Half-year financial report 2023

Including:

- Half-year management Report 2023
- Condensed consolidated Financial Statements as of June 30, 2023
- Statutory Auditors' review report on the 2023 half-year financial information
- Statement by the persons responsible for the 2023 interim financial report

This English-language version of the Half-Year Financial Report 2023 is a free translation of the original French version of the Half-Year Financial Report 2023 made available on the Company's website. It is not a binding document. In the event of a conflict of interpretation, reference should be made to the French version which is the authentic text.

SAINT-GOBAIN

The worldwide leader in light & sustainable construction

Further record results in H1 2023
2023 outlook upgraded

- **Record margin of 11.3% and record operating income of €2,813m despite a difficult environment**
- **Significant operating income growth in North America, Asia and emerging countries**, which represent over 60% of the Group's earnings
- **Strong increase in free cash flow, up 30% at €2,192m**
- **Double-digit operating margin expected in full-year 2023 for the third consecutive year, demonstrating the Group's resilience**

Benoit Bazin, Chief Executive Officer of Saint-Gobain, commented:
"In a difficult macroeconomic environment, the Group once again demonstrated the effectiveness of its "Grow & Impact" strategy and the resilience of its decentralized operating model. Thanks to our teams' agility, entrepreneurial spirit and dedication, we once again delivered record earnings, margins, and value creation in the first half of 2023. Our organization by country has enabled the Group to outperform, both by proactively adapting our operations on the ground but also by making selective growth investments, including in additional production capacity and with acquisitions such as Building Products of Canada.

Over 60% of our earnings are now generated in North America, Asia and emerging countries, where trends are improving and the growth outlook is supported by demographics and rapid urbanization. In Western Europe, renovation – our biggest market – continues to show good resilience as expected, with stimulus measures and regulations aimed at accelerating the path to carbon neutrality; structural demand for new construction is growing, even though additional financing costs are temporarily impacting the sector.

Despite a moderate slowdown in its markets in the short-term, in 2023 Saint-Gobain will deliver a double-digit operating margin for the third consecutive year. Over the medium term, I am confident that the Group's new profile places it firmly on a sustainable profitable growth trajectory."

A growth strategy built on sustainable solutions and innovation

Saint-Gobain continues to outperform its markets thanks to the pertinence of its strategic positioning at the heart of energy and decarbonization challenges, and to the strength of its local organization by country, which enables it to offer comprehensive solutions to its customers.

A comprehensive range of solutions accelerating growth

Saint-Gobain's solutions for renovation, the building envelope and innovative new light construction methods drastically reduce CO_2 emissions while increasing user wellbeing (thermal and acoustic comfort, light, air quality and hygiene). Each country CEO has adopted a specific local approach:

- **In France**, "Saint-Gobain Solutions" is organized by market and provides comprehensive offers for commercial buildings, educational and healthcare facilities, and multi-family housing (social housing associations, developers and condominiums).
  As the leading player in the value chain, Saint-Gobain organized the first "*Sustainable Construction Talks*" in Paris on July 4, 2023 on the theme "*Global and sustainable renovation: why and how to accelerate?*", which followed the publication in April of the first international Barometer on the transformation of construction. The Group also showcased its comprehensive range of solutions in three "white papers" published during the first half of the year on educational and healthcare facilities and on the renovation of multi-family housing.
  Thanks to these efforts, the Group is capturing market share on major building projects with environmental certification (HQE, BREEAM, LEED, BBC Effinergie, NF Habitat), where the value of our comprehensive offers is approximately twice as high as for traditional projects. The current renovation of *Le Carré des Invalides* in Paris featuring 10 Saint-Gobain solutions is an excellent example of such sustainable and low-carbon construction.
- **In Poland**, the "Saint-Gobain Solutions" organization set up at the end of 2022 and bringing together all local brands, encourages the development of systems and cross-selling in key segments such as premium multi-family housing, sports complexes, and educational and healthcare facilities. During the first half of 2023, the "Copernican Revolution Lab" for innovation was unveiled in Warsaw. It features numerous solutions developed by the Group: Isover insulation, Rigips plasters, Weber mortars, Ecophon ceilings and Vetrotech fire-resistant glazing. The Group is also set to launch a digital tool that will allow developers to build housing from prefabricated components using Saint-Gobain's comprehensive solutions.
- **In India**, Saint-Gobain is enhancing its proximity to the end customer with a network of soon 100 "*MyHome by Saint-Gobain"* showrooms for consumers. For multi-family housing, Saint-Gobain is offering a comprehensive solution as part of the "*Modern Homes*" program, which features solutions based on glass (windows, balconies, shower doors), plaster and plasterboard (ceilings, interior walls), and construction chemicals. Thanks to this global solutions-based approach, the Group has captured market share, notably winning bids on 35 major non-residential projects. The "*Central Vista*" mega-project in New Delhi is testimony to these efforts, with 11 Saint-Gobain solutions used.
- **In Mexico**, a central specification team promoting our comprehensive offer is accelerating sales synergies between products (glass, plasterboard, glass wool, construction chemicals), with 50 multi-solution and façade projects in the first half (versus 64 projects for the whole of 2022). The brand-new Waldorf Astoria hotel in Cancun, for example, brings together the Group's light construction solutions. Lastly, in early 2023, Mexico launched a consulting service recommending Saint-Gobain's solutions to homebuilders.

A sustainable, innovative offer

Innovation at Saint-Gobain follows five transversal axes:

- **Decarbonizing production processes**:
  - After achieving the world's first-ever zero-carbon (scope 1 and 2) production of glass in 2022, Saint-Gobain delivered another world-first in March 2023, producing glass with a furnace powered by over 30% hydrogen at its Herzogenrath site in Germany, which will allow a reduction of up to 70% in direct CO_2 emissions (scope 1).
  - The world's first-ever zero-carbon (scope 1 and 2) plasterboard production began in April 2023 at Saint-Gobain's Fredrikstad plant in Norway.
  - Saint-Gobain has raised its internal carbon prices – in force since 2016 – from €75 to €100 per ton for capex investments and from €150 to €200 per ton for R&D projects.
  - The Group uses artificial intelligence (AI) and algorithms to help improve its industrial performance and reduce its energy consumption. In a glass plant, production metrics are analyzed and optimized in real time using data coming from the installation of over 400 sensors.

- **Light construction systems**:
  - Glasroc® X: the Group has developed a plasterboard reinforced by Adfors fiber glass mat, containing special additives for moisture resistance, making it ideal for external applications. The plasterboard is now manufactured at 23 sites across the globe, and has a carbon footprint two to three times lighter than traditional alternatives.
  - One Precision Assemblies (OPA): in May 2023 in the US, Saint-Gobain launched its first-ever prefabricated residential construction solution for walls, floors, ceilings and roofing.

- **Sustainable solutions protecting natural resources**:
  - In February 2023 in France, Saint-Gobain launched "*Les Engagés*", a comprehensive range of sustainable low-carbon solutions including for example Novelio® wall coverings, Isover GR 32 insulation, Placo® Infini 13 plasterboard (with over 50% recycled content), Webercol Flex Eco adhesives (offering a 50% reduction in CO_2 emissions) and COOL-LITE® XTREME ORAÉ®, which combines ORAÉ® low-carbon glass with high-performance thermally insulating coatings, enabling a 42% reduction in its carbon footprint.
  - Weber mortars continue to replace cement (e.g., with blast furnace slag or fly ash) and sand (with construction demolition materials or excavated earth).
  - Lastly, the Group's February 2023 acquisition of Asphaltica and its asphalt shingle recycling technology for roofing in the US gives added impetus to initiatives promoting the circular economy.

- **Materials and solutions to conquer new markets**:
  - Ecocem and Saint-Gobain recently announced that they would be partnering to develop and market low-carbon solutions for binders, concretes and mortars.
  - CarbiCrete: at the "*ChangeNOW*" summit in May 2023, Saint-Gobain announced it had signed a partnership agreement with Canadian start-up CarbiCrete to manufacture cement-free, carbon-sequestering concrete blocks.
  - Development of innovative solutions based on high-performance polymers and ceramics, for example for hydrogen transport and fire-protection for batteries in electric vehicles.

- **Digital tools developed to best serve customers**:
  - Artificial intelligence is increasingly being used to deepen our customer knowledge, with marketing segmentation and the introduction of pricing strategies incorporating recommendation-based models to support decision-making.
  - Digital services are available to our professional customers to facilitate their day-to-day and improve their productivity. The TOLTECK app for managing quotes and bills is used every day in France by more than 23,000 trade professionals, while the SOLU+ app makes it possible to easily estimate cost and scale building projects and then send the order to an outlet in just one click. Lastly, the CAP RENOV+ solution simulates over 20,000 renovation projects every month in France, giving value to the associated gains in comfort and energy savings, and integrating the government aid compatible with a given project.
  - Digitalization is an opportunity to provide value-added services all along the value chain. In Vietnam, 4 million QR codes have been printed on products, helping to optimize deliveries and offer a personalized customer experience.
  - An experts' hub of 150 data scientists supports these initiatives.

Group operating performance

First-half 2023 once again demonstrated the Group's resilience with a record operating margin of 11.3%.

Like-for-like sales rose 1.6% versus first-half 2022, driven by High Performance Solutions, Asia-Pacific and the upturn in trading in North America. In an environment that remains inflationary, the Group continues to effectively serve and support its customers while managing energy and raw material cost evolution. Prices were up by 7.9% over the period (up 10.2% in the first quarter and up 5.9% in the second quarter, reflecting sequential price stability), owing to price increases implemented last year and certain additional measures taken locally, generating a **positive price-cost spread** overall.

