 2015.

Verallia Brasil's shareholding was equity-accounted and then sold in October 2018.

In January 2017, Ipiaram launched arbitration proceedings with the International Chamber of Commerce (ICC) against Verallia Brasil regarding the interpretation of certain provisions in the partnership agreements signed by the two parties; Ipiaram felt entitled to exercise the undertakings to purchase granted by Verallia Brasil under these partnership agreements. At the closing date, these arbitration proceedings were still under way.

At 31 December 2019, Ipiaram's claim was estimated at 104 million Brazilian reals in total damages (i.e. approximately €19.3 million at 31 December 2023).

The Group deems it unnecessary to recognise any provisions in respect of this arbitration case given the decisions handed down by the court of arbitration and legal authorities.

18.2 Other non-current financial liabilities

ACCOUNTING PRINCIPLES

Other non-current financial liabilities primarily consist of put options granted to minority shareholders in subsidiaries and liabilities relating to the acquisition of securities in the Group's companies, including additional considerations for acquisitions made. Liabilities relating to the put options correspond to the present value of their estimated exercise price, with a corresponding decrease in interests not conferring control and in equity attributable to owners of the parent company. Any subsequent change in the fair value of the liability is recognised through an adjustment to equity.

At 31 December 2023, other non-current financial liabilities corresponded mainly to the outstanding balance due to the seller following the acquisition of a recycling activity by the Group's Spanish subsidiary and the contingent consideration on the shares in Thierry Bergeon Embouteillage.

Note 19 – Provisions for pensions and similar liabilities

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

		Year ended 31 December	
(in € million)	**Notes**	**2023**	**2022**
Annuities payable to plan beneficiaries		54.6	53.5
Flat-rate compensation		27.2	27.0
Post-employment medical benefits		4.0	3.7
Provisions for pensions and other liabilities	**19.1**	**85.8**	**84.2**
Other long-term benefits	19.2	3.1	3.2
Provisions for pensions and other employee benefits		**88.9**	**87.4**

The Group's workforce breaks down as follows:

	Year ended 31 December	
	2023	**2022**
Managers	1,174	1,081
Administrative employees	2,495	2,319
Other employees	7,207	6,924
Total	**10,876**	**10,324**

The workforce presented corresponds to the average number of people employed by the Group over the year.

19.1 Pension liabilities and other post-employment benefit liabilities

ACCOUNTING PRINCIPLES

Defined benefit plans

Defined benefit pension plans refer to plans where the Group is committed officially or through an implicit obligation to an amount or level of benefits and therefore bears the associated medium- or long-term risk.

After retiring, the Group's former employees are entitled to pension benefits in accordance with applicable laws and regulations in the respective countries in which the Group operates. Supplemental pension liabilities also apply in some of the Group's companies, in France and also in other countries. The group's liabilities with respect to pensions and retirement benefits are established at the end of the reporting period with the assistance of independent actuaries, on an actuarial basis, using the projected unit credit method which incorporates projected final salaries on retirement and economic conditions in each country. These liabilities can be funded by pension funds or plan assets, and a provision is recognised in the consolidated balance sheet for the portion not funded by assets.

The Group contributes to defined benefit plans which determine the level of retirement benefits an employee will receive on their retirement. These plans mainly concern Germany, Spain, Italy and France.

In France, employees receive retirement benefits depending on their years of service and their last salary on the date of their retirement. This flat-rate amount is determined according to the applicable collective agreement.

Meanwhile the effects of the PFLSS (French social security finance bill) on France's pension reform, which was promulgated in April 2023 to raise the legal age of retirement and lengthen the period over which contributions must be paid, are considered to be a plan amendment within the meaning of IAS 19.104 and are recognised as a past service cost in profit or loss (IAS19.103).

The impact on the financial statements at 31 December 2023 was income in the amount of €0.5 million.

Retired former employees in Spain and Germany receive benefits other than retirement benefits, for instance for healthcare. The Group's obligations under these plans are calculated on an actuarial basis and provisions are recognised accordingly in the consolidated balance sheet.

Remeasurements of the net defined benefit liability (asset), comprising actuarial gains and losses, the return on plan assets (excluding amounts factored into the calculation of net interest on net liabilities) and the change in the effect of the asset ceiling (if any, excluding amounts factored into the calculation of net interest on net liabilities), are recognised immediately in "Other comprehensive income".

Provisions are also made, on an actuarial basis, for other long-term employee benefits such as long-service awards and bonuses in various countries. Actuarial gains and losses relating to these other long-term benefits are recognised immediately in the statement of income.

Interest expenses relating to these liabilities and returns on the corresponding plan assets are valued by the Group using the discount rate applied to estimate the liability at the start of the period and are recognised in financial income as "Net interest expense relating to pension plans and other benefits".

Defined contribution plans

Defined contribution pension plans are those for which the Group's only obligation is to pay a contribution but the Group has no obligation as regards the level of benefits paid.

Contributions into defined contribution plans are expensed as incurred.

ESTIMATES AND ASSUMPTIONS USED BY MANAGEMENT

The present value of defined benefit pension liabilities depends on a certain number of factors that are determined on an actuarial basis using assumptions about population growth and financial/economic factors. The assumptions used to calculate defined benefit pension liabilities and net pension costs include the discount rate and the rate of future salary growth. Management takes advice from external consultants and actuaries to establish these estimates and assumptions. Any material change in these assumptions could result in a material change in the personnel expenses recognised in the consolidated statement of income and in the remeasurements recognised in other comprehensive income offset against equity.

