Press release
La Défense, 27 July 2022

H1 2022 Results

Very strong revenue growth at 23% with profitability at 26%

Highlights

- **Revenue up +23.4% at €1,639 million** (**+22.8% at constant exchange rates and scope**)(1) compared to H1 2021
- **Adjusted EBITDA rose to €425 million in H1 2022**, compared to €345 million in H1 2021 (up +23.4%)
- **Adjusted EBITDA margin at 26.0% in H1 2022**, the same as in H1 2021
- **Net income(2) at €179 million** compared to €133 million in H1 2021 (up +34.9% vs. H1 of last year) and **earnings per share(2)** stood at **€1.49**
- **Net debt ratio fell to 1.5x** adjusted EBITDA for the last 12 months, compared to 1.7x at the end of March 2022 and 1.9x at the end of June 2021
- **Increase in the annual target for adjusted EBITDA**

(1) Revenue growth at constant exchange rates and scope excluding Argentina was up +21.5% in H1 2022 compared to H1 2021.
(2) Net income for H1 2022 includes an amortisation expense related to customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €23 million and €0.20 per share (net of taxes). If this expense had not been taken into account, net income would be €202 million and €1.68 per share. This expense was €22 million and €0.18 per share in H1 2021.

"It is with great pride that I take on the role of CEO of Verallia, which has reported excellent results for the first half of the year. Despite great geopolitical uncertainty, the Company managed to stay on track and see strong growth in both sales and EBITDA. In addition to an increase in sales volumes, the Group ensured a positive inflation spread over the first half of the year, even as inflation reached unprecedented levels. Moreover, we achieved strong growth in adjusted EBITDA and maintained last year's margin. This was thanks to the operating leverage from higher volumes and the improved operational efficiency that resulted from our Performance Action Plan. The context remains uncertain, but I am confident in Verallia's ability to draw on its agility and resilience to deliver on its increased annual targets." said **Patrice Lucas**, CEO of Verallia.

Revenue

Revenue breakdown by region

In € million	H1 2022	H1 2021	% Change	Organic growth (i)
Southern and Western Europe	1,136.3	927.9	+22.5%	+22.4%
Northern and Eastern Europe	307.8	257.9	+19.3%	+17.6%
Latin America	194.8	141.9	+37.3%	+35.0%
Group Total	**1,638.9**	**1,327.7**	**+23.4%**	**+22.8%**

(i) Revenue growth at constant exchange rates and scope. Revenue growth at constant exchange rates is calculated by applying the average exchange rates of the comparative period to revenue for the current period of each Group entity, expressed in its reporting currency. Revenue growth at constant exchange rates and scope (excluding Argentina) was up +21.5% in H1 2022 compared to H1 2021.

Revenue in the first half of 2022 totalled **€1,639 million**, a **23.4% increase on a reported basis** compared to the same period in the previous financial year.
The impact of **exchange rates** was positive at +0.6% in H1 2022 (+€9 million), largely due to the strengthening of the Brazilian real and Eastern European currencies.

At **constant exchange rates and scope,** revenue rose sharply in the first half of the year, up **+22.8%** (+21.5% excluding Argentina) thanks to higher volumes. This increase was particularly strong in the first quarter but volumes declined slightly in the second. This was due to the less favourable comparative basis: volumes in Q2 2021 saw considerable growth as cafés, hotels and restaurants gradually reopened. All product categories reported an increase in sales volumes over the first half of the year, with particularly strong momentum in spirits, food jars and sparkling wines.
As announced, Verallia implemented two successive sales price increases in Europe in Q1 and Q2 to offset the significant inflation in production costs seen since the end of 2021. The price-mix effect over the semester accounted for around 20% of sales.