As expected, volumes contracted, down 6.3% over the first half (down 7.0% in the second quarter including a negative working day effect of around 2%), with a moderate slowdown in markets reflecting a contrasting situation: a marked decline in new construction but good resilience overall in renovation. **In each local market**, the Group is taking **the proactive commercial and industrial measures necessary to continue to outperform its markets and maintain its excellent operating performance**. Action plans are implemented by country CEOs to adapt to their environment and optimize in real time their P&Ls: commercial efficiency to outperform the market and adaptation of costs where needed (optimization of production capacities, fixed and variable costs and discretionary expenses).

On a reported basis, sales were down by **2.1%** to **€25.0 billion**, with a negative currency impact of 1.4%. The Group structure impact reduced sales by 2.3% and results from the **ongoing optimization of the Group's profile**, both in terms of disposals – mainly in distribution (UK, Poland and Denmark), glass processing activities, Crystals & Detectors and ceramics for the steel industry – and in terms of acquisitions, mainly in construction chemicals (**GCP** Applied Technologies "GCP", Impac in Mexico, Matchem in Brazil and Best Crete in Malaysia), exterior products (**Kaycan** in North America) and insulation (U.P. Twiga in India). **The integration of recent acquisitions is progressing well**.

Operating income hit a new record in first-half 2023 at €2,813 million, a rise of **2.1% at constant exchange rates** versus first-half 2022.

The Group's **operating margin hit another record-high of 11.3% in first-half 2023**, versus 11.0% in first-half 2022, thanks notably to the rollout of initiatives set out in its "**Grow & Impact**" plan: an optimized business profile (one-third of sales rotated since 2018), increased pricing power (high added-value solutions provided to our customers and constant focus on the price-cost spread) and various proactive measures to adapt to local markets.

Segment performance (like-for-like sales)

Northern Europe: record margin despite a limited decline in sales thanks to better resilience in renovation

Sales in the Northern Europe Region were **down by 3.7%** over the first half amid a marked slowdown in new construction, while renovation (around 55% of sales) proved more resilient. After several quarters of slowing volumes, the volume decline in the second quarter was identical to the decline in the first quarter at a comparable number of days. The operating margin for the Region came in at a new record-high of 8.6% (versus 8.2% in first-half 2022), thanks to an optimized business profile, well-managed pricing and proactive cost adjustments amid a downturn in volumes.

Nordic countries held firm thanks to their presence across the construction value chain, despite a clear downturn in the new construction market, particularly in Sweden. In April, Saint-Gobain inaugurated the world's first carbon-neutral (scope 1 and 2) plasterboard production at its Fredrikstad plant in Norway. The **UK** progressed on the back of market share gains in façade and interior solutions, and also benefited from an optimized portfolio following the divestments of its distribution businesses. **Germany** and **Eastern Europe** suffered in a context of high inflation and a rapid rise in interest rates which weighed on new construction.

Southern Europe - Middle East & Africa: increase in sales supported by resilience in renovation and a good margin level

The Southern Europe - Middle East & Africa Region saw a **2.6% rise in sales**, driven by prices and by good resilience in renovation (almost 70% of sales), while the new construction market slowed. The Region posted a strong operating margin, at 8.6% (versus 8.9% in first-half 2022), thanks to good management of raw material and energy cost inflation and proactive management of costs and industrial efficiency.

France continued to benefit from its strong exposure to the renovation market, which remained at a good level despite cost inflation in a favorable regulatory environment. The announcement by the French government in mid-July of a 66% rise in the *MaPrimeRénov'* household renovation stimulus package to €4 billion in 2024 illustrates the country's commitment to accelerate energy-efficiency renovation of existing buildings and to reduce CO_2 emissions in the construction sector. Saint-Gobain's position as a benchmark across the entire renovation value chain enabled it to report further substantial gains in market share. The rollout of low-carbon solutions is accelerating, helping the Group's customers to meet their environmental goals. Lastly, the introduction on May 1, 2023 of the Extended Producer Responsibility (EPR) allows Saint-Gobain to leverage its technological and organizational recycling and repurposing expertise.

In **Spain**, business was driven by good momentum in construction markets overall, while in **Italy**, renovation remained robust thanks to the continuation of the government's "Superbonus" scheme. **Middle East and Africa** posted strong growth, led by **Egypt** and **Turkey**.
Since the beginning of the year, the Group has continued to optimize its presence in the Region, signing an agreement to sell its glass processing business in Portugal and undertaking growth investments in **Egypt** in construction chemicals (acquisition of Drymix and inauguration of a site producing adhesives and waterproofing) and in **Turkey** by merging with Dalsan to create a leader in plaster and plasterboard.

Americas: sales growth and record margin

The Americas delivered **3.4% organic growth** over first-half 2023, buoyed by an upturn in North America in the second quarter. The Region's operating income hit a new record-high, resulting in an operating margin of 17.8% (up from 16.9% in first-half 2022), mainly supported by the upturn in volumes in the US during the second quarter.

- **North America** progressed by 5.5% over first-half 2023 (up 15.8% as reported, with the integration of Kaycan and GCP's waterproofing membranes), supported by its comprehensive range of interior and exterior light construction solutions. The new construction market has stabilized over the last six months with positive signs towards the end of the period. Growth in the Region accelerated in the second quarter at 9.6%, with market share gains for the roofing and siding businesses thanks to highly successful cross-selling strategies.
  The signature in June of an agreement to acquire Building Products of Canada in roofing will allow Saint-Gobain to reinforce its leadership in Canada, with a comprehensive range of interior and exterior solutions.
  In light of the favorable market outlook, in early July the Group announced a USD 235 million investment to double the production capacity of its gypsum facility in Florida – one of the most dynamic areas in the US. Lastly, the introduction of the Inflation Reduction Act (IRA) plays a role both indirectly – through the creation of jobs that will result in additional demand for housing – and directly, with insulating products having been eligible for a tax credit since January 1, 2023 owing to their role in the energy transition.

- **Latin America** was down by 2.5% in a macroeconomic environment that remains difficult in Brazil owing to high interest rates. Mexico benefited from the successful integration of Impac in construction chemicals, with an acceleration in sales synergies in distribution networks, and plans to invest in a new Chryso plant at its Impac site in Monterrey. The other countries in the Region were driven by an increase in sales prices, an enriched offer and mix, and a geographic footprint and product range extended by bolt-on acquisitions. Thanks to the successful integration of Termica San Luis, a leader in insulation in Argentina, Saint-Gobain has consolidated its strong operating performance in the country.
  As of May 2023, the Group's three glass facilities in Brazil have replaced 8% of their natural gas consumption with biogas. In Mexico, the Cuautla glass facility now uses 100% solar electricity alongside natural gas.

Asia-Pacific: good sales momentum and a very good margin level

The Asia-Pacific Region reported **6.4% organic growth** and a strong 12.5% operating margin (12.7% in first-half 2022).

India delivered a good performance against a high comparison basis in first-half 2022, on the back of market share gains, an integrated and innovative range of solutions, the successful integration of recent acquisitions in insulation (Rockwool India Pvt Ltd. and U.P. Twiga) and the start-up of new capacity, notably in glass. Saint-Gobain continues to play a pioneering role in promoting "green" buildings in the country by offering its sustainable construction solutions. Particularly noteworthy was the first-ever production of low-carbon glass in the country in June 2023, allowing a 40% reduction in CO_2 emissions (scope 1 and 2) through the use of two-thirds recycled materials as well as green electricity used alongside natural gas. After ongoing disruptions from Covid at the start of the year, **China** reported good growth. In the second quarter the Group unveiled its fourth plasterboard facility and fifth gypsum factory in the country, in Yuzhou (Henan province), to respond to strong demand for these light materials as a replacement for more traditional building materials: like the Group's other gypsum plants in China, this new site uses carbon-free electricity. **South-East Asia** saw sales progress owing to the continued diversification of its range of light solutions, and continued to strengthen its position on the light construction market in Malaysia with the acquisition of Hume.

High Performance Solutions (HPS): good sales growth and sequential improvement in margin

HPS achieved **6.4% organic growth** over first-half 2023, benefiting from its strong innovation capabilities, a recovery in the European automotive market, and a good level of sales prices. The operating margin came in at 12.3%, down slightly year-on-year owing to the negative mix effect in Mobility, but up sharply on a sequential basis (11.1% in second-half 2022).

- Businesses serving **global construction customers** saw sales grow by over 40% as reported, due mainly to the GCP integration. The upbeat trends in Chryso and GCP sales continued, spurred by the innovation drive for decarbonization in the construction sector, notably with the CO2ST® and EnviroMix® solutions for developing cement and concrete mixes with a much lighter carbon footprint. Chryso continued to enjoy strong growth in emerging countries, leveraging Saint-Gobain's presence in Brazil to accelerate its expansion through the Matchem acquisition, and in India benefiting from the construction of a fifth site in record time. The new Construction Chemicals organization including GCP has been in place since the end of 2022 and is successfully deploying all expected synergies. In contrast, Adfors reinforcement solutions were down against a high comparison basis.
- **Mobility** saw a strong rise in sales, buoyed by a gradual catch-up in sales prices, an outperformance linked to its strong technological positioning on electric vehicles, and a rebound in volumes in Europe. Momentum remains favorable in the Americas and Asia.
- Businesses serving **Industry** were driven by sales prices and the demand for cutting-edge materials and decarbonization technologies, despite a mixed situation on industrial markets. These businesses are reaping the rewards of their digital transformation, in particular with the implementation of "digital twins" – allowing industrial operations to be modelled using AI-based algorithms and energy savings of up to 10% – along with digital simulation services helping customers increase their productivity using virtual reality platforms.