19.1.1 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.

i. Rate assumptions

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

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

	Year ended 31 December	
(In %)	**2023**	**2022**
Discount rate	3,4 to 3,5%	3,7% to 3,8%
Salary increases including long-term inflation	1.5% to 2.0%	1.8% to 2.3%
Long-term inflation rate	2.0 %	2.0 %

ii. Sensitivity analysis

The sensitivity analyses carried out imply the following outcomes for defined benefit pension liabilities:

	Year ended 31 December	
(in € million)	**2023**	**2022**
Impact of 0.5% increase in discount rate	(5.0)	(6.1)
Impact of 0.5% decrease in discount rate	5.5	6.0
Impact of 0.5% increase in inflation rate	4.9	5.3
Impact of 0.5% decrease in inflation rate	(4.5)	(5.5)

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

i. Net carrying value of the provision

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:

	Year ended 31 December	
(in € million)	2023	2022
Provisions for pensions and other post-employment benefit liabilities	(85.8)	84.2
Pension plan surpluses	1.7	(4.4)
Net pension liabilities and other post-employment benefit liabilities	**84.1**	**79.8**

ii. Liability analysis

The total amount of the Group's pension liabilities and other post-employment benefit liabilities breaks down as follows:

	31 December 2023					31 December 2022				
(in € million)	Spain	Germany	Other Western European countries	Other	Total	Spain	Germany	Other Western European countries	Other	Total
Average duration (in years)					**10.2**					**10.8**
Defined benefit liabilities - funded plans	23.9		—		23.9	27.7		0.1		27.8
Defined benefit liabilities - unfunded plans	3.5	54.9	26.9	0.6	85.9	3.2	53.6	26.9	0.5	84.2
Fair value of plan assets	(24.6)		(1.1)		(25.7)	(31.1)		(1.1)		(32.2)
Deficit (Surplus)	**2.8**	**54.9**	**25.8**	**0.6**	**84.1**	**(0.2)**	**53.6**	**25.9**	**0.5**	**79.8**
Asset ceiling					**—**					**—**
Net pension liabilities and other post-employment benefit liabilities					**84.1**					**79.8**

iii. Plan assets

Plan assets primarily consist of insurance policies. They are invested in low-risk assets.

iv. Change in pension liabilities and other post-employment benefit liabilities

Changes in pension liabilities and other post-employment benefit liabilities break down as follows:

(in € million)	Notes	Pension liabilities and other post-employment benefit liabilities	Fair value of plan assets	Net pension liabilities and other post-employment benefit liabilities
As of 31 December 2021		**148.8**	**(40.8)**	**108.0**
Fluctuations during the year				
Current service cost		2.9	—	2.9
Net interest expense	7	(5.5)	6.9	1.4
Reductions/settlements		—	—	—
Past service cost		—	—	—
Contributions to the pension plan		—	—	—
Translation differences		(0.1)	—	(0.1)
Employee benefit expenses recognised in the income statement		**(2.7)**	**6.9**	**4.2**
Payment of benefits		(9.1)	2.6	(6.5)
Business combination		—	—	—
Remeasurement of net liabilities (net assets)		(25.0)	(0.9)	(25.9)
Other		—	—	—
Total movements during the year		**(36.8)**	**8.6**	**(28.2)**
As of 31 December 2022		**112.0**	**(32.2)**	**79.8**
Fluctuations during the year				
Current service cost		2.0	—	2.0
Net interest expense	7	1.4	1.6	3.0
Reductions/settlements		—	—	—
Past service cost		0.1	—	0.1
Contributions to the pension plan		—	0.1	0.1
Translation differences		(0.1)	—	(0.1)
Employee benefit expenses recognised in the income statement		**3.4**	**1.7**	**5.1**
Payment of benefits		(9.2)	2.5	(6.8)
Business combination		—	—	—
Remeasurement of net liabilities (net assets)		3.5	2.4	5.9
Other		—	—	—
Total movements during the year		**(2.3)**	**6.5**	**4.3**
As of 31 December 2023		**109.7**	**(25.7)**	**84.1**

19.2 Other long-term benefits

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

At 31 December 2023, provisions for other long-term employee benefits primarily included long-service awards payable by the subsidiaries in France amounting to €1.6 million (€1.7 million at 31 December 2022) and bonuses in Germany amounting to €1.1 million (€1.1 million at 31 December 2022).

19.3 Share ownership plans

19.3.1 Share ownership plans

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

Accordingly, bonus share award plans subject to performance criteria have been set up since 2019.

In accordance with the authorisation granted by the Combined General Shareholders' Meeting of 10 June 2020:

- The March 2020 Plan was ultimately allocated with 142,290 shares delivered on 23 March 2022 based on the percentage of the performance criteria achieved on completion of the plan.
- On 23 February 2021, the Board of Directors decided to set up two new performance share allocation plans, one covering a two-year period spanning 2021 to 2022 (the "2021-2022 Plan") and the other covering a three-year period spanning 2021 to 2023 (the "2021-2023 Plan").

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

  The final allocation of shares awarded under the 2021-2023 Plan will go ahead with no discount applied subject to (a) the continued employment of the employee or executive concerned and (b) financial and non-financial performance criteria being met. The 2021-2023 Plan is aligned with latest market practices, especially with respect to the performance criteria applied.

  At 31 December 2023, the number of potential ordinary shares under this plan was 207,783.
- On 6 February 2022, the Board of Directors decided to set up a new performance share allocation plan covering a three-year period spanning 2022 to 2024 (the "2022-2024 Plan").

  The final allocation of shares awarded under the 2022-2024 Plan will go ahead with no discount applied, subject to (a) the continued employment of the employee or executive concerned and (b) financial and non-financial performance criteria being met, for instance regarding CO_2 emissions. The 2022–2024 Plan will be aligned with any changes in market practices, in particular in terms of the performance criteria applied.

  At 31December 2023, the number of potential ordinary shares under this plan was 229,950.
- On 15 February 2023, the Board of Directors decided to set up a new performance share allocation plan covering a three-year period spanning 2023 to 2025 (the "2023-2025 Plan").

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

  At 31 December 2023, the number of potential ordinary shares under this new plan was 277,200.

19.3.2 Accounting impacts

Fair values applied to these share ownership plans were measured taking the features of these plans into account. As of December 2022, expenses incurred in relation to these plans and associated costs recognised in the consolidated statement of income totalled €6.2 million for the year ended 31 December 2023.

