Press release
Paris, 15 February 2023

2022 annual results: Verallia continues its profitable growth and delivers an outstanding performance in all areas

Increase in revenue to €3.352Bn (+25.3%)

Growth in net income to €356m (+42.7%)

Net debt ratio of 1.6x after the acquisition of Allied Glass in November

Reduction in CO_2 emissions of 10.8% vs. 2019, in line with commitments

HIGHLIGHTS

- **Increase in revenue of +25.3% to €3.352Bn** (+26.5% at constant exchange rates and scope)[1] compared with 2021
- **Growth in adjusted EBITDA to €866m** in 2022, from €678m in 2021 (+27.6%)
- **Improvement in adjusted EBITDA margin to 25.8%** in 2022 compared with 25.4% in 2021 (+47 bps vs. 2021)
- **Net income[2] of €356m** compared with €249m in 2021 (+42.7% vs. 2021) and earnings per share[2] of €2.92
- **Acquisition of Allied Glass, UK market leader in premium spirits closed in November**
- **Drop in net debt ratio to 1.6x adjusted 2022 EBITDA** compared with 1.9x at 31 December 2021, after the acquisition of Allied Glass for an EV[3] of £315m
- **Reduction in Scope 1 & 2 CO_2 emissions of -2.7%** vs. 2021 (-10.8% vs. 2019) and increase in **external cullet[4] ratio of 55.7%** (+0.7 points vs. 2021) in 2022
- **Proposal to pay a dividend per share of €1.40[5]**

"I am very pleased with 2022 results, illustrating the relevance of the Group's strategy and the agility of its teams in a particularly volatile environment. Verallia demonstrated its flexibility and ability to generate a positive inflation spread despite unprecedented cost inflation while continuing its productivity plans. The Group also capitalised on a buoyant market by optimising its production capacities and successfully lighting a new furnace in Brazil. Verallia has also implemented all facets of its capital allocation strategy through investment in its organic growth and decarbonisation, a strategic acquisition in the UK and the launch of a share buyback programme. Lastly, we are more motivated than ever to maintain our decarbonisation trajectory, while further delivering our profitable growth." said Patrice Lucas, CEO of Verallia.

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[1] Growth in revenue at constant exchange rates and scope excluding Argentina of +22.4% in 2022 compared with 2021.
[2] Net income for 2022 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €44m and €0.38 per share (net of taxes). If this expense had not been taken into account, net income would be €400m and €3.30 per share. This expense was €43m and €0.36 per share in 2021.
[3] Enterprise value.
[4] Recycled glass.
[5] Subject to the approval of the Annual General Shareholders' Meeting which will take place on 25 April 2023.

REVENUE

Revenue breakdown by region

In €m	2022	2021	% Change	Organic growth [6]
Southern and Western Europe	2,236.4	1,832.2	+22.1%	+21.9%
Northern and Eastern Europe	695.3	537.6	+29.3%	+22.7%
Latin America	419.8	304.2	+38.0%	+60.5% *(+26.0% excl. Argentina)*
Group total	**3,351.5**	**2,674.0**	**+25.3%**	**+26.5% *(+22.4% excl. Argentina)***

Revenue in 2022 totalled €3.352Bn, a strong 25.3% increase on a reported basis compared with last year.

The impact of exchange rates was negative at -1.8% in 2022 (-€47m), largely due to the recent depreciation of the Argentinian peso and the Ukrainian hryvnia. In the fourth quarter, the impact of exchange rates was negative at -€49m.

At constant exchange rates and scope, revenue grew by +26.5% in the full year (and by +22.4% excluding Argentina), with a fourth quarter in line with the third quarter (organic growth of +32.9% in Q4 2022). The small drop in volumes seen in the third quarter continued into the fourth quarter because of the renovation of five furnaces in the second half of 2022, temporarily reducing available production capacity. However, demand for glass remained very dynamic throughout the year, as reflected in the latest figures published by the European Federation of glass packaging makers (FEVE), which show that domestic sales in Europe increased by 8.2% in weight and by 9.4% in units in the first half of 2022 compared with H1 2021 (annual figures are not yet available).