Analysis of the consolidated financial statements for first-half 2023

The unaudited interim consolidated financial statements for first-half 2023 were subject to a limited review by the statutory auditors and adopted by the Board of Directors on July 26, 2023.

in € million	H1 2022	H1 2023	% change
Sales	**25,481**	**24,954**	**-2.1%**
Operating income	**2,791**	**2,813**	**0.8%**
Operating margin	**11.0%**	**11.3%**	
Operating depreciation and amortization	992	980	-1.2%
Non-operating costs	-100	-55	45.0%
EBITDA	**3,683**	**3,738**	1.5%
Capital gains and losses on disposals, asset write-downs and impact of changes in Group structure	-198	-464	-134.3%
Business income	**2,493**	**2,294**	**-8.0%**
Net financial expense	-194	-196	-1.0%
Dividends received from investments	1	1	n.s.
Income tax	-530	-607	-14.5%
Share in net income of associates	4	3	n.s.
Net income before non-controlling interests	**1,774**	**1,495**	**-15.7%**
Non-controlling interests	50	45	-10.0%
Net attributable income	**1,724**	**1,450**	**-15.9%**
Earnings per share[2] (in €)	3.34	2.84	-15.0%
Recurring net income[1]	**1,814**	**1,821**	**0.4%**
Recurring[1] earnings per share[2] (in €)	3.51	3.57	1.7%
EBITDA	**3,683**	**3,738**	**1.5%**
Depreciation of right-of-use assets	-350	-340	2.9%
Net financial expense	-194	-196	-1.0%
Income tax	-530	-607	-14.5%
Capital expenditure[3]	-590	-616	4.4%
o/w additional capacity investments	*241*	*274*	*13.7%*
Changes in working capital requirement[4]	-574	-61	89.4%
Free cash flow[5]	**1,686**	**2,192**	**30.0%**
Free cash flow conversion[6]	**51%**	**65%**	
ROCE	**15.3%**	**15.7%**	
Lease investments	395	442	11.9%
Investments in securities net of debt acquired[7]	283	228	-19.4%
Divestments	79	857	n.s.
Consolidated net debt	**8,276**	**8,922**	**7.8%**

1. Recurring net income = net attributable income excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.
2. Calculated based on the weighted average number of shares outstanding (510,080,726 shares in 2023, versus 516,797,123 shares in 2022).
3. Capital expenditure = investments in tangible and intangible assets.
4. Changes in working capital requirement over a rolling 12-month period (see Appendix 4, bottom of "Consolidated cash flow statement").
5. Free cash flow = EBITDA less depreciation of right-of-use assets, plus net financial expense, plus income tax, less capital expenditure excluding additional capacity investments, plus change in working capital requirement over a rolling 12-month period.
6. Free cash flow conversion ratio = free cash flow divided by EBITDA, less depreciation of right-of-use assets.
7. Investments in securities net of debt acquired = €228 million in 2023, of which €120 million in controlled companies.

EBITDA climbed to a **record €3,738 million, while the EBITDA margin also hit a record-high** of **15.0%** (14.5% in first-half 2022).

Non-operating costs were €55 million versus €100 million in first-half 2022. The net balance of capital gains and losses on disposals, asset write-downs and the impacts of changes in Group structure represented an expense of €464 million (versus an expense of €198 million in first-half 2022). It reflects €150 million in asset write-downs and Purchasing Price Allocation (PPA) intangible amortization, and €314 million in disposal losses and impacts relating to changes in Group structure, mainly translation adjustments on divested UK distribution assets.

Recurring net income hit an all-time high of €1,821 million.
The tax rate on recurring net income was 25%.

Capital expenditure represented €616 million (€590 million in first-half 2022). Maintenance capex has been optimized as planned and reallocated to growth capex (up 14%) in selected markets. **Over the past 12 months, the Group has opened 23 new plants and production lines** to strengthen its leading positions in high-growth markets for sustainable construction, especially in construction chemicals – in Asia (India and China), Africa & Middle East (Nigeria, Morocco, Egypt and Oman) and Europe (Italy and a 3D printing facility in the Czech Republic) – along with façade and light construction solutions (India, China and Spain).

Free cash flow was at €2,192 million (8.8% of sales) – **a rise of 30%** versus first-half 2022 – with a **free cash flow conversion ratio of 65%** (51% in first-half 2022). This was attributable to the slight increase in EBITDA and to very good management of operating working capital requirement (WCR), which represented 25 days' sales at end-June 2023 versus 26 days' sales at end-June 2022.

Investments in securities net of debt acquired totaled €228 million (€283 million in first-half 2022), primarily reflecting acquisitions in plasterboard (Dalsan in Turkey) and in insulation (U.P. Twiga in India and Termica San Luis in Argentina).

Divestments totaled €857 million (€79 million in first-half 2022), primarily reflecting the sale of the UK distribution business for €803 million.

Net debt amounted to €8.9 billion at June 30, 2023. It represents 38% of consolidated equity versus 36% at end-June 2022. **The net debt to EBITDA ratio** on a rolling 12-month basis remained stable versus June 30, 2022, at 1.2.

2023 outlook

In a difficult macroeconomic environment, Saint-Gobain continues to demonstrate its resilience and its strong operating performance thanks to its focused strategy and its proactive commercial and industrial initiatives. The Group continues to focus on developing sustainable and innovative solutions with a positive impact, supported by strong innovation and investments for growth.

2023 will therefore mark another successful year for Saint-Gobain, with the continued implementation of its "Grow & Impact" priorities.

The Group **confirms its assumptions for its markets in 2023**, with contrasting trends: a marked decline in new construction in certain regions but good resilience overall in renovation, **and is raising its operating margin guidance**.

Amid a moderate market slowdown, Saint-Gobain is now targeting for full-year 2023 a double-digit operating margin, for the third consecutive year.

For second-half 2023, the Group is targeting an operating margin of between 9% and 11%, in line with the "Grow & Impact" strategic plan target.

Main risks and uncertainties

The main risks and uncertainties that the Group could face in the second half of 2023 are those described in Section 6.1 "Risks factors" of the 2022 Universal Registration Document filed with the French financial markets authority (Autorité des marchés financiers) under number D. 23-0135 (the "2022 Universal Registration Document"). These risks factors remain applicable at the date of this report and have not changed significantly, except for the descriptions of the judicial and administrative procedures included in section 6.1.4 of the 2022 Universal Registration Document that are updated in Note 9 to the consolidated financial statements as at June 30, 2023.

Financial calendar

An information meeting for analysts and investors will be held at *8:30am (GMT + 1) on July 27, 2023* and will be streamed live on Saint-Gobain's website: www.saint-gobain.com/

- Site visits for investors and analysts: *September 21 and 22, 2023* in the US (Boston region) and *November 13 and 14, 2023* in France (Paris region).
- Sales for the third quarter of 2023: *October 26, 2023*, after close of trading on the Paris stock market.

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Glossary:

*- Indicators of **organic growth** and **like-for-like changes in sales/operating income** reflect the Group's underlying performance excluding the impact of:*

- *changes in Group structure, by calculating indicators for the year under review based on the scope of consolidation of the previous year (Group structure impact);*
- *changes in foreign exchange rates, by calculating indicators for the year under review and those for the previous year based on identical foreign exchange rates for the previous year (impact at constant exchange rates);*
- *changes in applicable accounting policies.*

*- **EBITDA margin** = EBITDA divided by sales.*
*- **Operating margin** = operating income divided by sales.*
*- **ROCE** (Return on Capital Employed) = operating income for the period adjusted for changes in Group structure, divided by segment assets and liabilities at period-end.*
*- **Purchase Price Allocation** (PPA) = the process of assigning a fair value to all assets and liabilities acquired and of allocating the residual goodwill as required by IFRS 3 (revised) and IAS 38 for business combinations. PPA intangible amortization relates to amortization charged against brands, customer lists, and intellectual property, and is recognized on a separate line, "Other operating expenses and asset impairment".*
*- **Building labels**: HQE (High Environmental Quality), BREEAM (Building Research Establishment Environmental Assessment Method), LEED (Leadership in Energy and Environmental Design), BBC Effinergie (Low-Consumption Building) and NF Habitat.*

All indicators contained in this press release (not defined in the footnotes) are explained in the notes to the interim financial statements available by clicking here: https://www.saint-gobain.com/en/finance/regulated-information/half-yearly-financial-report

Net debt	*Note 10*
EBITDA	*Note 5*
Non-operating costs	*Note 5*
Operating income	*Note 5*
Net financial expense	*Note 10*
Recurring net income	*Note 5*
Business income	*Note 5*
Working capital requirement	*Note 5*

Important disclaimer – forward-looking statements:

This press release contains forward-looking statements with respect to Saint-Gobain's financial condition, results, business, strategy, plans and outlook. Forward-looking statements are generally identified by the use of the words "expect", "anticipate", "believe", "intend", "estimate", "plan" and similar expressions. Although Saint-Gobain believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of its future performance. Actual results may differ materially from the forward-looking statements as a result of a number of known and unknown risks, uncertainties and other factors, many of which are difficult to predict and are generally beyond Saint-Gobain's control, including but not limited to the risks described in the "Risk Factors" section of Saint-Gobain's Universal Registration Document and the main risks and uncertainties presented in the half-year 2023 financial report, both documents being available on Saint-Gobain's website (www.saint-gobain.com). Accordingly, readers of this document are cautioned against relying on these forward-looking statements. These forward-looking statements are made as of the date of this document. Saint-Gobain disclaims any intention or obligation to complete, update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws and regulations. This press release does not constitute any offer to purchase or exchange, nor any solicitation of an offer to sell or exchange securities of Saint-Gobain.