19.4 Group savings plans

The Group has set up a Group savings plan (PEG) for all its French employees and an International Group savings plan (PEGI) for those located in the other countries in which it operates.

On 22 June 2023, the Company carried out a capital increase reserved for employees under the Group Savings Plan (PEG) and International Group Savings Plan (PEGI). Employees subscribed to the operation either via the Verallia FCPE in the case of those located in France, Brazil, Poland and Portugal, or directly in the case of those located in Germany, Spain, Italy and Chile.

The number of shares subscribed under this capital increase was 611,445, and 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 31 December 2023, it amounted to €3.0 million.

At 31 December 2023, it was recorded that employee shareholders - whether direct shareholders or shareholders through the Verallia FCPE - held 4.2% of Verallia's share capital.

Note 20 – Financial risk management

The Group's financial risk management strategy aims to secure liquidity for the Group and minimise the impact of volatility in interest rates, commodity prices including energy and exchange rates on its costs and cash flows, while maintaining the financial flexibility the Group needs to successfully roll out its commercial strategies.

20.1 Liquidity risk

In a crisis scenario, the Group might not be able to obtain the financing or refinancing needed to cover its investment plans from the credit or equity markets, or it might not be able to do so on acceptable terms.

The Group's overall exposure to liquidity risk is managed by the Group's Treasury and Financing Department.

The table below shows the contractual deadlines applicable to the Group's financial liabilities, including its interest payments.

		31 December 2023					
(in € million)	Note	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Current and non-current portion of long-term debt (including interest)	17	1,645.6	1,845.1	81.8	59.5	1,169.3	534.5
Other liabilities, including derivative financial instruments	17	20.9	20.9	8.6	0.1	12.2	
Short-term debt	17	193.2	193.2	193.2			
Total borrowings	17	**1,859.7**	**2,059.2**	**283.6**	**59.6**	**1,181.5**	**534.5**
Trade payables and related accounts	14.3	627.1	627.1	627.1			
Other payables and accrued liabilities, including commodity derivative financial instruments	14.3	622.6	622.6	542.0	69.7	10.9	
Total financial liabilities		**3,109.4**	**3,308.9**	**1,452.7**	**129.3**	**1,192.4**	**534.5**

At 31 December 2023, the Group had a revolving credit facility of an undrawn amount of €550 million.

		31 December 2022					
(in € million)	Note	Carrying amount	Contractual cash flows	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years
Current and non-current portion of long-term debt (including interest)	17	1,602.0	1,773.3	68.3	571.2	81.7	1,052.3
Other liabilities, including derivative financial instruments	17	2.0	—	—	—		
Short-term debt	17	159.1	159.1	159.1			
Total borrowings	17	**1,763.1**	**1,932.5**	**227.4**	**571.2**	**81.7**	**1,052.3**
Trade payables and related accounts	14.3	740.6	740.6	740.6			
Other payables and accrued liabilities, including commodity derivative financial instruments	14.3	436.5	436.5	424.7	0.6	11.2	
Total financial liabilities		**2,940.2**	**3,109.6**	**1,392.7**	**571.8**	**92.8**	**1,052.3**

At 31 December 2022, the Group had a revolving credit facility of an undrawn amount of €500 million.

20.2 Market risks

20.2.1 Interest rate risk

The Group's overall exposure to debt-related interest rate risk is managed by its Treasury and Financing Department. The subsidiaries using derivative instruments generally do so with Verallia Packaging as the counterparty. The Group's policy is to secure the cost of its medium-term debt by managing the risk of an increase in interest rates, while at the same time optimising it.

At 31 December 2023, as at 31 December 2022, the Group had a large portion of its exposure to a rise in the Euribor rate hedged through interest rate options (caps) of a nominal value of €370 million in 2023 and €370 million in 2022.

In August 2023, the Group hedged the intra-group acquisition debt incurred on Allied Glass in GBP through EUR / GBP cross-currency swaps (CCS) totalling £241.7 million.

	31 December 2023		31 December 2022	
Interest rates	**Notional amount in currency millions**	**Fair value**	**Notional amount in currency millions**	**Fair value**
Interest rate CAP	370.0	14.8	370.0	22.6
Cross Currency Swap capped	274.0	(10.7)	—	—
Total interest rate derivative financial instruments		**4.1**		**22.6**

Interest rate derivatives: derivative instruments hedging interest rate risk are referred to as cash flow hedging instruments.

Hedges are set up in such a way as to align the main characteristics of the underlying with those of the derivatives, so the inefficiency to be recorded is non-significant for the periods presented herein.

With interest rates (3-month Euribor) in positive territory at the end of 2023, a change of 50 basis points in interest rates on a forward-looking basis at the closing date would have an impact of €3.2 million on profit (loss). At end-2022, the impact of a 50-basis point change in interest rates had been estimated at €3.5 million.

(in € million)	2023	2022
Impact of 50 base point (bp) increase	(3.6)	(3.4)
Impact of 50 base point (bp) decrease	3.2	3.5

20.2.2 Currency risk

Currency risk includes the following:

- **Transaction risk:** occurring during the normal course of business. The Group mostly operates locally, and most of its receivables and payables are denominated in the subsidiary's functional currency ;
- **Financial risk:** occurring during the normal course of business for certain financial liabilities denominated in a currency other than the functional currency.