Revenue breakdown by region for H1 2022:

- Southern and Western Europe saw revenue grow by +22.5% on a reported basis and by +22.4% at constant exchange rates and scope.
  Over the first half of the year, volumes increased across all countries and product categories except for beer notably in France and in Italy. Spirits continued to record strong growth across all countries in the region. Sparkling wine volumes also expanded considerably, in part thanks to the continued brisk sales of Prosecco and a good start to the year for champagne. Sales volumes for food jars also rose sharply and are doing particularly well in France, for example.
- In Northern and Eastern Europe, revenue on a reported basis increased by +19.3%, and by +17.6% at constant exchange rates and scope.
  Sales volumes remained positive for the first half of the year, particularly for still wines and food jars in Germany, despite losses from the closure of a furnace in Ukraine. The Group decided to halt production at one of its two furnaces in Ukraine in Q2 2022. The first furnace was emptied and cooled in order to keep it in good condition, while the second is now focused on producing mostly food jars. As detailed in Chapter 5.4.2.2. “Outlook for the financial year ending on 31 December 2022” of the 2021 Universal Registration Document published on 29 March 2022, the Group’s exposure to Ukraine remains limited, with one plant located in the West of the country and revenue totalling around €50 million in 2021 (less than 2% of Group revenue).
- In Latin America, revenue increased significantly with a +37.3% increase on a reported basis and +35.0% excluding the effect of local currency evolution (+23.8% organic growth excluding Argentina). Over the first half of the year, sales volumes in Brazil and Chile rose considerably, while production was limited in Argentina due to a furnace requiring repair.

Adjusted EBITDA

Breakdown of adjusted EBITDA by region

In € million	H1 2022	H1 2021
Southern and Western Europe		
Adjusted EBITDA (i)	286.1	231.8
Adjusted EBITDA margin	*25.2%*	*25.0%*
Northern and Eastern Europe		
Adjusted EBITDA (i)	59.9	58.3
Adjusted EBITDA margin	*19.5%*	*22.6%*
Latin America		
Adjusted EBITDA (i)	79.4	54.6
Adjusted EBITDA margin	*40.8%*	*38.5%*
Group Total		
Adjusted EBITDA (i)	**425.4**	**344.7**
Adjusted EBITDA margin	***26.0%***	***26.0%***

(i) Adjusted EBITDA is calculated on the basis of operating profit (loss) 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.

Adjusted EBITDA increased by +23.4% in H1 2022 (and +22.8% at constant exchange rates and scope) to **€425 million**. The slightly positive **exchange rates** effect amounted to +€2.2 million thanks to the strengthening of the Brazilian real and Eastern European currencies.

Despite the unprecedented increase in production costs, Verallia generated a positive spread[1] of €7.1 million at Group level over the first half of the year (and €41 million over the second quarter).
Activity improved as a result of higher sales volumes, as well as positive changes in inventories (lower destocking compared to the previous year and stock valuation).
A product mix that remained strong and a net reduction in production cash costs (+€14 million from the Performance Action Plan) also contributed to this improvement.

The **adjusted EBITDA margin** reached **26.0%** over the first half of the year, despite the dilutive effect of the marked increases in sales prices implemented in the first half of the year.

Adjusted EBITDA breakdown by region for H1 2022:

- Southern and Western Europe reported an adjusted EBITDA of €286 million (vs. €232 million in H1 2021) and a margin of 25.2%, up from 25.0%. Rising sales volumes and a positive product mix drove the increase in EBITDA. The inflation spread was slightly negative for the first half of the year but became positive in the second quarter thanks to the sales price increases implemented since the start of the year.
- In Northern and Eastern Europe, adjusted EBITDA was €60 million (vs. €58 million in H1 2021) and its margin stood at 19.5%, compared to 22.6%. Despite the growth in volumes over the period, the region was negatively affected by the deteriorating geopolitical situation, prompting the shutdown of

[1] Spread represents the difference between (i) the increase in sales prices and mix applied by the Group after passing the increase in its production costs on to these prices, if required, and (ii) the increase in its production costs. The spread is positive when the increase in sales prices applied by the Group is greater than the increase in its production costs. The increase in production costs is recorded by the Group at constant production volumes, before production gap and taking into consideration the impact of the Performance Action Plan (PAP).

one of the two furnaces in Ukraine and supply constraints that have disrupted operations. In addition, the Group has decided to support all its Ukrainian people maintaining full salaries and thereby incurring the associated costs.