For further information, please visit www.saint-gobain.com

SAINT-GOBAIN

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023

DETAILED CONTENTS

2023 CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets

(in EUR millions)	Notes	June 30, 2023	Dec. 31, 2022
Goodwill	(7.1)	12,626	12,858
Other intangible assets	(7.2)	3,998	4,026
Property, plant and equipment	(7.3)	12,205	12,163
Right-of-use assets	(7.4)	2,740	2,752
Investments in equity-accounted companies		742	639
Deferred tax assets	(12.2)	380	382
Pension plan surpluses	(6.1)	522	569
Other non-current assets	(8)	511	537
NON-CURRENT ASSETS		**33,724**	**33,926**
Inventories	(5.4)	7,362	7,219
Trade accounts receivable	(5.4)	6,294	5,178
Current tax receivable	(5.4) (12.1)	110	76
Other receivables	(5.4)	1,572	1,450
Assets held for sale	(4.3)	300	1,394
Cash and cash equivalents	(10.2)	6,212	6,134
CURRENT ASSETS		**21,850**	**21,451**
TOTAL ASSETS		**55,574**	**55,377**

Equity and liabilities

(in EUR millions)	Notes	June 30, 2023	Dec. 31, 2022
EQUITY AND LIABILITIES			
Shareholders' equity	(11.1)	22,907	22,711
Non-controlling interests		437	443
TOTAL EQUITY		**23,344**	**23,154**
Non-current portion of long-term debt	(10.2)	9,310	8,964
Non-current portion of long-term lease liabilities	(10.2)	2,304	2,324
Provisions for pensions and other employee benefits	(6.1)	1,768	1,712
Deferred tax liabilities	(12.2)	836	768
Other non-current liabilities and provisions	(9.1)	1,109	1,092
NON-CURRENT LIABILITIES		**15,327**	**14,860**
Current portion of long-term debt	(10.2)	2,038	1,841
Current portion of long-term lease liabilities	(10.2)	589	597
Current portion of other liabilities and provisions	(9.1)	650	693
Trade accounts payable	(5.4)	7,219	7,266
Current tax liabilities	(5.4) (12.1)	283	263
Other payables	(5.4)	5,025	5,078
Liabilities held for sale	(4.3)	206	985
Short-term debt and bank overdrafts	(10.2)	893	640
CURRENT LIABILITIES		**16,903**	**17,363**
TOTAL EQUITY AND LIABILITIES		**55,574**	**55,377**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in EUR millions)	Notes	First-half 2023	First-half 2022
Sales	(5.1)	24,954	25,481
Cost of sales	(5.1)	(18,170)	(18,736)
General expenses including research	(5.1)	(4,020)	(3,983)
Share in net income of core business equity-accounted companies		48	29
OPERATING INCOME		**2,813**	**2,791**
Other business income	(5.1)	36	58
Other business expense	(5.1)	(555)	(356)
BUSINESS INCOME		**2,294**	**2,493**
Borrowing costs, gross		(170)	(111)
Income from cash and cash equivalents		93	19
Borrowing costs, net, excluding lease liabilities		**(77)**	**(92)**
Interest on lease liabilities		(38)	(28)
Other financial income and expense		(80)	(73)
NET FINANCIAL EXPENSE	**(10.1)**	**(195)**	**(193)**
Share in net income of non-core business equity-accounted companies		3	4
Income taxes	(12.1) (12.2)	(607)	(530)
NET INCOME		**1,495**	**1,774**
GROUP SHARE OF NET INCOME		**1,450**	**1,724**
Non-controlling interests		45	50

	Notes	First-half 2023	First-half 2022
EARNINGS PER SHARE, GROUP SHARE (in EUR)	**(11.2)**	**2.84**	**3.34**
Weighted average number of shares in issue		510,080,726	516,797,123
DILUTED EARNINGS PER SHARE, GROUP SHARE (in EUR)	**(11.2)**	**2.82**	**3.31**
Weighted average number of shares assuming full dilution		513,795,598	520,639,280

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

(in EUR millions)	Notes	First-half 2023	First-half 2022
NET INCOME		**1,495**	**1,774**
Items that may be subsequently reclassified to profit or loss			
Translation adjustments and restatement for hyperinflation		143	961
Changes in fair value of financial instruments	(10.3)	(22)	49
Tax on items that may be subsequently reclassified to profit or loss		5	(12)
Items that will not be reclassified to profit or loss			
Changes in actuarial gains and losses	(6.1)	(104)	895
Tax on items that will not be reclassified to profit or loss	(12.2)	29	(230)
Changes in assets at fair value through equity and other items	(8)	3	(2)
OTHER ITEMS OF COMPREHENSIVE INCOME (EXPENSE)		**54**	**1,661**
COMPREHENSIVE INCOME (EXPENSE)		**1,549**	**3,435**
Group share		1,504	3,363
Non-controlling interests		45	72

Translation adjustments in first-half 2023 primarily concern the pound sterling, Mexican peso, Swedish krona, US dollar, Russian ruble, Brazilian real and Chinese renminbi.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in EUR millions)	Notes	First-half 2023	First-half 2022
NET INCOME		**1,495**	**1,774**
Share in net income (loss) of equity-accounted companies, net of dividends received		(43)	(32)
Depreciation, amortization and impairment of assets (including right-of-use assets)	(5.1) (7)	1,127	1,039
Gains and losses on disposals of assets	(5.3)	304	128
Unrealized gains and losses arising from changes in fair value and share-based payments		60	10
Restatement for hyperinflation		13	9
Changes in inventory	(5.4)	(324)	(952)
Changes in trade accounts receivable and payable, and other accounts receivable and payable	(5.4)	(1,033)	(409)
Changes in tax receivable and payable	(5.4)	(11)	35
Changes in deferred taxes and provisions for other liabilities and charges	(6.1) (9.1) (12.2)	90	40
NET CASH FROM OPERATING ACTIVITIES		**1,678**	**1,642**
Acquisitions of property, plant and equipment and intangible assets, and changes in amounts due to suppliers of fixed assets	(7) (5.4)	(887)	(832)
Acquisitions of shares in controlled companies, net of cash acquired		(90)	(189)
Increase in investment-related liabilities	(9.1)	19	57
Decrease in investment-related liabilities	(9.1)	(50)	(7)
Acquisitions of other investments	(8)	(134)	(79)
Investments		**(1,142)**	**(1,050)**
Disposals of property, plant and equipment and intangible assets	(7)	25	42
Disposals of shares in controlled companies, net of cash divested		(84)	77
Disposals of other investments	(8)	1	3
(Increase) decrease in amounts receivable on sales of fixed assets		13	(49)
Divestments		**(45)**	**73**
Increase in loans and deposits	(8)	(18)	(36)
Decrease in loans and deposits	(8)	64	51
NET CASH FROM (USED IN) INVESTMENT AND DIVESTMENT ACTIVITIES		**(1,141)**	**(962)**

(in EUR millions)	Notes	First-half 2023	First-half 2022
Issues of capital stock	(a)	211	222
(Increase) decrease in treasury stock	(a)	(353)	(706)
Dividends paid	(a)	(1,014)	(835)
Transactions with shareholders of the parent company		**(1,156)**	**(1,319)**
Capital increases in non-controlling interests	(a)	4	11
Disposals of minority interests without loss of control		0	39
Dividends paid to non-controlling interests and change in dividends payable	(a)	(47)	(63)
Transactions with non-controlling interests		**(43)**	**(13)**
Increase (decrease) in bank overdrafts and other short-term debt		593	2,052
Increase in long-term debt	(b) (10.2)	1,332	44
Decrease in long-term debt	(b) (10.2)	(758)	(1,164)
Decrease in lease liabilities	(b)	(347)	(355)
Change in debt		**820**	**577**
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**(379)**	**(755)**
Net effect of exchange rate changes on cash and cash equivalents		(43)	68
Net effect of changes in fair value on cash and cash equivalents		(5)	(1)
Cash and cash equivalents classified within assets held for sale		(32)	0
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**78**	**(8)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**6,134**	**6,943**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**6,212**	**6,935**

(a) *Please refer to the consolidated statement of changes in equity.*
(b) *Including bond premiums, prepaid interest, issue costs and interest on lease liabilities.*