Spirits recorded strong volume growth over the year in all regions thanks to high consumption in Europe since the re-opening of the on-trade channel and the dynamism of the US market, and despite the impact of health restrictions in China during part of the year. Sparkling wines also grew strongly, with volumes in champagne even higher than in 2021 - already a record year - thanks to solid domestic demand. Food jars also recorded solid momentum in 2022.

Sales price increases were implemented in Europe to compensate for the sharp rise in production costs. The pricing and mix policy in Latin America also remained highly dynamic throughout the year amid high inflation in the region. Lastly, the product mix was positive throughout the year.

Revenue breakdown by region for 2022:

- Southern and Western Europe saw revenue grow by +22.1% on a reported basis and by +21.9% at constant exchange rates and scope. Volumes were flat in 2022 despite four renovations of furnaces in the second half of the year. Spirits posted strong annual growth. Sparkling wines reaped the benefits of the dynamism of the champagne market, together with a steady increase in Prosecco sales volumes in Italy and export markets.
- In Northern and Eastern Europe, revenue on a reported basis grew by +29.3% and by 22.7% at constant exchange rates and scope. Exchange-rate variations had a

[6] Revenue growth at constant exchange rates is calculated by applying the same exchange rates to financial indicators presented in the two comparative periods (by applying the exchange rates of the previous period to the indicators of the current period). Growth in revenue at constant exchange rates and scope excluding Argentina of +22.4% in 2022 compared with 2021.

positive impact of +3.4% thanks to the appreciation of the Russian rouble during the period. The region also benefited from a positive scope effect (+3.2%) following the acquisition in November 2022 of Allied Glass, a major player in premium spirits in the UK, renamed Verallia UK since 1 January 2023. Sales volumes increased slightly in 2022 thanks to the strong performance of still wines and spirits. The beer and food jar markets also performed well in 2022. Verallia's situation in Ukraine is unchanged: one furnace was emptied and cooled to keep it in good condition, while the second mainly produces food jars for local market. As the situation in the country remains uncertain, Verallia's priority is the safety of its teams and the service of its local customers.

- In Latin America, revenue showed a strong reported increase of +38.0% and remarkable organic growth of +60.5%. Sales volumes increased thanks to brisk growth in the beer, spirits and sparkling wines segments. Significant price hikes implemented in the region, particularly in Argentina to offset local hyperinflation, also spurred revenue growth. The lighting of the second furnace in Jacutinga, Brazil, took place on schedule in November 2022 and production got off to a very satisfactory start in early December; it is already operating at high capacity and serves large customer orders. Construction of the second furnace at the Campo Bom plant in southern Brazil is also progressing on schedule for a start-up beginning of 2024.

ADJUSTED EBITDA

Breakdown of adjusted EBITDA by region

In €m	2022	2021
Southern and Western Europe		
Adjusted EBITDA[7]	554.5	452.8
Adjusted EBITDA margin	24.8%	24.7%
Northern and Eastern Europe		
Adjusted EBITDA[7]	146.5	117.0
Adjusted EBITDA margin	21.1%	21.8%
Latin America		
Adjusted EBITDA[7]	164.6	108.2
Adjusted EBITDA margin	39.2%	35.6%
Group total		
Adjusted EBITDA[7]	**865.5**	**678.1**
Adjusted EBITDA margin	**25.8%**	**25.4%**

Adjusted EBITDA increased by +27.6% in 2022 (and +31.7% at constant exchange rates and scope) to €866m. The unfavourable effect of exchange rates, mainly attributable to the depreciation of the Argentinian peso and Ukrainian hryvnia, reached -€27m in 2022.

In 2022, Verallia generated a positive inflation spread[8] at the Group level and in all divisions despite the sharp increase in production costs.

The net reduction in cash production costs (PAP) once again strongly contributed to the improvement in EBITDA of €34m (i.e. 2.1% of cash production costs).

The adjusted EBITDA margin increased to 25.8% from 25.4% in 2021, despite the mathematical dilutive effect of selling price increases in 2022.

By region, adjusted EBITDA for 2022 breaks down as follows:

- Southern and Western Europe reported adjusted EBITDA of €555m (vs. €453m in 2021) and a margin of 24.8% compared with 24.7%. The product mix, combined with a positive inflation spread over the year, despite the steep rise in costs, as well as PAP drove EBITDA growth.
- In Northern and Eastern Europe, adjusted EBITDA reached €147m (vs. €117m in 2021), lowering its margin to 21.1% compared with 21.8%. The increase in EBITDA was attributable to the generation of a positive inflation spread and an industrial performance more than in line with the cost reduction objective. Despite the complex backdrop in Ukraine, leading to a steep drop in volumes, EBITDA

[7] Adjusted EBITDA is calculated on the basis of operating income 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.