	31 December 2023	
Foreign exchange - devise	**Notional amount in currency millions**	**Fair value**
Currency derivatives - EUR/CLP	9.1 / 9,119.7	(0.3)
Currency derivatives - EUR/USD	8.6 / 9.3	0.1
Currency derivatives - EUR/GBP	35 / 33.9	(0.2)
Currency derivatives - EUR/ARS	2.8 / 2,725.9	0.1
Currency derivatives - EUR/BRL	124.9 / 699.5	(4.8)
Currency derivatives - USD/ARS	11.5 / 10,032.1	0.2
Currency derivatives - USD/BRL	16 / 83.7	(0.9)
Currency derivatives - USD/EUR	—	—
Total currency derivative financial instruments		**(5.8)**

	31 December 2022	
Foreign exchange - devise	**Notional amount in currency millions**	**Fair value**
Currency derivatives - EUR/CLP	10.1/9,732.4	(0.3)
Currency derivatives - EUR/USD	10.9/11,2	0.5
Currency derivatives - EUR/GBP	284.2/249.8	2.6
Currency derivatives - EUR/ARS	2.1/461.4	(0.1)
Currency derivatives - EUR/BRL	52.4/308.7	(0.3)
Currency derivatives - USD/ARS	6.6/1,566.7	(0.6)
Currency derivatives - USD/BRL	17.9/99.0	(0.4)
Currency derivatives - USD/EUR	1.4/1.3	0.0
Total currency derivative financial instruments		**1.4**

- **Currency derivative**s: derivative instruments hedging commercial transactions are referred to as fair value hedging instruments and cash flow hedging instruments. Derivative instruments hedging financial transactions are referred to as fair value hedging instruments.
- **Translation risk**: occurring as a result of the consolidation in euros of the financial statements of subsidiaries that have a different functional currency. Any fluctuation in the exchange rates of these currencies against the euro has an impact on the Group's equity. The group's main exposure is the Brazilian real. Other currencies such as the Russian ruble, the British pound, the Argentine peso, and the Ukrainian hryvnia also constitute exposures for the Group.

2023	Groups's equity	
(in € million)	**Euro appreciation +10%**	**Euro depreciation -10%**
Brazilian real	(18.8)	22.9
Argentine peso	(2.2)	2.7
Russian rouble	(7.2)	8.8
Ukrainian hryvnia	(2.0)	2.4
Pound sterling	(6.4)	7.8

2022	Groups's equity	
(in € million)	**Euro appreciation +10%**	**Euro depreciation -10%**
Brazilian real	(17.9)	21.8
Argentine peso	(10.0)	12.2
Russian rouble	(9.1)	11.1
Ukrainian hryvnia	(2.1)	2.6
Pound sterling	(5.2)	6.3

20.2.3 Risk related to commodity prices

The Group is exposed to variations in the prices of the commodities, including energy, that it uses in its operational activities. The Group may sometimes limit its exposure to fluctuations in energy prices by using swaps to hedge some of its energy purchases. Energy hedges (excluding purchases at fixed prices negotiated directly with suppliers by the Purchasing Department) are arranged, as far as possible, by the Group's Treasury and Financing Department in accordance with the instructions received from the Group's Purchasing Department and in keeping with the directives established by the Board of Directors.

	31 December 2023	
Commodities	**Notional amount in currency millions**	**Fair value**
Commodity derivatives fuel swaps (€)	-	-
Commodity derivatives gas swaps (€)	365.6	(117.6)
Commodity derivatives electricity swaps (€)	136.1	(36.4)
Total commodity derivative financial instruments		**(154.0)**

	31 December 2022	
Commodities	**Notional amount in currency millions**	**Fair value**
Commodity derivatives fuel swaps (€)	23.6	(2.4)
Commodity derivatives gas swaps (€)	452.5	227.9
Commodity derivatives electricity swaps (€)	145.5	78.7
Total commodity derivative financial instruments		**304.2**

- **Energy derivatives**: derivative instruments hedging the risk of fluctuations in energy prices are referred to as cash flow hedging instruments. Hedges are set up in such a way as to align the main characteristics of the underlying with those of the derivatives, so the inefficiency to be recorded is non-significant for the periods presented herein.

Energy (in € million)	**2023**	**2022**
impact of a 10% price appreciation	34.3	91.1
impact of a 10% price depreciation	(34.3)	(91.1)

20.2.4 Financial counterparty risk

The Group is exposed to the risk of a default by any one of the banking counterparties that manages its cash or any of its other financial instruments. Such a default could result in a financial loss for the Group. Application of IFRS 13 "Fair value measurement", requiring the incorporation of counterparty risk when measuring derivative instruments, resulted in the Group recognising a €1.3 million reduction in negative fair value at 31 December 2023. There had been no material impact on the Group's financial statements at 31 December 2022.

Note 21 – Financial instruments

ACCOUNTING PRINCIPLES

Initial recognition and measurement

Trade receivables are initially recognised when they are created. All other financial assets and liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, in the case of an item not measured at fair value through profit or loss (FVTPL), the transaction costs that are directly attributable to its acquisition or issue. A trade receivable with no significant financing component is initially measured at its transaction price.

Classification and subsequent measurement

Financial assets

At initial recognition, a financial asset is classified as having been measured either at amortised cost, at fair value through other comprehensive income (FVOCI) with a distinction made between debt instruments and equity instruments, or at fair value through profit or loss (FVTPL).

Financial assets are not reclassified after initial recognition unless the Group changes its economic model for managing financial assets, in which case all financial assets affected are reclassified on the first day of the first financial year following the change in economic model.

A financial asset is measured at amortised cost if it meets the following two conditions and is not designated as at FVTPL:

- it is held as part of a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets the following two conditions and is not designated as at FVTPL:

- it is held as part of a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payment of principal and interest on the principal amount outstanding.

At initial recognition of an equity instrument that is not held for trading, the Group has the irrevocable option to present subsequent adjustments to the fair value of this instrument in other comprehensive income. This choice is made for each instrument.

All financial assets not classified as being measured at amortised cost or at FVOCI using the method described above are measured at FVTPL. This includes all derivative financial assets (see below). At initial recognition, the Group has the irrevocable option to designate a financial asset that would otherwise meet the conditions to be measured at amortised cost or at FVOCI as being at FVTPL, if this designation makes it possible to eliminate or significantly reduce an accounting mismatch that would otherwise have arisen.

Financial assets – assessing whether contractual cash flows are solely payment of principal and interest

For the purposes of this assessment, the term "principal" is defined as being the fair value of the financial asset at initial recognition. "Interest" is defined as being the consideration of the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time, and other basic lending risks and costs (for example, liquidity risk and administrative expenses), as well as the profit margin.