In first-half 2023, income tax paid represented €586 million (€552 million in first-half 2022), rental expenses paid €372 million (€379 million in first-half 2022), including €38 million in interest paid on lease liabilities (€28 million in first-half 2022) and interest paid net of interest received €71 million (€107 million in first-half 2022).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in EUR millions)	Capital stock	Additional paid-in capital and legal reserve	Retained earnings and consolidated net income	Cumulative translation adjustments	Fair value reserves	Treasury stock	Share-holders' equity	Non-controlling interests	Total equity
AT JANUARY 1, 2022	**2,096**	**4,544**	**16,244**	**(1,949)**	**(16)**	**(204)**	**20,715**	**411**	**21,126**
Income and expense recognized directly in equity			653	938	48		1,639	22	1,661
Net income for the period			1,724				1,724	50	1,774
Total income and expense for the period			**2,377**	**938**	**48**		**3,363**	**72**	**3,435**
Issues of capital stock									
Group Savings Plan	20	202					222		222
Other								11	11
Dividends paid			(835)				(835)	(65)	(900)
Shares purchased and sold			(11)			(695)	(706)		(706)
Treasury stock purchase commitment			(79)				(79)		(79)
Shares canceled	(36)	(438)				474			0
Share-based payments			27				27		27
Changes in Group structure and other								3	3
AT JUNE 30, 2022	**2,080**	**4,308**	**17,723**	**(1,011)**	**32**	**(425)**	**22,707**	**432**	**23,139**
Income and expense recognized directly in equity			(679)	(603)	(33)		(1,315)	(35)	(1,350)
Net income for the period			1,279				1,279	48	1,327
Total income and expense for the period			**600**	**(603)**	**(33)**		**(36)**	**13**	**(23)**
Issues of capital stock									
Group Savings Plan									0
Other								4	4
Dividends paid			2				2	(13)	(11)
Shares purchased and sold			19			(94)	(75)		(75)
Treasury stock purchase commitment			79				79		79
Shares canceled	(17)	(179)				196			0
Share-based payments			16				16		16
Changes in Group structure and other			18				18	7	25
AT DECEMBER 31, 2022	**2,063**	**4,129**	**18,457**	**(1,614)**	**(1)**	**(323)**	**22,711**	**443**	**23,154**
Income and expense recognized directly in equity			(70)	143	(19)		54		54
Net income for the period			1,450				1,450	45	1,495
Total income and expense for the period			**1,380**	**143**	**(19)**		**1,504**	**45**	**1,549**
Issues of capital stock									
Group Savings Plan	19	192					211		211
Other								3	3
Dividends paid			(1,014)				(1,014)	(52)	(1,066)
Shares purchased and sold			4			(357)	(353)		(353)
Treasury stock purchase commitment			(192)				(192)		(192)
Shares canceled	(26)	(301)				327			0
Share-based payments			42				42		42
Changes in Group structure and other			(2)				(2)	(2)	(4)
AT JUNE 30, 2023	**2,056**	**4,020**	**18,675**	**(1,471)**	**(20)**	**(353)**	**22,907**	**437**	**23,344**

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements reflect the accounting position of Compagnie de Saint-Gobain (the Company) and its subsidiaries ("the Group"), as well as the Group's interests in associate companies and joint ventures. They are expressed in euros rounded to the nearest million.

These consolidated financial statements were adopted on July 26, 2023 by the Board of Directors.

NOTE 1 ACCOUNTING PRINCIPLES AND POLICIES

The condensed consolidated financial statements of the Saint-Gobain Group have been prepared in accordance with IAS 34, "Interim Financial Reporting". These condensed financial statements do not include all the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended December, 31 2022. The consolidated financial statements have been prepared using the historical cost convention, except for certain assets and liabilities that have been measured using the fair value model as explained in these notes.

1.1 Standards applied

The condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations adopted for use in the European Union at June 30, 2023. These consolidated financial statements have also been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

The bases for measurement and accounting policies applied are the same as those used by the Group to prepare its consolidated financial statements for the year ended December 31, 2022, with the exception of the standards, interpretations and amendments adopted by the European Union and effective as of January 1, 2023 (see section 1.1.1) and the bases of measurement specific to interim financial reporting (see section 1.2).

1.1.1 Standards, interpretations and amendments to existing standards applicable for reporting periods beginning on or after January 1, 2023

The following standards and amendments, effective since January 1, 2023, were applied where necessary to the condensed consolidated financial statements for the six months ended June 30, 2023:

- IFRS 17, "Insurance Contracts", including the amendments published in June 2020;
- Amendments to IAS 1, "Presentation of Financial Statements" and IFRS Practice Statement 2, "Making Materiality Judgments", aimed at improving accounting policy disclosures and providing guidance on how to apply the concept of materiality to accounting policy disclosures;
- Amendments to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", clarifying the distinction between changes in accounting estimates and changes in accounting policies;
- Amendments to IAS 12, "Income Taxes" concerning deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IFRS 17, "Insurance Contracts" concerning the presentation of comparative information on initial application of IFRS 17 and IFRS 9.

The main IFRIC decisions published in first-half 2023 concern:

- IFRS 16, "Leases" – Definition of a Lease – Substitution Rights.

These amendments and agenda decision have no material impact on the Group's consolidated financial statements.

1.1.2 Standards, interpretations and amendments to existing standards available for early adoption in reporting periods beginning on or after January 1, 2023

In first-half 2023, there were no new standards, interpretations or amendments to existing standards applicable to accounting periods starting on or after January 1, 2024 that the Group could have early adopted as from January 1, 2023.

1.1.3 Standards, interpretations and amendments to existing standards published but not yet applicable

The new standards, interpretations and amendments to existing standards that have been published but are not yet applicable concern:

- Amendments to IAS 1, "Classification of Liabilities as Current or Non-current", and "Non-current Liabilities with Covenants";
- Amendments to IFRS 16, "Leaseback Liability in a Sale and Leaseback";
- Amendments to IAS 7 and IFRS 7, "Supplier Finance Arrangements";
- Amendment to IAS 12, "International Tax Reform – Pillar Two Model Rules".

These amendments are currently being analyzed by the Group.

1.2 Estimates and assumptions

The preparation of consolidated financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the amounts of assets and liabilities reported in the balance sheet and the disclosure of contingent assets and liabilities in the notes to the financial statements, as well as the reported amounts of income and expenses during the period. These estimates and assumptions are based on past experience and on various other factors in the prevailing economic and financial environment which makes it difficult to predict future business performance. Actual amounts may differ from those obtained through the use of these estimates and assumptions.

The main estimates and assumptions described in these notes concern the measurement of employee benefit obligations and share-based payments (see note 6, p. 23), asset impairment tests (notably the assumptions used in the tests relating to the Group's commitments to reduce its net carbon emissions) and the determination of lease terms (see note 7, p. 26), provisions for other liabilities (see note 9, p. 29), the measurement of financial instruments (see note 10, p. 33), and taxes (see note 12, p. 40).

The accounting valuation methods applied by the Group in the interim condensed consolidated financial statements are identical to those used to prepare the consolidated financial statements for the year ended December 31, 2022. The specific accounting valuation methods applied relate to income tax (see note 12, p. 40) and employee benefits (see note 6, p. 23).

NOTE 2 IMPACT OF THE RUSSIA-UKRAINE CONFLICT

Amid the fast-changing, complex environment of the Russia/Ukraine conflict, the Group's priority remains affirming its support for and solidarity with Ukraine and the Ukrainian people, and ensuring the safety of all its Ukrainian employees and their families throughout the world.

The main impacts of the conflict on the Group's strategy and financial performance in first-half 2023 were comparable with those analyzed at end-December 2022:

Group operating activities

Since the outbreak of the conflict between Russia and Ukraine, in addition to the Group's application of the sanctions imposed against Russia, Saint-Gobain has decided to halt all its exports to customers in Russia and Belarus, and all its imports from these two countries, and has shelved all new investment projects in these countries.

Nevertheless, its local Russian operations, which represent around 0.6% of the Group's worldwide sales and do not involve any local partnerships, continue to operate autonomously, with locally produced solutions sold exclusively on local construction markets.

In Ukraine, Saint-Gobain does not have any industrial operations, and its sales office in Kyiv has been closed.

In organizational terms, Ukraine is now included in a Poland-Ukraine cluster falling under the direct responsibility of the management team in Poland.

Scope of consolidation

The Group continues to produce and sell in Russia for the local market. Insofar as the Group continues to ensure its local business can continue to operate with complete autonomy of management and control of returns, Saint-Gobain still controls its Russian subsidiaries.

In accordance with IFRS 10, its Russian and Ukrainian companies have not therefore been deconsolidated, and continue to be included in the Group's scope of consolidation for the preparation of the consolidated financial statements for the six months ended June 30, 2023.

Impairment review in light of the Russia-Ukraine conflict

Total non-current assets in Russia represent €157 million, or 0.5% of the Group's total non-current assets.

No evidence of impairment was identified for these companies. Consequently, no impairment losses related to the Russia/ Ukraine conflict were recognized in first-half 2023.

Financial risks (credit, liquidity, forex)

Since March 2, 2022, the Group has been using the Russian ruble exchange rate published by Reuters for the translation of its consolidated financial statements.

Given the Group's limited presence in Russia and Ukraine, the conflict has not generated any credit or liquidity risks, and forex exposure is also being managed effectively.

Cash and cash equivalents held in Russia represent 1.3% of the Group's total cash and cash equivalents.

While the Russia-Ukraine conflict has not had a direct material impact on the financial statements for the first half of 2023, the situation remains unstable and complex. The Group therefore remains vigilant in analyzing the potential future impacts of the conflict.

NOTE 3 CLIMATE ISSUES

Sustainability is essential in supporting the growth of the Saint-Gobain Group and sustainability issues are therefore an integral part of its growth outlook.

Responding to climate challenges is therefore at the heart of the Group's strategy, and its net-zero-carbon commitment is taken into account in its financial decisions.

3.1 The commitment to carbon neutrality is at the heart of the Group's strategy

In line with the Paris Agreement, Saint-Gobain signed the UN Global Compact's "Business ambition for 1.5°C" pledge on September 23, 2019 in New York, thereby affirming its commitment to achieving carbon neutrality by 2050.