- In Latin America, adjusted EBITDA amounted to €79 million (vs. €55 million in H1 2021), representing a margin of 40.8% compared to 38.5%. This impressive performance is the result of all of the Group's levers for improving profitability coming together, including an increase in sales volumes, a positive spread thanks to dynamic price management and, above all, outstanding industrial performance.

The increase in **net income** to **€179 million** (€1.49 per share) is mainly due to the improvement in adjusted EBITDA and the drop in financial expenses, which have more than offset the rise in income tax. Net income for H1 2022 includes an amortisation expense for customer relationships, recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €23 million and €0.20 per share (net of taxes). **If this expense had not been taken into account, net income would be €202 million and €1.68 per share.** This expense was €22 million and €0.18 per share in H1 2021.

The **capital expenditure recorded** fell to **€96 million** (i.e. 5.9% of total revenue), compared to €109 million in H1 2021. This reduction was due to shifts in investment project timings, from one half-year to another. Consequently, the capital expenditure on projects this year will be higher in H2 2022 than it was in H1 2022. Investments in H1 2022 consisted of €69 million in recurring investments (compared to €98 million in H1 2021) and €27 million in strategic investments (vs. €11 million in H1 2021).

Operating cash flow[2] came in higher at **€314 million**, compared to €212 million in H1 2021, thanks to the growth in adjusted EBITDA and the improvement in working capital requirements.

Free cash flow[3] amounted to **€226 million**, representing a sharp increase compared to €112 million in H1 2021.

Continued reduction in debt

During the first half of the year, Verallia continued to improve its net debt ratio with **net debt** amounting to **€1,147 million** at the end of June 2022. This corresponds to a net debt ratio of **1.5x adjusted EBITDA for the last 12 months**, down from 1.7x at the end of March 2022 and 1.9x at the end of June 2021.

It should be noted that, as of 30 June 2022, a significant proportion of the Group's exposure to interest rate risk (circa 80%) is hedged through **interest rate swaps**.

The Group still had significant **liquidity**[4] **of €999 million** as of 30 June 2022.

Results of the voting at the General Meeting on 11 May 2022 and changes in governance

With a quorum of 76.9%, the General Meeting of the Company's Shareholders on 11 May 2022 adopted all the resolutions put to the vote.

The General Meeting also voted for a cash dividend of €1.05 per share, with an ex-dividend date of 19 May 2022 and a payment date of 23 May 2022.

At the end of the General Meeting, Michel Giannuzzi stepped down as Chief Executive Officer of the Company, in accordance with his wish to retire announced on 6 December 2021, and in the interest of applying best governance practices. Michel Giannuzzi continues to serve as Chairman of the Board of Directors and Patrice Lucas, who joined the Group on 1 February 2022 as a Deputy Chief Executive Officer, has been appointed as Chief Executive Officer and joins the Board of Directors as a Director.

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[2] Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirements including changes in payables to fixed asset suppliers.

[3] Defined as the Operating cash flow – Other operating impact – Interest paid & other financing costs – Taxes paid.

[4] Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Neu Commercial Papers.