[8] The spread corresponds to the difference between (i) the increase in selling prices and the mix applied by the Group after passing any increase in production costs onto these selling prices and (ii) the increase in 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 and before production gap and the impact of the Performance Action Plan (PAP).

remained positive in the country in 2022 thanks to the efforts and professionalism of our local teams.

- In Latin America, adjusted EBITDA was €165m (vs. €108m in 2021), taking the margin up to 39.2% from 35.6%. Once again, the region demonstrated its capacity to use all the profitability improvement levers at the Group's disposal: operating leverage linked to sales volume growth, combined with a positive inflation spread and an excellent industrial performance (PAP).

The increase in net income to €356m (and €2.92 per share) is mainly due to the improvement in adjusted EBITDA, which more than offset the increase in financial expenses and income tax. Net income for 2022 includes, as it does every year, an amortisation expense for customer relationships, recognised upon the acquisition of Saint-Gobain's packaging business in 2015 and will end in 2027, of €44m et €0.38 per share (net of taxes). **If this expense had not been taken into account, net income would be €400m and €3.30 per share.** This expense was €43m and €0.36 per share in 2021.

The capital expenditure recorded amounted to €367m (i.e. 10.9% of total revenue), compared with €256m in 2021. These investments consisted of €270m in recurring investments (compared with €218m in 2021) and €97m in strategic investments (vs. €38m in 2021), mainly for the building of the new Jacutinga furnace in Brazil and the first investments linked to the construction of two new furnaces in 2024 - Campo Bom (Brazil) and Pescia (Italy) - as well as investments associated with CO_2 emissions reductions.

Operating cash flow rose to €538m[9], compared with €502m in 2021, thanks to growth in adjusted EBITDA and despite higher capex.

Free cash-flow[10] **totalled €364m,** up from €329m in 2021.

VERY SOLID BALANCE SHEET

Verallia improved its net debt ratio in 2022 despite the acquisition of Allied Glass (enterprise value of £315m).

At the end of December 2022, Verallia's net debt totalled €1.406Bn following an acquisition and the payment of €123m of dividends in May. **The debt ratio was 1.6x 2022 adjusted EBITDA,** compared with 1.9x at the end of December 2021.

The Group had **liquidity**[11] **of €680m** at 31 December 2022.

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[9] Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirements including changes in payables to fixed asset suppliers.
[10] Defined as Operating cash flow – Other operating impact – Interest paid & other financing costs – Taxes paid.
[11] Calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Commercial Paper.

INCREASE IN CAPACITY IN EUROPE IN 2025 AND 2026

Following the Investor Day (Capital Markets Day) in October 2021, during which Verallia announced the construction by 2024 at existing sites of two new furnaces in Brazil (Jacutinga 2 and Campon Bom 2) and a new furnace in Italy at the Pescia plant, the Group is announcing capacity additions for the following two years.

Verallia will build at its existing sites a new furnace in Spain (Montblanc site) in 2025 and a new furnace in Italy in 2026.

This new production capacity addresses strong demand of local customers in a European market with growing needs for glass packaging products.

As a reminder, the Jacutinga 2 furnace was commissioned successfully at the end of 2022, while construction of the second furnace at Campo Bom (operational at the start of 2024) and the second furnace at Pescia (operational in Q2 2024) is on track.

ACQUISITION OF ALLIED GLASS

In November 2022, Verallia announced and finalised the acquisition of 100% of the capital of Allied Glass at an enterprise value of £315m.

Headquartered in Leeds, Allied Glass is a leading player in the premium glass packaging market in the United Kingdom, where it generates over 95% of its revenues (£160m in 2022), with four furnaces located in West Yorkshire and more than 600 employees.

With this acquisition, a key step in its external growth strategy, Verallia intends to capitalise on Allied Glass' expertise in the production of premium glass bottles, particularly in the Scotch Whisky and Gin sector, and take advantage of its established position in the UK market.