In order to achieve this by 2050, Saint-Gobain defined a 2030 roadmap in November 2020. The roadmap identifies the levers and action plans that will enable the Group to meet its goal of a 33% reduction in scope 1 and 2 carbon emissions in absolute terms compared to a 2017 baseline, and a 16% reduction for scope 3 emissions.

The Group's capital expenditure is aligned with the investment requirements identified in this CO2 roadmap.

Saint-Gobain's roadmap and commitment to carbon neutrality by 2050 apply to all of its activities. To date, no activity has been identified as being incompatible with this target.

As well as its commitments to reduce its emissions through to 2030, the Group seeks to develop and propose solutions to help decarbonize the construction sector and its customers' markets.

- After validating its 2030 greenhouse gas emissions reduction targets in 2020, in September 2022 the Science-Based Targets initiative (SBTi) approved the Group's commitment to being net-zero-carbon by 2050, considering its roadmap to be consistent with the new net-zero standard and the Paris climate agreement.
- In 2022, Saint-Gobain was once again recognized for its leadership in the fight against climate change by the CDP – a global environmental non-profit organization – by being included in its "Climate Change A List" comprising 283 companies out of the more than 15,000 that responded to the CDP's 2022 climate change questionnaire.
- The innovative solutions developed by Saint-Gobain to improve the energy performance of buildings help reduce both the negative impact of construction on the environment and their occupants' energy bills, while also enhancing occupant well-being. Saint-Gobain's solutions play an important role in the fight against climate change, since they reduce the amount of greenhouse gas emissions by reducing energy use. The Group's thermal insulation and insulating glass solutions provide benefits in terms of energy performance and greenhouse gas emissions that significantly outweigh the carbon footprint associated with their production. In 2021, Saint-Gobain estimated that the solutions produced and sold by the Group in one year had helped avoid nearly 1,300 million tonnes of CO_2 emissions over their lifespan.
- In order to increase the percentage of sales represented by its sustainable solutions, Saint-Gobain has developed a method for evaluating the environmental benefits of its solutions for all stakeholders. It aims to generate 75% of its sales from sustainable solutions by 2025.

3.2 The commitment to carbon neutrality is taken into account when preparing the Group's financial statements

In line with these commitments and targets, the Group has taken into account climate change and sustainable development issues in its financial statements, mainly in the areas cited below:

A Group-wide commitment

All Regions and High Performance Solutions (HPS) have drawn up dynamic CO_2 roadmaps through to 2030, based on the principle of a yearly review and consistent with the main financial deadlines (three-year business plan and budget).

These CO_2 roadmaps are broken down by country or entity, plant and project, and together, will be used to justify the Group's 2030 emissions reduction target. Specific projects have been identified and evaluated in all countries and are part of an investment plan set out in the 2030 CO_2 roadmap, with an average budget of €100 million per year between 2020 and 2030.

These roadmaps focus on improving operating efficiency, changing the energy mix, rolling out new technologies, and investing to reduce CO_2 emissions.

Marketing teams are also involved, adapting product design to reduce environmental impact.

The Saint-Gobain Group pressed ahead with initiatives to reduce its CO_2 emissions in the first half of 2023, including:

- The announcement in February 2023 of a collaboration between AGC and Saint-Gobain to design a pilot flat glass line, a breakthrough innovation that should very significantly reduce direct CO_2 emissions.
- Saint-Gobain's achievement in March 2023 of being the first manufacturer in the world to produce flat glass using more than 30% hydrogen during Research & Development trials at the Herzogenrath site in Germany. This feat proves the technical feasibility of manufacturing flat glass with a significant proportion of hydrogen, which will complement other decarbonized energy sources and will reduce the site's direct CO_2 emissions (scope 1) by up to 70%.
- The start-up, announced on April 6, 2023, of 100% decarbonized production of plasterboard at the Group's Fredrikstad plant in Norway. The decarbonization of the manufacturing process was made possible by switching from natural gas to hydroelectric power, thus avoiding 23,000 tonnes of CO_2 emissions per year. This world first will enable Saint-Gobain to launch a full range of plasterboard products with the lowest carbon footprint on the market in 2023.
- Saint-Gobain's launch in April 2023 of the Sustainable Construction Observatory and presentation of the findings of the first International Sustainable Construction Barometer, which aims to bring together the main stakeholders in the construction industry to promote the sharing of knowledge and accelerate the transformation of the sector worldwide. More than 800 stakeholders from ten countries participated in the survey, with a view to identifying the expectations, drivers and trends needed to make sustainable construction a shared reference.
- The signature on May 16, 2023 of a scope 2 Power Purchase Agreement (PPA) in India with Vibrant Energy, a portfolio company of Macquarie Asset Management's Green Investment Group. Under the 20-year agreement, Vibrant Energy will provide six Saint-Gobain sites in India with 189 GWh of renewable electricity (solar and wind) per year, thus reducing Saint-Gobain's CO_2 emissions in India by around 120,000 tonnes per year. The PPA will begin delivery in 2024 and will increase the proportion of renewable electricity in India to 65% from 2025.
- The signature in June 2023 of a 100 GWh certified sustainable biomethane purchase agreement with TotalEnergies for a three-year period starting in 2024. This first for Saint-Gobain in France demonstrates the Group's intention to diversify its sourcing of decarbonized energy.

Basis of measurement applicable to assets

The Group has not identified any changes in assumptions relating to its carbon neutrality commitments that could significantly affect the value of its assets and the measurement of the useful life of its fixed assets.

Internal carbon price

As well as the action plans implemented at site level to work towards carbon neutrality, the Group has set two internal carbon prices, one for industrial investments and one for R&D investments.

Given the upward trend in the price of carbon in the European market over the past two years, with the price having reached €100 per tonne twice since January 1, 2023, and the Group's commitment to accelerating its roadmap for achieving carbon neutrality by 2050, an increase in the internal carbon prices was announced in May 2023:

- The internal carbon price applied to major industrial investment projects and investments related to a change in energy source has been increased to €100 per tonne of CO_2 from the €75 previously used;
- The internal carbon price used for R&D investment in breakthrough technology, particularly "low-carbon" projects, has been set at €200 per tonne of CO_2, replacing the price of €150 used since early 2021.

These prices apply to all geographical areas and all investment projects, whatever their size or annual energy consumption.

A similar approach has been adopted for major acquisitions, and includes the work that may be required to ensure that the carbon impact of these acquisitions is compatible with Saint-Gobain's roadmap.

CO_2 emissions allowances

At the start of 2023, the Saint-Gobain Group had 4.6 million tonnes of greenhouse gas emissions allowances from the European Commission. Accordingly, it believes that its current level of allowances will continue to cover its emissions for four to five years.

Sustainable investments, research and development expenditure, and other expenditure aimed at combating climate change and protecting the environment

Investments to reduce CO_2 emissions are reported monthly by each Group company in the Group's financial reporting.

To help accelerate progress towards carbon-neutral production, €1 billion has been set aside over the ten years from 2021 to 2030 (i.e., an average of €100 million per year) for investments and R&D expenditure aimed at furthering the Group's CO_2 emissions reduction strategy.

Executive compensation policy

In stepping up its commitment to carbon neutrality, since 2020 the Group has increased the weighting of CSR objectives in the criteria determining short- and long-term executive compensation plans. CSR objectives now determine 20% of amounts paid out under long-term plans (versus 15% previously), and 10% of amounts paid out under short-term plans (5% previously), while CO_2 objectives now account for 10% of long-term plans and 5% of short-term plans.

Consideration of future changes in regulations

The Group will continue to analyze the potential impacts of future changes in regulations related to climate change and the energy transition as part of its commitment to achieve carbon neutrality by 2050. In this respect, Saint-Gobain closely monitors international and European projects on sustainability reporting.

NOTE 4 SCOPE OF CONSOLIDATION

4.1 Accounting principles related to consolidation

The Group's condensed consolidated financial statements include the accounts of Compagnie de Saint-Gobain and of all companies controlled by the Group, as well as those of jointly controlled companies and companies over which the Group exercises significant influence.

In the first half of 2023, the treatment adopted in respect of IAS 29, "Financial Reporting in Hyperinflationary Economies" for countries deemed hyperinflationary was as follows:

Argentina

Argentina has been classified as a hyperinflationary economy since July 1, 2018. IAS 29 therefore applies to entities using the Argentine peso as their functional currency (based on the table of indices issued by FACPCE).

Lebanon

Lebanon has been classified as a hyperinflationary economy since October 2020. As from December 31, 2020, IAS 29 is therefore applicable to entities using the Lebanese pound as their functional currency.

The Group's exposure to Lebanon is not material, as sales and total non-current assets in the country represent less than 1% of the Group's consolidated data.

Turkey

Since February 2022, Turkey has had a three-year cumulative inflation rate above 100% and was therefore included in the list of hyperinflationary economies in March 2022. The Group's exposure to Turkey is not material, as sales and total non-current assets in the country represent less than 1% of the Group's consolidated data.

4.2 Changes in Group structure

Significant changes in the Group’s structure during first-half 2023 are presented below:

In the first six months of 2023, the Group acquired 12 consolidated companies and one equity-accounted company for a total purchase price of €203 million.
The Group also sold three consolidated companies during the period.

4.2.1 Acquisitions in first-half 2023

Acquisitions in the first half of 2023 represent full-year sales of around €100 million, and EBITDA of the acquired consolidated and equity-accounted companies amounts to approximately €20 million.