The Group takes into consideration the instrument's contractual terms when assessing whether contractual cash flows are solely payment of principal and interest.

Financial assets – subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are then measured at their fair value. Net gains and losses, including any interest income or dividends, are recognised through profit or loss. However, see Note 20 for derivative instruments designated as hedging instruments.
Financial assets at amortised cost	These assets are then measured at amortised cost using the effective interest method. Impairment losses are deducted from the amortised cost. Interest income, currency gains and losses, and impairment losses are recognised through profit or loss. Any gains or losses from derecognition are recognised through profit or loss.
Debt instruments at FVOCI	These assets are then measured at their fair value. Interest income calculated using the effective interest method, currency gains and losses, and impairment losses are recognised through profit or loss. Other net gains and losses are recognised through other comprehensive income. At derecognition, cumulative gains and losses in other comprehensive income are reclassified to profit or loss.
Equity investments at FVOCI	These assets are then measured at their fair value. Dividends are recognised as income in profit or loss, unless the dividend clearly corresponds to the recovery of some of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

In accordance with IFRS 9, financial liabilities are classified as being measured at amortised cost or at FVTPL. A financial liability is classified as being at FVTPL if it is considered to be held for trading, whether it is a derivative or was designated as such at initial recognition. Financial liabilities at FVTPL are measured at fair value and the resulting net gains and losses, including any interest expense, are recognised through profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and currency gains and losses are recognised through profit or loss. Any gains or losses resulting from derecognition are also recognised through profit or loss.

Please refer to **Note 20** for financial liabilities designated as hedging instruments.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control over the financial asset.

The Group carries out transactions through which it transfers assets recognised in its balance sheet but retains all or substantially all the risks and rewards of ownership of the transferred assets. In such cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or they expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at its fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

When a financial liability measured at amortised cost is modified without being derecognised, a gain or loss is recognised through profit or loss. The calculated gain or loss corresponds to the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Derivative financial instruments and hedge accounting under IFRS 9

The Group holds derivative financial instruments to hedge currency risk, interest rate risk, commodity risk and energy risk. Embedded derivatives are separated from the host contract and considered separately if the host contract is not a financial asset and if certain criteria are met.

Derivatives are first measured at their fair value. Subsequent to initial recognition, derivative instruments are measured at their fair value and changes therein are generally recognised in profit or loss.

The Group designates certain derivative instruments as being hedging instruments to hedge the variability of cash flows relating to highly probable forecast transactions resulting from movements in exchange rates, interest rates, commodity prices or energy prices. At inception of a designated hedging relationship, the Group documents the risk management objective and the strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether variations in cash flows from the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined using the present value, as from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial item, such as inventory, the amount that has been accumulated in the hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount that has been accumulated in the hedging reserve is reclassified to profit or loss in the same period(s) as when the hedged forecast future cash flows affect profit or loss.

If the hedge no longer meets hedge qualifying criteria or if the hedging instrument is sold, expires, is terminated or exercised, hedge accounting is then discontinued prospectively. If hedge accounting of cash flow hedges ceases to apply, the amount that has been accumulated in the hedging reserve remains recognised in equity until, in the case of the hedging of a transaction giving rise to the recognition of a non-financial item, it is included in the cost of the non-financial item on its initial recognition or, in the case of other cash flow hedges, until it is reclassified to profit or loss in the same period(s) as when the hedged forecast cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, the amounts that have been accumulated in the hedging reserve are immediately reclassified to profit or loss.

Impairment of receivables

The Group recognises impairment losses for expected credit losses (ECL) for:

- financial assets measured at amortised cost; and
- contract assets.

Impairments for losses on trade receivables and contract assets are measured at an amount equal to full lifetime ECL.

To determine whether the credit risk of a financial asset has increased significantly since initial recognition, and to estimate ECL, the Group considers reasonable and supportable information that is relevant and available and does not involve undue cost or effort. This consists of quantitative and qualitative information and analyses based on the Group's past experience and on an informed credit assessment, including prospective information.

Impairments for losses on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off if the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to recovery procedures in accordance with the Group's credit policy.

ESTIMATES AND ASSUMPTIONS MADE BY MANAGEMENT

As indicated above, the Company uses estimates to determine impairments for trade receivables.

Classification and fair value measurement

Financial assets and liabilities are classified as follows:

		31 December 2023									
		Accounting categories						Fair value measurement based on:			
(in € million)	Notes	Amortised cost	other comprehensive income – equity instruments	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	13		8.2				8.2			8.2	8.2
Loans, deposits and receipts	13	28.6					28.6		28.6		28.6
Trade receivables and related accounts (excluding current tax receivables)	14.2	232.4		—			232.4		232.4		232.4
Derivative instruments hedging financial risk	20.2					20.6	20.6		20.6		20.6
Derivative instruments hedging operating risk (*)	14.2 & 20.2					27.6	27.6		27.6		27.6
Cash and cash equivalents	15	349.7			124.9		474.6	450.1	24.5		474.6
Total financial assets		**610.7**	**8.2**	**—**	**124.9**	**48.2**	**792.0**	**450.1**	**333.6**	**8.2**	**792.0**
Sustainability-Linked Bond November 2021	17	(550.2)					(550.2)	(439.6)			(439.6)
Sustainability-Linked Bond May 2021	17	(503.2)					(503.2)	(467.1)			(467.1)
Term Loan A and revolving credit facility (unused)	17	(494.6)					(494.6)		(550.2)		(550.2)
Financial liabilities on finance leases		(61.5)					(61.5)		(61.5)		(61.5)
Other long-term liabilities	17	(36.1)		—			(36.1)		(36.1)		(36.1)
Total long-term debt		**(1,645.6)**	**—**	**—**	**—**	**—**	**(1,645.6)**	**(906.7)**	**(647.8)**	**—**	**(1,554.5)**
Derivative instruments hedging financial risk (**)	20.2					(20.9)	(20.9)		(20.9)		(20.9)
Total long-term debt and financial derivatives liability		**(1,645.6)**		**—**		**(20.9)**	**(1,666.5)**	**(906.7)**	**(668.7)**		**(1,575.4)**
Negotiable commercial paper (NEU CP)	17	(158.2)					(158.2)		(158.2)		(158.2)
Other short-term liabilities	17	(35.0)		—			(35.0)		(35.0)		(35.0)
Total short-term debt		**(193.2)**	**—**	**—**	**—**	**—**	**(193.2)**		**(193.2)**		**(193.2)**
Derivative instruments hedging operating risk (*)	14.3 & 20.2					(182.2)	(182.2)		(182.2)		(182.2)
Trade payables and related accounts	14.3	(627.1)					(627.1)		(627.1)		(627.1)
Other payables and accrued liabilities	14.3	(440.4)					(440.4)		(440.4)		(440.4)
Total financial liabilities		**(2,906.3)**	**—**	**—**	**—**	**(203.1)**	**(3,109.4)**	**(906.7)**	**(2,111.6)**		**(3,018.3)**
Total		**(2,295.6)**	**8.2**	**—**	**124.9**	**(154.9)**	**(2,317.4)**	**(456.6)**	**(1,778.0)**	**8.2**	**(2,226.3)**