The integration process is progressing as planned and Allied Glass has adopted the name Verallia UK since 1 January 2023.

SQUEEZE-OUT OF VERALLIA DEUTSCHLAND MINORITY SHAREHOLDERS BY VERALLIA PACKAGING

On 5 December 2022, Verallia Packaging finalized the privatisation of its subsidiary Verallia Deutschland AG listed on the regulated market of the Frankfurt Stock Exchange (and on the regulated markets 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 has been adopted during the Annual General Meeting of Verallia Deutschland AG on 24 August 2022.

SHARE BUYBACK

As part of its capital allocation strategy and following the finalisation of the acquisition of Allied Glass, Verallia has decided to launch a share buyback program and has entrusted an investment services provider with a share buyback mandate for a maximum amount of €50m, over a period running from 7 December 2022 to November 2023.

Verallia intends to cancel all the shares bought back.

SUSTAINABLE DEVELOPMENT INDICATORS

Verallia's "Scope 1 and 2" CO_2 emissions totalled 2,756 kt CO_2 for the year 2022, a decrease of -2.7% compared with 2021 emissions of 2,833 kt CO_2 (i.e. -10.8% vs. 2019). Verallia is therefore in line with its trajectory for reducing its "Scope 1 and 2" CO_2 emissions[12] by 46% in absolute terms by 2030 (reference year 2019).

In addition, **the external cullet[13] usage rate reached 55.7% in 2022,** compared with 55.0% in 2021: an outstanding improvement of 0.7 points.

This ESG roadmap received several accolades in 2022.

- In March, the targets for reducing CO_2 emissions by 2030, aligned with the trajectory aiming to limit global warming to +1.5°C, were validated by the Science Based Targets initiative (SBTi). This is a world first for a company producing glass packaging for the food market.
- In December, Verallia was recognised for the effectiveness of its measures to tackle climate change, as well as the transparency of its reporting. The Group received an A- rating from the CDP[14], Carbon Disclosure Project, a non-for-profit organisation and an international reference in the field, in the "Climate Change" category [15].
- Verallia has been awarded the platinum medal by Ecovadis, placing the Group among the 1% of the 90 000 most virtuous companies in terms of social and environmental responsibility in the world.
- Verallia has received a rating upgrade to "BBB" in the 2022 MSCI environmental, social and governance (ESG) ratings assessment.

As part of the deployment of its decarbonisation strategy, the Group has announced the commissioning at the end of 2023 of its first 100% electric plant in Cognac (France) and, to this end, the signing of a partnership with Fives; this technology should make it possible to lower CO_2 emissions by 60% compared with a traditional furnace. The first hybrid furnace is also set to become operational in Saragossa (Spain) at the end of 2024, lowering CO_2 emissions by 50% compared with a traditional furnace.

2022 DIVIDEND

During their meeting on 15 February 2023, the Verallia Board of Directors decided to propose the payment of a dividend of €1.40 per share in cash for the 2022 financial year. This amount will be subject to approval of the Annual General Shareholders' meeting which will take place on 25 April 2023.

2023 OUTLOOK

Despite the risk of a global macroeconomic slowdown, glass market in Europe and Latin America should remain solid in 2023. The Group will continue to invest in developing its production capacity and in deploying its decarbonisation technologies for the coming years.

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[12] SCOPE 1 "Direct emissions" = CO_2 emissions within the physical perimeter of the plant, in other words, carbonated raw materials, heavy and domestic fuel oil, and natural gas (melting and non-melting activities). SCOPE 2 "Indirect emissions" = emissions related to electricity consumption required for the operation of the plant.
[13] Recycled glass.
[14] The Carbon Disclosure Project (CDP) is an international not-for-profit organisation that evaluates the actions of companies to reduce their environmental impact throughout their value chains. The CDP uses a detailed methodology with grades ranging from "A" to "D-".
[15] There are three CDP ratings: Climate Change, Water security and Forests.

Verallia intends to pursue its profitable growth strategy based on regular organic growth, a positive inflation spread and an annual reduction in cash production costs (PAP) of 2%. Verallia UK will fully contribute to the results of the Northern and Eastern Europe division in 2023, with revenue growth and a continued accretive impact on EBITDA margin.