The Board of Directors now has 13 members, including 5 independent directors, 2 employee-representative directors and 1 director representing employee shareholders. On the recommendation of the Nominations Committee, the Board of Directors has decided that the composition of the Board's Committees is now as follows:

- **Audit Committee:** Marie-José Donsion (Chairwoman), Brasil Warrant Administração de Bens e Empresas S.A. (represented by Marcia Freitas) and Didier Debrosse;
- **Compensation Committee:** Cécile Tandeau de Marsac (Chairwoman), BW Gestão de Investimentos Ltda. (represented by João Salles), Marie-José Donsion, Pierre Vareille and Dieter Müller;
- **Nominations Committee:** Cécile Tandeau de Marsac (Chairwoman), BW Gestão de Investimentos Ltda. (represented by João Salles), Virginie Hélias and Pierre Vareille;
- **Sustainable Development Committee:** Virginie Hélias (Chairwoman), Bpifrance Investissement (represented by Sébastien Moynot), Michel Giannuzzi, Xavier Massol and Beatriz Peinado Vallejo; and
- **Strategic Committee:** Michel Giannuzzi (Chairman), BW Gestão de Investimentos Ltda. (represented by João Salles), Pierre Vareille and Didier Debrosse.

Success for the 7th edition of the employee shareholding offer, held in 2022

At the close of business on 23 June 2022, more than 3,200 employees (i.e. 41% of eligible employees across 8 countries) had invested in the Group, benefiting from an attractive unit subscription price of €21.22[5]. The total investment of the Group's employees (including the Company's contribution) amounts to nearly €13 million.

At closing, 611,445 new ordinary shares, representing 0.5% of the share capital and voting rights, were issued by the Company. As in previous years, in order to neutralise the dilutive effect of this operation, the Company proceeded at the same time to a capital reduction by cancellation of 611,445 treasury shares acquired under the share buyback programme[6].

In just seven years, these operations have already enabled **more than 45% of employees to become Verallia shareholders**, directly and through the Verallia FCPE (Verallia employee investment fund), as part of the successive offers reserved for them. **Employees now hold 4.1%[7] of the Company's capital.**

Squeeze-out of Verallia Deutschland minority shareholders by Verallia Packaging

On 30 June, Verallia Packaging initiated the privatisation of its subsidiary Verallia Deutschland AG, 97% of which is owned indirectly and listed on the Frankfurt Stock Exchange in the regulated market (also traded on the regulated market of the München and Stuttgart stock exchanges). Verallia Deutschland AG was valued at €620.06 per bearer share by two independent valuers.
The resolution required to buy back minority shareholders' stock must be adopted during the Annual General Meeting of Verallia Deutschland AG on 24 August 2022.

[5] This represents a discount of approximately 10% compared to the average Verallia share price on the regulated market of Euronext Paris over the 20 trading days preceding 30 April 2022.
[6] A capital increase in nominal value of €2,066,684.10, with an issue premium of €10,908,178.80. The 611,445 new ordinary shares immediately qualify for dividends, have the same rights and obligations as shares outstanding, and have equal rights to any dividends distributed, with no restrictions or conditions. Capital reduction by cancelling 611,445 treasury shares acquired on 5 March 2021 under the share buyback programme. The Company's share capital remains unchanged, with the number of shares issued corresponding to the number of shares cancelled. It amounts to €413,337,438.54 and is composed of 122,289,183 ordinary shares with a nominal value of €3.38 each.
[7] After the 2022 employee share offering and the capital increase and reduction.

2022 Outlook[8]

In the absence of significant energy rationing for Verallia in Europe, the Group anticipates a **double-digit growth in its annual revenue** with markets that remain promising.

With the first half of the year characterised by high levels of inflation, Verallia predicts that production costs will continue to rise over the rest of the year.

Despite this context and following a strong first half of the year, the Group is increasing its **adjusted EBITDA target to between €750 million and €800 million for 2022**.

[8] It should be noted that the direct and indirect consequences of the conflict in Ukraine could still change substantially, which is likely to affect forecasts.

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The consolidated financial statements of the Verallia Group for the financial period ended 30 June 2022, which were subject to a limited review by the Group's Statutory Auditors, were approved by the Board of Directors on 27 July 2022 and will be available on www.verallia.com.