* All commodity swaps are designated as cash flow hedges.

** Interest rate derivatives (CCS, caps and spread caps) 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	13		7.6				7.6			7.6	7.6
Loans, deposits and receipts	13	26.0					26.0		26.0		26.0
Trade receivables and related accounts (excluding current tax receivables)	14.2	290.5					290.5		290.5		290.5
Derivative instruments hedging financial risk	20.2					26.5	26.5		26.5		26.5
Derivative instruments hedging operating risk (*)	14.2 & 20.2					352.2	352.2		352.2		352.2
Cash and cash equivalents	15	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	17	(493.7)					(493.7)	(388.3)			(388.3)
Sustainability-Linked Bond May 2021	17	(502.7)					(502.7)	(429.0)			(429.0)
Term Loan A and revolving credit facility (unused)	17	(500.6)					(500.6)		(500.6)		(500.6)
Financial liabilities on finance leases		(53.5)					(53.5)		(53.5)		(53.5)
Other long-term liabilities	17	(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 (**)	20.2					(2.0)	(2.0)		(2.0)		(2.0)
Total long-term debt and financial derivatives liability		**(1,602.0)**		**—**		**(2.0)**	**(1,604.0)**	**(817.4)**	**(607.6)**		**(1,424.9)**
Negotiable commercial paper (NEU CP)	17	(150.3)					(150.3)		(150.3)		(150.3)
Other short-term liabilities	17	(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 (*)	14.3 & 20.2					(48.1)	(48.1)		(48.1)		(48.1)
Trade payables and related accounts	14.3	(740.6)					(740.6)		(740.6)		(740.6)
Other payables and accrued liabilities	14.3	(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 22 – Related parties

ACCOUNTING PRINCIPLES

Under IAS 24 "Related party disclosures", a related party is a person or an entity that is related to the reporting entity.

It can be any of the following:

- a person or company that has control over the Group;
- a Group associate;
- a joint venture;
- a member of the Company's key management personnel (or a member of that person's family).

A related party transaction is a transfer of resources, services or obligations between the Group and this related party.

22.1 Transactions with associates

The scope of associates is defined in Note **3.3**.

The amounts shown in the Group's accounts relating to associates are as follows:

		Year ended 31 December	
	(in € million)	**2023**	**2022**
Statement of financial position	Non-current assets	3.2	2.4
	Current assets	1.4	1.4
	Non-current liabilities	—	—
	Current liabilities	5.7	7.8
Income statement	Revenue	—	—
	Cost of sales	66.0	54.9
	Financial income	—	0.1

Transactions were carried out in normal market conditions, that is in conditions similar to those that would usually apply between independent parties.

22.2 Transactions with shareholders

22.2.1 Loan taken out with Bpifrance

In its efforts to extend its average debt maturity profile, continue diversifying its sources of funding and obtain competitive funding costs, the Group reached an instalment loan agreement for a total principal amount of €30.0 million on 16 December 2021 with Bpifrance (an affiliate of Bpifrance Participations, which is a shareholder in the Group, and of Bpifrance Investissement, which is a member of the Group's Board of Directors).

The loan was fully drawn at 31 December 2021; it carries interest at an annual fixed rate of 0.40% and has a maturity of 3 years. Its purpose is to finance and/or refinance the working capital requirement and/or investment expenditure of the Company and its subsidiaries within the meaning of Article L. 233-3 of the French Commercial Code.

Verallia Packaging, a wholly owned subsidiary of the Company, stood as joint and several guarantor for the repayment of the amounts due under this loan, a guarantee that was lifted after the syndicated facility signed on 17 July 2019 was refinanced by way of the syndicated facilities agreement signed by Verallia SA on 17 April 2023, in accordance with the terms and conditions stipulated in the loan agreement and as described in Note 23.2.

The amount outstanding at 31 December 2023 was €12.5 million.

22.2.2 Partnership with Bpifrance

In 2021, an agreement was reached between Verallia Packaging, a subsidiary of the Company, and Bpifrance (an affiliate of Bpifrance Participations, which is a shareholder in the Company, and of Bpifrance Investissement, which is a member of the Company's Board of Directors). The purpose of this agreement was to provide Bpifrance with financial and logistical support to organise its "BIG Tour" event. The contract was renewed for €200,000 and covered the "Big Tour" from 5 March 2022 to 26 November 2022 and the "Big Inno" held on 6 October 2022.

This partnership was discontinued during the course of 2023.

22.2.3 Services contract

The Group has no services contracts with its shareholders.