On the strength of all these success factors, Verallia has set itself the objective of achieving revenue growth of more than 20% and an adjusted EBITDA of approximately €1Bn in 2023.

In addition, Verallia will continue tirelessly to implement its ESG roadmap, following on from the successes achieved in 2022.

The Verallia Group's consolidated financial statements for the financial year ended 31 December 2022 were approved by the Board of Directors on 15 February 2023. The consolidated financial statements have been audited by the Statutory Auditors.

An analysts' conference call will be held on 16 February 2023 at **9.30am (CET)** via an audio webcast service (live and replay) and the results presentation will be available on www.verallia.com.

FINANCIAL CALENDAR

- 29 March 2023: start of the quiet period.
- 19 April 2023: financial results for Q1 2023 - Press release after market close and conference call/presentation the next day at 9.00am CET.
- 25 April 2023: Annual General Shareholders' Meeting.
- 4 July 2023: start of the quiet period.
- 25 July 2023: results for H1 2023 - Press release after market close and conference call/presentation the next day at 9.00am CET.
- 28 September 2023: start of the quiet period.
- 19 October 2023: financial results for Q3 2023 - Press release after market close and conference call/presentation the next day at 9.00am CET.

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 more than 10,000 employees and 34 glass production facilities in 12 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 2022, Verallia produced close to 17 billion glass bottles and jars and posted revenue of €3.4 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: CAC SBT 1.5°, STOXX600, SBF 120, CAC Mid 60, CAC Mid & Small and CAC All-Tradable.

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APPENDICES - Key figures

In €m	2022	2021
Revenue	**3,351.5**	**2,674.0**
Reported growth	*+25.3%*	*+5.4%*
Organic growth	*+26.5%*	*+6.8%*
of which Southern and Western Europe	2,236.4	1,832.2
of which Northern and Eastern Europe	695.3	537.6
of which Latin America	419.8	304.2
Cost of sales	(2,527.1)	(2,042.4)
Selling, general and administrative expenses	(194.4)	(173.9)
Acquisition-related items	(65.6)	(59.7)
Other operating income and expenses	(6.1)	(4.9)
Operating profit	**558.3**	**393.1**
Finance costs	(80.7)	(56.8)
Profit before tax	**477.6**	**336.3**
Income tax	(122.1)	(89.4)
Share of net profit (loss) of associates	0.2	2.4
Net income[16]	**355.6**	**249.3**
Earnings per share	**€ 2.92**	**€ 2.01**
Adjusted EBITDA[17]	**865.5**	**678.1**
Group Margin	**25.8%**	**25.4%**
of which Southern and Western Europe	554.5	452.8
Southern and Western Europe margin	24.8%	24.7%
of which Northern and Eastern Europe	146.5	117.0
Northern and Eastern Europe margin	21.1%	21.8%
of which Latin America	164.6	108.2
Latin America margin	39.2%	35.6%
Net borrowings at end of period	**1,406**	**1,268**
Last 12 months adjusted EBITDA	**865.5**	**678.1**
Net debt/last 12 months adjusted EBITDA	*1.6x*	*1.9x*
Total Capex[18]	**367.0**	**256.3**
Cash conversion[19]	57.6%	62.2%
Change in operating working capital requirement	39.4	80.5
Operating Cash flow[20]	**537.9**	**502.3**
Free cash flow[21]	**363.8**	**329.3**
Strategic investments[22]	**97.4**	**38.1**
Recurring investments[23]	**269.6**	**218.2**

[16] Net income for 2022 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €44m and €0.38 per share (net of taxes). If this expense had not been taken into account, net income would be €400m and €3.30 per share. This expense was €43m and €0.36 per share in 2021.
[17] Adjusted EBITDA is calculated on the basis of operating income 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.
[18] 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.
[19] Cash conversion is defined as adjusted EBITDA less capex, divided by adjusted EBITDA.
[20] Operating cash flow represents adjusted EBITDA less capex, plus changes in operating working capital requirements including changes in payables to fixed asset suppliers.
[21] Defined as Operating cash flow – Other operating impact – Interest paid & other financing costs – Taxes paid.
[22] 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 also include the investments related to the implementation of the plan to reduce CO_2 emissions.
[23] 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. They mainly include furnace renovation and maintenance of IS machines.