The main acquisitions in first-half 2023 are summarized below:

- On January 30, 2023, Saint-Gobain completed the acquisition of Termica San Luis, a leader in stone wool in Argentina. Termica San Luis is a family-run business with over 70 years' experience in insulation. It is the leading producer of stone wool in Argentina, having pioneered its production in the country. The acquisition strengthens Saint-Gobain's presence in the insulation market, enhancing its range of solutions for customers thanks to the combination of its position in glass wool insulation with that of Termica San Luis in stone wool.
- On February 7, 2023, Saint-Gobain completed the acquisition of IDP Chemicals, a Chryso brand licensee since 2018. This entity is well positioned to serve the dynamic construction market in Egypt and the Group's aim is to create an admixture platform and eventually group together production facilities and storage space covering the needs of SG Weber, IDPC & GCP in Africa's largest cement market.
- On March 16, 2023, Saint-Gobain and Dalsan obtained the necessary approval from the competition authorities to merge their plaster and plasterboard activities in Turkey. Once the capital expenditure project at the new plant in Turgutlu (near Izmir) is completed, the merged entity will benefit from a leadership position, combined know-how, an enlarged production capacity and an optimized modern industrial footprint in plasterboard and plaster. Its customers, both those in Turkey and export customers with growing needs in the Eastern Mediterranean, will have access to the most innovative and complete portfolio of light and sustainable solutions for the construction and renovation of building envelopes as well as internal partitioning.
- On April 3, 2023, Saint-Gobain completed the acquisition of U.P. Twiga Fiberglass Ltd (UP Twiga), the leader in the glass wool insulation market in India, as announced on February 22, 2023. The acquisition consolidates Saint-Gobain’s positioning in interior and façade solutions in India, set to benefit from higher building performance requirements and the strong need for acoustic and thermal comfort as well as energy-efficient solutions.
- On June 26, 2023, Saint-Gobain completed the acquisition of United Paints and Chemicals S.A.E. (“Drymix”), a ready-mix mortars manufacturer serving the construction industry in Egypt. This acquisition accelerates Saint-Gobain's growth in the country by enhancing the range of solutions offered across glass, gypsum and construction chemicals. It follows the recent inauguration of a Saint-Gobain plant producing technical mortars (adhesive and waterproofing) in Egypt and the acquisition of IDP Chemicals in admixtures at the beginning of 2023.

The process of identifying and measuring at fair value the assets acquired and liabilities assumed within the scope of the acquisitions carried out in first-half 2023 will be finalized within 12 months of each acquisition date.

The fair value measurement of each major category of the assets acquired and liabilities assumed from the GCP group was underway at June 30, 2023 and will be finalized in the second half of the year. The identification process for intangible assets is nevertheless complete, and the amounts allocated to customer relationships, brands and intellectual property represent €845 million, €83 million and €128 million, respectively.

4.2.2 Main disposals in first-half 2023

Disposals in first-half 2023 represent full-year sales of €3 billion.

The main companies deconsolidated in first-half 2023 are summarized below:

- On March 1, 2023, Saint-Gobain completed the sale of its merchanting brands in the United Kingdom – including the builders and timber merchant Jewson – to the Stark group, as announced on December 12, 2022. The impact of this sale on the income statement mainly reflects the reclassification of translation differences.
- On March 30, 2023, Saint-Gobain sold its glass processing business Glassolutions in Switzerland to the privately owned German group Aequita.

These disposals are part of Saint-Gobain's continued portfolio optimization strategy to enhance the Group's growth and profitability profile in line with the objectives of its "Grow & Impact" plan.

4.3 Assets and liabilities held for sale

Since the sale of the merchanting brands in the United Kingdom had been completed at June 30, 2023, assets and liabilities held for sale at that date no longer include those companies.

Assets and liabilities held for sale at June 30, 2023 include:

- PDM in Ireland and Calders & Grandidge in the United Kingdom;
- Distribution companies in Brazil, following the Group's decision to put its building materials distribution activities in the country up for sale.

These disposals are part of Saint-Gobain's portfolio optimization strategy, which is designed to improve the Group's growth and profitability profile.

Since the assets and liabilities held for sale meet the qualifying criteria, the entities' balance sheets were combined and measured as assets and liabilities held for sale in the consolidated balance sheet at June 30, 2023, in accordance with IFRS 5.

For confidentiality reasons, the position of each individual company at June 30, 2023 is not disclosed.

These entities in the process of being sold were not considered as discontinued operations within the meaning of IFRS 5 as they do not represent a major line of business for the Group.

Assets and liabilities held for sale break down as follows:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Intangible assets, property, plant and equipment, right-of-use assets and other non-current assets	101	529
Inventories, trade accounts receivable and other receivables	153	851
Cash and cash equivalents	46	14
ASSETS HELD FOR SALE	**300**	**1,394**
Provisions for pensions and other employee benefits	0	(1)
Other current and non-current liabilities and provisions	7	50
Trade accounts payable, other payables and other current liabilities	123	603
Debt and bank overdrafts	76	333
LIABILITIES HELD FOR SALE	**206**	**985**
NET ASSETS (LIABILITIES) HELD FOR SALE	**94**	**409**

4.4 Changes in the number of consolidated companies

At June 30, 2023, there were 930 companies in the scope of consolidation (912 at December 31, 2022), including 92 equity-accounted companies and joint arrangements (88 at December 31, 2022).

4.5 Off-balance sheet commitments related to companies within the scope of consolidation

Non-cancelable purchase commitments represented approximately €960 million at June 30, 2023.

They include the approximately €925 million commitment to purchase the shares of Building Products of Canada Corp. ("Building Products of Canada"), for which Saint-Gobain entered into a definitive purchase agreement on June 12, 2023. Building Products of Canada is a privately owned manufacturer of residential roofing shingles and wood fiber insulation panels in Canada. With this acquisition, Saint-Gobain has taken another step to reinforce its leadership in sustainable construction in the Canadian market, bringing customers a broader, innovative and sustainable range of solutions. Closing of the transaction is subject to customary conditions and is expected to take place by year-end 2023.

Commitments to purchase shares also include a commitment to acquire Hume Cemboard Industries Sdn Bhd (HCBI), under the agreement signed on June 14, 2023. Hume Cemboard Industries is a leading manufacturer of cement boards for façades, partitions, and ceilings in Malaysia. Its lightweight board offering is a benchmark solution widely used for a broad range of applications, offering fast growth potential. Closing of the transaction is expected in the third quarter of 2023.

NOTE 5 INFORMATION CONCERNING THE GROUP'S OPERATING ACTIVITIES

5.1 Income statement items

5.1.1 Business income

Business income is detailed by type below:

(in EUR millions)	First-half 2023	First-half 2022
SALES	**24,954**	**25,481**
Personnel expenses:		
Salaries and payroll taxes	(4,605)	(4,540)
Share-based payments (1)	(42)	(27)
Pensions and employee benefit obligations (1)	(76)	(100)
Depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets (2)	(980)	(992)
Share in net income of core business equity-accounted companies	48	29
Other (3)	(16,486)	(17,060)
OPERATING INCOME	**2,813**	**2,791**
Other business income	36	58
Other business expense (2)	(555)	(356)
OTHER BUSINESS INCOME AND EXPENSE	**(519)**	**(298)**
BUSINESS INCOME (EXPENSE)	**2,294**	**2,493**

(1) Share-based payments (IFRS 2 expense) and changes in employee benefit expenses are detailed in note 6, p. 23.

(2) Total depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets, along with amortization charged against intangible assets within the scope of purchase price accounting, represented €1,065 million in first-half 2023 versus €1,037 million in first-half 2022.

(3) The "Other" operating income line relates to cost of sales, supplier discounts and selling expenses for Distribution entities, and to transport costs, raw materials costs, and other production costs for the other entities. This item also includes research and development costs recorded under operating expenses, amounting to €276 million in first-half 2023 (€243 million in first-half 2022).

5.1.2 Other business income and expense

Other business income and expense can be analyzed as follows:

(in EUR millions)	First-half 2023	First-half 2022
Impairment of assets (1)	(65)	(15)
Amortization of intangible assets related to PPA (2)	(85)	(45)
Other business expense (3)	(350)	(196)
Impairment of assets and other business expenses	**(500)**	**(256)**
Gains on disposals of non-current assets	**36**	**58**
GAINS AND LOSSES ON DISPOSALS, ASSET IMPAIRMENT, IMPACT OF CHANGES IN GROUP STRUCTURE	**(464)**	**(198)**
NON-OPERATING INCOME AND EXPENSE (4)	**(55)**	**(100)**
OTHER BUSINESS INCOME AND EXPENSE	**(519)**	**(298)**

(1) The "Impairment of assets" line includes the impairment of goodwill, other intangible assets, property, plant and equipment, right-of-use assets, assets held for sale and other assets.

(2) Amortization charged against brands and customer lists is included on a separate line within "Impairment of assets and other business expenses" together with other gains and losses arising on business combinations which are not taken into account when determining the performance of the Group's operating segments.

(3) As in first-half 2022, other business expense mainly includes capital losses on assets divested or scrapped, acquisition fees and contingent consideration incurred in connection with business combinations. In 2023, this item mainly reflects the reclassification of translation differences following the sale of the Distribution business in the United Kingdom.

(4) Non-operating income and expense mainly include claims-related expenses and restructuring costs.

5.2 Segment information

In accordance with IFRS 8, segment information reflects the Group's internal organization as presented to management. The Group has chosen to present segment information in line with its internal reporting.

The Group is organized into five reporting units: four regional businesses and a global High Performance Solutions unit. Segment information is presented for:

- High Performance Solutions (HPS), which is organized by market for global customers, i.e., Mobility, Life Sciences, Construction Industry and Industry.