An analysts' conference call will be held on Thursday, 28 July 2022 at 9.00 am (CET) via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

Financial calendar

- 19 October 2022: Q3 2022 financial results – *Press release **after market close** and conference call/presentation **the following morning at 9.00 am CET**.*

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About Verallia
At Verallia, our purpose is to re-imagine glass for a sustainable future. We want to redefine how glass is produced, reused and recycled, to make it the world's most sustainable packaging material. We are joining forces with our customers, suppliers and other partners across the value chain to develop beneficial and sustainable new solutions for all.

With around 10,000 employees and 32 glass production facilities in 11 countries, we are the European leader and the world's third-largest producer of glass packaging for beverages and food products. We offer innovative, customised and environmentally friendly solutions to over 10,000 businesses worldwide.

In 2021, Verallia produced more than 16 billion glass bottles and jars and recorded a revenue of €2.7 billion. Verallia is listed on compartment A of the regulated market of Euronext Paris (Ticker: VRLA – ISIN: FR0013447729) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.

Disclaimer

Certain information included in this press release are not historical facts but are forward-looking statements. These forward-looking statements are based on current beliefs, expectations and assumptions, including, without limitation, assumptions regarding Verallia's present and future business strategies and the economic environment in which Verallia operates. They involve known and unknown risks, uncertainties and other factors, which may cause actual performance and results to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include those discussed and identified in Chapter 4 "Risk Factors" in the Universal Registration Document approved by the AMF ***and*** *available on the Company's website (www.verallia.com) and the AMF's website (www.amf-france.org). These forward-looking information and statements are no guarantee of future performance.*

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APPENDICES

Key figures

In € million	H1 2022	H1 2021
Revenue	**1,638.9**	**1,327.7**
Reported growth	*+23.4%*	*+4.2%*
Organic growth	*+22.8%*	*+7.7%*
of which Southern and Western Europe	1,136.3	927.9
of which Northern and Eastern Europe	307.8	257.9
of which Latin America	194.8	141.9
Cost of sales	(1,235.0)	(1,006.0)
Commercial, general and administrative expenses	(97.5)	(86.9)
Acquisition-related items	(31.9)	(29.9)
Other operating income and expenses	2.9	2.2
Operating income	**277.4**	**207.1**
Financial income and expense	(30.2)	(32.3)
Profit (loss) before tax	**247.2**	**174.8**
Income tax	(68.9)	(43.5)
Share of net profit (loss) of associates	0.5	1.2
Net income (i)	**178.8**	**132.5**
Earnings per share	**€1.49**	**€1.07**

Adjusted EBITDA (ii)	**425.4**	**344.7**
Group margin	*26.0%*	***26.0%***
of which Southern and Western Europe	286.1	231.8
Southern and Western Europe margin	*25.2%*	*25.0%*
of which Northern and Eastern Europe	59.9	58.3
Northern and Eastern Europe margin	*19.5%*	*22.6%*
of which Latin America	79.4	54.6
Latin America margin	*40.8%*	*38.5%*

Net debt at end of period	**1,146.6**	**1,266.2**
Last 12 months adjusted EBITDA	**758.8**	**671.7**
Net debt/last 12 months adjusted EBITDA	*1.5x*	*1.9x*

Total Capex (iii)	**96.3**	**109.4**
Cash conversion (iv)	77.4%	68.3%
Change in operating working capital	(15.4)	(23.7)
Operating cash flow (v)	**313.7**	**211.6**
Free Cash Flow (vi)	**226.4**	**111.6**
Strategic investments (vii)	**27.3**	**11.2**
Recurring investments (viii)	**69.0**	**98.2**

(i) Net income for H1 2022 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €23 million and €0.20 per share (net of taxes). If this expense had not been taken into account, net income would be €202 million and €1.68 per share. This expense was €22 million and €0.18 per share in H1 2021.
(ii) Adjusted EBITDA is calculated on the basis of operating profit (loss) 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.
(ii) Capex (capital expenditure) represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities.
(iv) Cash conversion represents adjusted EBITDA less capex, divided by adjusted EBITDA.
(v) Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirements including changes in payables to fixed asset suppliers.