Change in revenue by type in €m during 2022

In €m	
2021 Revenue	**2,674.0**
Volume effect	*+37.7*
Price/Mix	*+669.7*
Exchange rates	*(47.4)*
Scope	*+17.5*
2022 Revenue	**3,351.5**

Change in adjusted EBITDA by type in €m during 2022

In €m	
2021 adjusted EBITDA[24]	**678.1**
Activity contribution	*+41.1*
Price-mix/Cost spread	*+135.7*
Net productivity	*+33.9*
Exchange rates	*(26.7)*
Other	*+3.4*
2022 adjusted EBITDA	**865.5**

[24] Adjusted EBITDA is calculated on the basis of operating income 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.

Key figures for the fourth quarter

In €m	Q4 2022	Q4 2021
Revenue	**833.9**	**651.8**
Reported growth	+27.9%	
Organic growth	+32.9%	
Adjusted EBITDA	**211.3**	**150.5**
Adjusted EBITDA margin	25.3%	23.1%

Reconciliation of operating profit to adjusted EBITDA

In €m	2022	2021
Operating profit	**558.3**	**393.1**
Depreciation and amortisation[25]	295.9	281.1
Restructuring expenses	(0.8)	(2.7)
IAS 29, Hyperinflation (Argentina)[26]	4.3	(4.8)
Management share ownership plan and associated costs	6.2	10.1
Company acquisition costs and earn-outs	5.1	0.0
Other	(3.5)	1.3
Adjusted EBITDA	**865.5**	**678.1**

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

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

IAS 29: Hyperinflation (Argentina)

The group has applied IAS 29 in Argentina since 2018. The adoption of this standard requires the restatement of non-monetary assets and liabilities and of the income statement 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 finance costs.

Financial items for the Argentinian subsidiary are converted into euro using the closing exchange rate for the relevant period.

In 2022, the net impact on revenue was (€9.8)m. The hyperinflation impact has been excluded from Group adjusted EBITDA as shown in the table "Reconciliation of operating profit to adjusted EBITDA".

[25] 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
[26] The Group has applied IAS 29 (Hyperinflation) since 2018.

Financial structure

In €m	Nominal amount or max. amount drawable	Nominal rate	Final maturity	31 Dec. 2022
Sustainability-Linked bonds May 2021[27]	500	1.625%	May 2028	502.7
Sustainability-Linked Bond November 2021[27]	500	1.875%	Nov. 2031	493.7
Term loan A – TLA[27]	500	Euribor+1.25%	Oct. 2024	500.6
Revolving Credit Facility RCF1	500	Euribor+0.85%	Oct. 2024	-
Negotiable commercial paper (NEU CP)[27]	400			150.3
Other liabilities[28]				89.4
Total borrowings				**1,736.6**
Cash and cash equivalents				(330.8)
Net Debt				**1,405.9**

Consolidated income statement

In €m	2022	2021
Revenue	**3,351.5**	**2,674.0**
Cost of sales	(2,527.1)	(2,042.4)
Selling, general and administrative expenses	(194.4)	(173.9)
Acquisition-related items	(65.6)	(59.7)
Other operating income and expenses	(6.1)	(4.9)
Operating profit	**558.3**	**393.1**
Financial income (loss)	**(80.7)**	**(56.8)**
Profit before tax	**477.6**	**336.3**
Income tax	(122.1)	(89.4)
Share of net profit (loss) of associates	0.2	2.4
Net income [29]	**355.6**	**249.3**
Attributable to shareholders of the Company	342.0	242.6
Attributable to non-controlling interests	13.6	6.7
Basic earnings per share (in €)	**2.92**	**2.01**
Diluted earnings per share (in €)	**2.92**	**2.01**

[27] Including accrued interest.
[28] o/w IFRS16 leasing (€53.5m), local debts (€41.9m), factoring recourse and double cash (€18.4m).
[29] Net income for 2022 includes an amortisation expense for customer relationships recognised upon the acquisition of Saint-Gobain's packaging business in 2015, of €44m and €0.38 per share (net of taxes). If this expense had not been taken into account, net income would be €400m and €3.30 per share.