22.3 Transactions with key management personnel

The Group's key management personnel are its Management team, which includes the following:

- the Chairman
- the Chief Executive Director
- the Chief Financial Officer
- segment Directors
- the Human Resources Director
- the Director of Operations
- the CSR Director & General Counsel

The compensation of key management personnel shown in the statement of income for the period (including employer contributions and social security contributions on bonus share awards) is as follows:

	Year ended 31 December	
(in € million)	**2023**	**2022**
Short-term employee benefits	6.2	6.9
Post-employment benefits	—	—
Other long-term benefits	—	—
Termination benefits	—	—
Share-based payment	2.1	2.6
Total	**8.2**	**9.6**

The compensation of members of the Board of Directors (attendance fees) corresponds to the amounts recorded in the statement of income over the period.

Attendance fees allocated to non-executive directors in respect of their terms of office at the Company amounted to €0.5 million in 2023 versus €0.4 million in 2022.

Note 23 – Contractual obligations and off-balance sheet commitments

23.1 Commitments of operating activities

(in € million)	Notes	Year ended 31 December 2023	2022
OPERATING COMMITMENTS GIVEN			
Non-cancellable purchase commitments	23.1.1	1,004.5	1,067.3
Other operating commitments given	23.1.2	27.8	11.8
Total operating commitments given		**1,032.3**	**1,079.0**
OPERATING COMMITMENTS RECEIVED			
Commitments received	23.1.3	**55.0**	**73.6**

23.1.1 Non-cancellable purchase commitments

Non-cancellable purchase commitments include firm orders for property, plant and equipment as well as purchase commitments for commodities and services.

(In € million)		2023	Payments due		
			Less than 1 year	1 to 5 years	More than 5 years
Non-cancellable purchase commitments					
- Non-current assets	A	251.3	240.4	10.9	—
- Commodities and energy	B	693.2	468.5	203.4	21.3
- Services		47.1	40.5	6.6	—
- Other		12.9	11.2	1.6	0.1
Total		**1,004.5**	**760.6**	**222.5**	**21.4**

(In € million)		2022	Payments due		
			Less than 1 year	1 to 5 years	More than 5 years
Non-cancellable purchase commitments					
- Non-current assets	A	194.6	170.1	20.5	4.0
- Commodities and energy	B	805.7	685.1	116.0	4.6
- Services		53.5	48.2	5.2	—
- Other		13.5	12.3	1.2	—
Total		**1,067.3**	**915.8**	**142.9**	**8.6**

A. Corresponds mainly to purchase commitments made for the building and rebuilding of furnaces.

B. Includes forward purchases of carbon quota, soda ash and sand.

Over the past two years, the Group has signed PPA-type agreements (Power Purchase Agreements) enabling it to continue increasing the share of low-carbon electricity in its energy mix.

The electricity supplied under these agreements is generated from solar energy (in Portugal, Spain and Italy), wind energy (in Germany and Argentina) and hydropower (in Chile). Verallia is committed for periods ranging from 5 to 15 years depending on the agreement. These PPAs can cover up to 100% of a site's electricity consumption (in the case of the Rosario plant in Chile). Prepayments made under these agreements are generally completely variable. An accounting analysis to date concludes that these agreements do not give rise to the recognition of an asset and liability under IFRS 16 or IAS 16, nor to the recognition of a derivative under IFRS 9. These agreements benefit from the own-use exemption referred to in paragraph 2.4 of IFRS 9. Agreements that include a minimum fixed prepayment to make are referred to in the section on off-balance sheet commitments

23.1.2 Other operating commitments given

Other operating commitments given consist primarily of guarantees relating to the environment.

23.1.3 Operating commitments received

Operating commitments received amounted to €55.0 million at 31 December 2023 and €73.6 million at 31 December 2022. They consist primarily of guaranteed receivables and operating commitments.

23.2 Financing commitments

The Group's main commitments with respect to its borrowings and financial liabilities are described in Note **17**.

The Group had current assets pledged as collateral in the amount of €36.9 million at 31 December 2023 versus €63.0 million at 31 December 2022. They consist mainly of bank guarantees and tangible collateral.

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 Note **17.2.2.**

Verallia SA's instalment loan from Bpifrance 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.

Other financial commitments given amounted to €26.1 million at 31 December 2023 versus €9.4 million in 2022. These commitments consisted mainly of comfort letters for local loan guarantees.

The Group also received financial commitments in the amount of €554.8 million at 31 December 2023 versus €502.5 million in 2022. These commitments consisted primarily of a €550 million revolving credit facility (RCF) arranged in April 2023 to refinance that in place at end-December 2022 for €500 million. See Note **17** for more information.

As part of the refinancing of the senior facilities agreement arranged in 2019 (the "2019 Facilities Agreement"), the guarantee granted by the Company and by the Group's other companies adhering to the 2019 Facilities Agreement (i.e. Verallia France, Verallia Italia, Verallia Brasil, Verallia Spain, Verallia Portugal and Verallia Deutschland) for the payment and repayment obligations of Verallia Packaging and of the Group's other companies that had adhered to the 2019 Facilities Agreement, for a maximum principal amount of €2.0 billion (plus interest, fees and commissions) and within the legal and contractual limits set out in the 2019 Facilities Agreement, was lifted in full. See Note **17** for more information.

Note 24 – Audit fees

	PricewaterhouseCoopers				BM&A and partners				Total			
	Amount (before tax)		%		Amount (before tax)		%		Amount (before tax)		%	
(in € million)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Audit, certification and review of parent company and consolidated financial statements	**1.3**	**1.3**	**90 %**	**93 %**	**0.6**	**0.5**	**100 %**	**100 %**	**1.8**	**1.8**	**93 %**	**95 %**
Verallia SA	*0.4*	*0.4*	*29 %*	*29 %*	*0.3*	*0.3*	*60 %*	*60 %*	*0.7*	*0.7*	*37 %*	*37 %*
Fully-consolidated subsidiaries	*0.9*	*0.9*	*61 %*	*64 %*	*0.2*	*0.2*	*40 %*	*40 %*	*1.1*	*1.1*	*55 %*	*58 %*
Services other than certification of financial statements	**0.1**	**0.1**	**10 %**	**7 %**	**0.0**	**0.0**	**— %**	**— %**	**0.1**	**0.1**	**7 %**	**5 %**
Verallia SA	*0.1*	*0.1*	*6 %*	*7 %*	*0.0*	*0.0*	*0 %*	*— %*	*0.1*	*0.1*	*4 %*	*5 %*
Fully-consolidated subsidiaries	*0.1*	*0.0*	*4 %*	*— %*	*0.0*	*0.0*	*0 %*	*— %*	*0.1*	*—*	*3 %*	*— %*
TOTAL	**1.4**	**1.4**	**100 %**	**100 %**	**0.6**	**0.5**	**100 %**	**100 %**	**2.0**	**1.9**	**100 %**	**100 %**

Non-audit services provided by the Statutory Auditors to Verallia and its subsidiaries relate mainly to procedures involving acquisition projects and audit procedures carried out as an independent third party on consolidated social, environmental and corporate information.