(vi) Defined as the Operating cash flow – Other operating impact – Interest paid & other financing costs – Taxes paid.
(vii) Strategic investments represent the acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces. Since 2021, they have also included investments related to the implementation of the plan to reduce CO_2 emissions.
(viii) Recurring investments represent acquisitions of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demands and to environmental, health and safety requirements. It mainly includes furnace renovation and maintenance of IS machines.

Change in revenue by type in € million during H1 2022

In € million	
Revenue H1 2021	**1,327.7**
Volumes	*+41.1*
Price/Mix	*+261.5*
Exchange rates	*+8.6*
Revenue H1 2022	**1,638.9**

Change in adjusted EBITDA by type in € million during H1 2022

In € million	
Adjusted EBITDA H1 2021 (i)	**344.7**
Activity contribution	*+58.7*
Price-mix/costs spread	*+7.1*
Net productivity	*+14.2*
Exchange rates	*+2.2*
Other	*(1.5)*
Adjusted EBITDA H1 2022 (i)	**425.4**

(i) Adjusted EBITDA is calculated on the basis of operating profit (loss) 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.

Comparison between Q1 and Q2

In € million	Q1		Q2	
	2022	2021	2022	2021
Revenue	**749.9**	**604.9**	**889.0**	**722.9**
Reported growth	*+24.0%*		*+23.0%*	
Organic growth	*+23.9%*		*+21.9%*	
Adjusted EBITDA	**182.7**	**151.7**	**242.8**	**193.0**
Adjusted EBITDA margin	*24.4%*	*25.1%*	*27.3%*	*26.7%*

Reconciliation of operating profit (loss) to adjusted EBITDA

In € million	H1 2022	H1 2021
Operating income	**277.4**	**207.1**
Depreciation, amortisation and impairment (i)	142.3	136.2
Restructuring costs	0.5	(2.7)
IAS 29 Hyperinflation (Argentina) (ii)	(0.3)	(0.7)
Management share ownership plan and associated costs	4.5	4.4
Other	1.0	0.4
Adjusted EBITDA	**425.4**	**344.7**

(i) Includes depreciation and amortisation of intangible assets and property, plant and equipment, amortisation of intangible assets acquired through business combinations and impairment of property, plant and equipment, including those linked to the transformation plan implemented in France.

(ii) The Group has applied IAS 29 (Hyperinflation) since 2018.

Reconciliation of Cash conversion to adjusted EBITDA

In € million	H1 2022	H1 2021
Adjusted EBITDA	**425.4**	**344.7**
Capex	*(96.3)*	*(109.4)*
***Cash flows** (adjusted EBITDA – Capex)*	***329.2***	***235.3***
Cash conversion	**77.4%**	**68.3%**

Adjusted EBITDA, Cash conversion, Operating cash flow and Free Cash Flow are alternative performance indicators within the meaning of AMF position no. 2015-12.

The latter are not standardised accounting measures that meet a single, generally accepted definition as per IFRS. They must not be considered as a substitute for operating income and cash flows from operating activities, which are measures defined by IFRS, or as a measure of liquidity. Other issuers may calculate adjusted EBITDA, Cash conversion, Operating cash flow and Free Cash Flow differently from the definition used by the Group.