Consolidated balance sheet

In €m	**31 Dec. 2022**	**31 Dec. 2021**
ASSETS		
Goodwill	783.9	530.2
Other intangible assets	313.1	372.2
Property, plant and equipment	1,609.0	1,351.1
Investments in associates	5.9	5.1
Deferred tax	27.5	64.7
Other non-current assets	186.3	152.1
Non-current assets	**2,925.7**	**2,475.4**
Current portion of non-current assets and financial assets	1.3	1.3
Inventories	536.8	404.3
Trade receivables	250.4	121.6
Current tax receivables	5.4	1.2
Other current assets	392.3	318.5
Cash and cash equivalents	330. 8	494.6
Current assets	**1,517.0**	**1,341.5**
Total assets	**4,442.7**	**3,816.9**

LIABILITIES		
Share capital	413.3	413.3
Consolidated reserves	590.1	333.1
Equity attributable to shareholders	**1,003.4**	**746.4**
Non-controlling interests	64.0	53.3
Equity	**1,067.4**	**799.7**
Non-current financial liabilities and derivatives	1,562.2	1,569.0
Provisions for pensions and other employee benefits	87.4	117.5
Deferred tax	226.0	263.8
Provisions and other non-current financial liabilities	23.2	21.3
Non-current liabilities	**1,898.8**	**1,971.6**
Current financial liabilities and derivatives	200.9	197.2
Current portion of provisions and other non-current financial liabilities	54.3	39.5
Trade payables	740.6	521.4
Current tax liabilities	44.3	23.6
Other current liabilities	436.4	263.9
Current liabilities	**1,476.5**	**1,045.6**
Total equity and liabilities	**4,442.7**	**3,816.9**

Consolidated cash flow statement

In €m	2022	2021
Net income	**355.6**	**249.3**
Depreciation, amortisation and impairment of assets	295.9	281.1
Interest expense on financial liabilities	29.4	32.0
Change in inventories	(92.8)	(16.9)
Change in trade receivables, trade payables & other receivables & payables	50.9	107.2
Current tax expense	135.5	107.9
Taxes paid	(105.9)	(91.4)
Changes in deferred taxes and provisions	0.8	(46.8)
other functions	29.8	19.1
Net cash flows from operating activities	**699.2**	**641.5**
Acquisition of property, plant and equipment and intangible assets	(367.0)	(256.3)
Increase (decrease) in debt on fixed assets	75.2	(10.7)
Acquisitions of subsidiaries, net of cash acquired	(247.9)	(0.2)
Other	(0.4)	(4.3)
Net cash flows from (used in) investing activities	**(540.1)**	**(271.5)**
Capital increase (reduction)	13.0	15.7
Dividends paid	(122.7)	(114.2)
Increase (Reduction) in own shares	(8.4)	(221.1)
Transactions with shareholders of the parent company	**(118.1)**	**(319.6)**
Transactions with non-controlling interests	**(2.7)**	**(1.5)**
Increase (decrease) in bank overdrafts and other short-term borrowings	(1.7)	2.9
Increase in long-term debt	6.8	1,039.1
Reduction in long-term debt	(172.3)	(1,041.0)
Financial interest paid	(28.1)	(31.4)
Change in gross debt	**(195.3)**	**(30.4)**
Net cash flows from (used in) financing activities	**(316.1)**	**(351.5)**
Increase (Reduction) in cash and cash equivalents	**(156.9)**	**18.5**
Impact of changes in foreign exchange rates on cash and cash equivalents	(6.9)	0.0
Opening cash and cash equivalents	**494.6**	**476.2**
Closing cash and cash equivalents	**330.8**	**494.6**

GLOSSARY

Activity: 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 same exchange rates to financial indicators presented in the two comparative periods (by applying the exchange rates of the previous period to the indicators of the current period).

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 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 represent acquisitions of property, plant and equipment and intangible assets necessary to maintain the value of an asset and/or adapt to market demand and to 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 associated with the implementation of the CO_2 emissions reduction plan.

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 - Cash Tax.

The Southern and Western Europe segment comprises production plants located in France, Spain, Portugal and Italy. It is also designated by the abbreviation "SWE".

The Northern and Eastern Europe segment comprises production plants located in Germany, UK, Russia, Ukraine and Poland. It is also designated by the abbreviation "NEE".

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

Liquidity: calculated as the Cash + Undrawn Revolving Credit Facilities – Outstanding Neu Commercial Paper.

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