Note 25 – Events after the closing date

No significant events occurred after the close on 31 December 2023.

Statutory Auditors' report on the consolidated financial statements

(For the year ended 31 December 2023)

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. 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

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meeting, and by the decision of the sole shareholder, we have audited the accompanying consolidated financial statements of Verallia for the year ended 31 December 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group at 31 December 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules provided for in the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for Statutory Auditors for the period from 1 January 2023 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments - Key audit matters

In accordance with the requirements of articles L.821-53 and R.821-180 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Measurement of the recoverable amount of goodwill

Description of risk

The carrying amount of goodwill at 31 December 2023 was €688 million and is recognised as indicated in Note 3.1 "Changes in the scope of consolidation" and Note 9 "Goodwill" to the consolidated financial statements.

Management conducts impairment tests, as described in Note 12 "Impairment of goodwill and fixed assets" to the consolidated financial statements at least once a year and whenever there is an indication of impairment. Impairment indicators may correspond to events or situations related to material and adverse changes affecting the economic environment and the assumptions or objectives identified at the time of acquisition.

Goodwill is tested at the level of groups of cash-generating units (CGUs) corresponding to the operating segments as defined by the Group. An impairment loss is recognised when the carrying amount of a group of CGUs exceeds its recoverable amount.

We deemed the measurement of the recoverable amount of these assets to be a key audit matter due to the potentially significant nature of any impairment and the high level of judgement and estimation required by management for this assessment. Management's judgement is based on assumptions relating to future trends in sales, renewal investments and changes in working capital requirements linked to the operation of these assets, as well as the determination of an appropriate discount rate applied to future cash flows.

How our audit addressed this risk

We assessed the appropriateness and pertinence of the approach used by management to determine the groups of CGUs at the level of which goodwill impairment tests are performed.

Concerning the allocation of goodwill related to the acquisition of Allied Glass group in 2022:
– we assessed the appropriateness of the main assumptions used by management to identify and measure assets and liabilities at fair value;

– we examined the documents produced by the independent expert appointed by management;

– we carried out a comparative analysis of the main assumptions used against market data and performed sensitivity tests;

– we also verified the appropriateness of the information provided in Note 1.2.1 to the consolidated financial statements "Highlights" in the section entitled "Follow-up to the acquisition of Allied Glass".

We also gained an understanding of and examined the procedure implemented by management to conduct impairment tests:

– we assessed the appropriateness of the model used to calculate the value in use based on the discounted cash flow method and reviewed, periodically, the calculations made by management;

– we verified the consistency of the cash flow projections by comparing them with:

- management's most recent estimates, as presented to the Board of Directors during the budget process,
- the cash flow projections used in the previous impairment tests for the years 2024 to 2027, and
- historical projections for 2023 and the performance for that year;

– we met with management to analyse the main assumptions used in the impairment tests and to obtain explanations to enable us to corroborate these assumptions;

– with the assistance of our valuation experts, we performed an independent analysis of certain key assumptions used by management in its tests and analyses, including the discount rate and the perpetual average annual growth rate of future cash flows, with reference to both external market data and analyses of comparable companies;

– we also compared sensitivity analyses to certain key variables in the valuation model to assess the materiality of potential impacts on the assets' recoverable amount;

– we examined the appropriateness of the disclosures provided in Note 12 "Impairment of goodwill and fixed assets" to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also performed the specific verifications on the information pertaining to the Group presented in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the Board of Directors' management report includes the consolidated non-financial performance statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Other verifications and information pursuant to legal and regulatory requirements

Presentation of the consolidated financial statements to be included in the annual financial report

In accordance with professional standards applicable to the Statutory Auditors' procedures for annual and consolidated financial statements presented according to the European single electronic reporting format, we have verified that the presentation of the consolidated financial statements to be included in the annual financial report referred to in paragraph I of article L.451-1-2 of the French Monetary and Financial Code (*Code monétaire et financier*) and prepared under the Chief Executive Officer's responsibility, complies with this format, as defined by European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to the consolidated financial statements, our work included verifying that the markups in the financial statements comply with the format defined by the aforementioned Regulation.

On the basis of our work, we conclude that the presentation of the consolidated financial statements to be included in the annual financial report complies, in all material respects, with the European single electronic reporting format.

Due to the technical limitations inherent to block tagging the consolidated financial statements in the European single electronic reporting format, the content of some of the tags in the notes may not be rendered identically to the accompanying consolidated financial statements.

In addition, it is not our responsibility to ensure that the consolidated financial statements to be included by the Company in the annual financial report filed with the AMF correspond to those on which we carried out our work.

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Verallia SA in the Articles of Association dated 18 June 2015 for PricewaterhouseCoopers Audit and by a decision of the sole shareholder of 24 July 2019 for BM&A.

At 31 December 2023, PricewaterhouseCoopers Audit and BM&A were in the ninth and the fifth consecutive year of their engagement, respectively, and the fifth year since the Company's securities were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by users on the basis of these consolidated financial statements.

As specified in article L.821-55 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.
They also:

- identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of the internal control procedures relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;

- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;

- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.821-27 to L.821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris, 14 February 2024

The statutory Auditors

PricewaterhouseCoopers Audit
Nicolas Brunetaud

BM&A
Eric Seyvos