Financial structure

In € million	Nominal amount or max. amount drawable	Nominal rate	Final maturity	30 June 2022
Sustainability-Linked Bond – May 2021 (i)	500	1.625%	May 2028	498.4
Sustainability-Linked Bond – November 2021(i)	500	1.875%	Nov. 2031	498.0
Term loan A – TLA (i)	500	Euribor +1.25%	Oct. 2024	498.0
Revolving credit facility RCF 1	500	Euribor +0.85%	Oct. 2024	-
Negotiable debt securities (Neu CP) (i)	400			153.8
Other borrowings (ii)				150.9
Total Borrowings				**1,798.9**
Cash and cash equivalents				652.3
Net debt				**1,146.6**

(i) Including accrued interests.
(ii) o/w IFRS16 leasing for €49.0m, cash collateral for €50.0m, local debts for €46.9m and factoring recourse and double cash for €16.9m.

IAS 29: Hyperinflation in Argentina

Since 2018, the Group has applied IAS 29 in Argentina. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the statement of income to reflect changes in purchasing power in the local currency. These restatements may lead to a gain or loss on the net monetary position included in the financial income and expense.

Financial items for the Argentinian subsidiary are converted into euro using the closing exchange rate for the relevant period.
In the first half of 2022, the net impact on revenue amounted to **+€2.3 million**. The hyperinflation impact has been excluded from consolidated adjusted EBITDA as shown in the table "Reconciliation of operating profit (loss) to adjusted EBITDA".

Consolidated statement of income

In € million	H1 2022	H1 2021
Revenue	**1,638.9**	**1,327.7**
Cost of sales	(1,235.0)	(1,006.0)
Commercial, general and administrative expenses	(97.5)	(86.9)
Acquisition-related items	(31.9)	(29.9)
Other operating income and expenses	2.9	2.2
Operating income	**277.4**	**207.1**
Financial income and expense	**(30.2)**	**(32.3)**
Profit (loss) before tax	**247.2**	**174.8**
Income tax	(68.9)	(43.5)
Share of net profit (loss) of associates	0.5	1.2
Net income (i)	**178.8**	**132.5**
Attributable to shareholders of the Company	173.8	130.9
Attributable to non-controlling interests	5.0	1.6
Basic earnings per share (in €)	**1.49**	**1.07**
Diluted earnings per share (in €)	**1.49**	**1.07**

(i) Net income for H1 2022 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €23 million and €0.20 per share (net of taxes). If this expense had not been taken into account, net income would be €202 million and €1.68 per share. This expense was €22 million and €0.18 per share in H1 2021.

Consolidated balance sheet

In € million	30 June 2022	31 Dec. 2021
ASSETS		
Goodwill	538.2	530.2
Other intangible assets	343.4	372.2
Property, plant and equipment	1,403.7	1,351.1
Investments in associates	5.9	5.1
Deferred tax	12.3	64.7
Other non-current assets	292.9	152.1
Non-current assets	**2,596.4**	**2,475.4**
Current portion of non-current and financial assets	1.3	1.3
Inventories	433.2	404.3
Trade receivables and other current assets	840.6	440.1
Current tax receivables	0.9	1.2
Cash and cash equivalents	652.3	494.6
Current assets	**1,928.3**	**1,341.5**
Total Assets	**4,524.7**	**3,816.9**
LIABILITIES		
Share capital	413.3	413.3
Consolidated reserves	805.5	333.1
Equity attributable to shareholders	**1,218.8**	**746.4**
Non-controlling interests	68.6	53.3
Equity	**1,287.4**	**799.7**
Non-current financial liabilities and derivatives	1,559.2	1,569.0
Provisions for pensions and other employee benefits	88.8	117.5
Deferred tax	328.7	263.8
Provisions and other non-current financial liabilities	20.5	21.3
Non-current liabilities	**1,997.2**	**1,971.6**
Current financial liabilities and derivatives	252.2	197.2
Current portion of provisions and other non-current financial liabilities	36.7	39.5
Trade payables	660.2	521.4
Current tax liabilities	36.2	23.6
Other current liabilities	254.8	263.9
Current liabilities	**1,240.1**	**1,045.6**
Total Equity and Liabilities	**4,524.7**	**3,816.9**

Consolidated cash flow statement

In € million	H1 2022	H1 2021
Net income	**178.8**	**132.5**
Depreciation, amortisation and impairment of assets	142.3	136.2
Interest expense on financial liabilities	14.3	17.1
Change in inventories	(17.0)	29.9
Change in trade receivables, trade payables & other receivables & payables	24.0	(17.3)
Current tax expense	64.1	61.5
Taxes paid	(44.8)	(36.9)
Changes in deferred taxes and provisions	(1.0)	(48.8)
Other	12.7	11.9
Net cash flows from operating activities	**373.4**	**286.1**
Acquisition of property, plant and equipment and intangible assets	(96.3)	(109.4)
Increase (decrease) in debt on fixed assets	(29.8)	(38.7)
Other	(1.3)	(1.7)
Net cash flows from (used in) investing activities	**(127.4)**	**(149.8)**
Capital increase (reduction)	13.0	15.7
Dividends paid	(122.7)	-
Increase (Reduction) of own shares	(0.5)	(109.2)
Transactions with shareholders of the parent company	**(110.2)**	**(93.5)**
Transactions with non-controlling interests	**(0.6)**	**(1.2)**
Increase (reduction) in bank overdrafts and other short-term debt	50.1	14.3
Increase in long-term debt	4.0	501.9
Reduction in long-term debt	(20.4)	(515.6)
Financial interest paid	(14.0)	(21.1)
Change in gross debt	**19.7**	**(20.5)**
Net cash flows from (used in) financing activities	**(91.1)**	**(115.2)**
Increase (reduction) in cash and cash equivalents	**154.9**	**21.1**
Impact of changes in foreign exchange rates on cash and cash equivalents	2.8	(0.1)
Opening cash and cash equivalents	**494.6**	**476.2**
Closing cash and cash equivalents	**652.3**	**497.2**

GLOSSARY

Activity category: corresponds to the sum of the change in volumes plus or minus the net change in inventories.

Organic growth: corresponds to revenue growth at constant exchange rates and scope. Revenue growth at constant exchange rates is calculated by applying the average exchange rates of the comparative period to revenue for the current period of each Group entity, expressed in its reporting currency.

Adjusted EBITDA: This is a non-IFRS financial measure. It is an indicator for monitoring the underlying performance of businesses adjusted for certain expenses and/or income which are non-recurring or liable to distort the Company's performance. Adjusted EBITDA is calculated on the basis of operating profit (loss) 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.

Capex: Short for "capital expenditure", this represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand or to environmental and health and safety constraints, or to increase the Group's capacity. It excludes the purchase of securities.

Recurring investments: Recurring Capex represents purchases of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand and environmental, health and safety constraints. It mainly includes furnace renovation and maintenance of IS machines.

Strategic investments: Strategic investments represent the acquisitions of strategic assets that significantly enhance the Group's capacity or its scope (for example, the acquisition of plants or similar facilities, greenfield or brownfield investments), including the building of additional new furnaces. Since 2021, they have also included investments related to the implementation of the plan to reduce CO_2 emissions.

Cash conversion: refers to the ratio between cash flow and adjusted EBITDA. Cash flow refers to adjusted EBITDA less Capex.

Free Cash Flow: Defined as the Operating cash flow – Other operating impact – Interest paid & other financing costs – Taxes paid.

The Southern and Western Europe segment comprises production sites located in France, Spain, Portugal and Italy. It is also designated by its acronym "SWE".

The Northern and Eastern Europe segment comprises production sites located in Germany, Russia, Ukraine and Poland. It is also designated by its acronym "NEE".

The Latin America segment comprises production sites located in Brazil, Argentina and Chile.

Liquidity: calculated as the Cash + Undrawn revolving credit facilities – Outstanding Neu Commercial Papers.

Amortisation of intangible assets acquired through business combinations: Corresponds to the amortisation of customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015 (initial gross value of €740 million over a useful life of 12 years).