And for four regions:

- Northern Europe, comprising the Nordic countries, United Kingdom, Ireland, Switzerland, Germany, Austria, Eastern Europe and Russia;
- Southern Europe – Middle East (ME) & Africa, comprising France, Benelux, Mediterranean, Middle East and Africa;
- Americas, comprising North America and Latin America;
- Asia-Pacific, comprising the Asia region and India;
- Other, comprising the Group's various holding companies.

Segment information for first-half 2023 and 2022 is as follows:

First-half 2023

(in EUR millions)	High Performance Solutions (2)	Northern Europe	Southern Europe (2) – ME & Africa	Americas (2)	Asia-Pacific	Other (1)	Group Total
Sales	5,163	6,674	7,976	4,784	1,036	(679)	24,954
Operating income (loss)	633	572	688	852	130	(62)	2,813
Share in net income of equity-accounted companies	1	5	21	16	6	2	51
Operating depreciation and amortization	214	245	290	153	51	27	980
Impairment of assets	19	20	0	22	1	0	62
EBITDA	834	804	964	997	181	(42)	3,738
Acquisitions of property, plant and equipment and intangible assets (3)	131	135	137	121	62	30	616

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.
(2) France and United States sales represent €6,556 million and €4,381 million, respectively.
(3) Capital expenditure does not include right-of-use assets.

First-half 2022

(in EUR millions)	High Performance Solutions (2)	Northern Europe	Southern Europe (2) – ME & Africa	Americas (2)	Asia-Pacific	Other (1)	Group Total
Sales	4,600	8,399	7,826	4,277	1,013	(634)	25,481
Operating income (loss)	594	690	693	723	129	(38)	2,791
Share in net income of equity-accounted companies	1	8	3	16	3	2	33
Operating depreciation and amortization	181	308	288	142	50	23	992
Impairment of assets	0	1	0	0	1	0	2
EBITDA	707	991	963	852	179	(9)	3,683
Acquisitions of property, plant and equipment and intangible assets (3)	124	130	131	138	60	7	590

(1) "Other" corresponds to the elimination of intragroup transactions for internal sales, and holding company transactions for the other captions.
(2) France and United States sales represent €6,385 million and €3,906 million, respectively.
(3) Capital expenditure does not include right-of-use assets.

5.3 Performance indicators

5.3.1 EBITDA

EBITDA represents operating income plus depreciation and amortization of property, plant and equipment, intangible assets and right-of-use assets, as well as non-operating income and expense.

It amounted to €3,738 million in the first half of 2023 (€3,683 million in first-half 2022), calculated as follows:

(in EUR millions)	First-half 2023	First-half 2022
Operating income	2,813	2,791
Depreciation/amortization of property, plant and equipment and intangible assets	640	642
Depreciation of right-of-use assets	340	350
Non-operating income and expense	(55)	(100)
EBITDA	**3,738**	**3,683**

5.3.2 Recurring net income

Recurring net income corresponds to income after tax and minority interests but before disposal gains or losses, asset impairment, material non-recurring provisions and the related tax and non-controlling interests.

Recurring net income totaled €1,821 million in first-half 2023 (€1,814 million in first-half 2022). Based on the weighted average number of shares outstanding at June 30 (510,080,726 shares in 2023 and 516,797,123 shares in 2022), recurring earnings per share amount to €3.57 in the first half of 2023 and €3.51 in the first half of 2022.

The difference between net income and recurring net income corresponds to the following items:

(in EUR millions)	First-half 2023	First-half 2022
GROUP SHARE OF NET INCOME	**1,450**	**1,724**
Less:		
Gains and losses on disposals of assets	(304)	(128)
Impairment of assets and other	(74)	(25)
Impact of non-controlling interests	2	1
Tax on disposal gains and losses, asset impairment, non-recurring provisions and write-downs of deferred taxes on tax loss carry-forwards	5	62
GROUP SHARE OF RECURRING NET INCOME	**1,821**	**1,814**

5.4 Working capital

Working capital can be analyzed as follows:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
INVENTORIES, NET	**7,362**	**7,219**
TRADE ACCOUNTS RECEIVABLE, NET	**6,294**	**5,178**
Other operating receivables	1,463	1,337
Other non-operating receivables	109	113
OTHER RECEIVABLES, NET	**1,572**	**1,450**
CURRENT TAX RECEIVABLE	**110**	**76**
TRADE ACCOUNTS PAYABLE	**7,219**	**7,266**
Other operating payables	4,580	4,428
Other non-operating payables	445	650
OTHER PAYABLES	**5,025**	**5,078**
CURRENT TAX LIABILITIES	**283**	**263**
Operating working capital	3,320	2,040
Non-operating working capital (including current tax receivable and liabilities)	(509)	(724)
WORKING CAPITAL	**2,811**	**1,316**

5.4.1 Inventories

At June 30, 2023 and December 31, 2022, inventories were as follows:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Gross value		
Raw materials	2,194	2,152
Work in progress	508	446
Finished goods	5,361	5,246
GROSS INVENTORIES	**8,063**	**7,844**
Provisions for impairment		
Raw materials	(243)	(233)
Work in progress	(21)	(17)
Finished goods	(437)	(375)
TOTAL PROVISIONS FOR IMPAIRMENT	**(701)**	**(625)**
INVENTORIES, NET	**7,362**	**7,219**

The net value of inventories was €7,362 million at June 30, 2023 compared with €7,219 million at December 31, 2022. Impairment losses on inventories recorded in the first half of 2023 totaled €192 million (€163 million in the first half of 2022). Reversals of impairment losses on inventories amounted to €115 million in the first half of 2023 (€108 million in the first half of 2022).

5.4.2 Operating and non-operating receivables and payables

Trade and other accounts receivable

Trade and other accounts receivable can be analyzed as follows:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Gross value	6,738	5,597
Provisions for impairment	(444)	(419)
TRADE ACCOUNTS RECEIVABLE, NET	**6,294**	**5,178**
Discounts obtained from and advances granted to suppliers	551	529
Prepaid payroll taxes	43	32
Other prepaid and recoverable taxes (other than income tax)	476	484
Miscellaneous operating receivables	399	299
Other non-operating receivables	110	113
Provision for impairment of other receivables	(7)	(7)
OTHER RECEIVABLES, NET	**1,572**	**1,450**

The increase in trade and other accounts receivable in the first half of 2023 reflects the level of business during the period.

The impact of movements in provisions and bad debt write-offs represented an expense of €50 million in first-half 2023, versus an expense of €65 million in first-half 2022.

Bad debt write-offs fell to €19 million from €25 million in first-half 2022.

Trade accounts receivable at June 30, 2023 and December 31, 2022 are analyzed below by maturity:

	Gross value		Impairment		Net value	
(in EUR millions)	June 30, 2023	Dec. 31, 2022	June 30, 2023	Dec. 31, 2022	June 30, 2023	Dec. 31, 2022
TRADE ACCOUNTS RECEIVABLE NOT YET DUE	**5,748**	**4,612**	**(95)**	**(81)**	**5,653**	**4,531**
Less than 1 month	393	417	(44)	(38)	349	379
1-3 months	171	173	(40)	(42)	131	131
More than 3 months	426	395	(265)	(258)	161	137
TRADE ACCOUNTS RECEIVABLE PAST DUE	**990**	**985**	**(349)**	**(338)**	**641**	**647**
TRADE ACCOUNTS RECEIVABLE	**6,738**	**5,597**	**(444)**	**(419)**	**6,294**	**5,178**

Trade and other accounts payable

Trade and other accounts payable and accrued expenses can be analyzed as follows:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
TRADE ACCOUNTS PAYABLE	**7,219**	**7,266**
Downpayments received and rebates granted to customers	1,782	1,788
Payables to suppliers of non-current assets	194	472
Grants received	87	88
Accrued personnel expenses	1,423	1,497
Accrued taxes other than on income	650	442
Other operating payables	725	701
Other non-operating payables	164	90
OTHER PAYABLES	**5,025**	**5,078**

5.5 Off-balance sheet commitments related to operating activities

Non-cancelable purchase commitments represented €1,889 million at June 30, 2023 (€2,225 million at December 31, 2022). The change during the period chiefly reflects a decrease in energy and raw material purchase commitments.

In some cases, the Group grants seller's warranties to the buyers of divested businesses. A provision is recognized whenever a risk is identified and the related cost can be estimated reliably.

There were no material changes in the Group's other commitments.

NOTE 6 PERSONNEL EXPENSES AND EMPLOYEE BENEFIT OBLIGATIONS

6.1 Provisions for pensions and other employee benefits

6.1.1 Description of defined benefit plans

The Group's main defined benefit plans are identical to those set out in the consolidated financial statements at December 31, 2022, except for France.

Following the publication of implementing decree 2023-435 on June 3, 2023, the retirement age in France will be gradually raised from September 1, 2023, reaching 64 in 2030.

As a result, the age used to calculate pension obligations will be changed on September 1, 2023. At June 30, 2023, the impact of this reform on the financial statements was still being assessed. At this stage, the Group considers that its impact will be insignificant.

The change is considered to be a plan amendment and will be recognized in the income statement in the second half of 2023.

6.1.2 Rate assumptions

The assumptions related to mortality, employee turnover and future salary increases used to measure defined benefit obligations and plan assets take into account the economic conditions specific to each country and Group company. The discount rates are established by region or country based on observed bond yields at June 30, 2023.

For the Eurozone (including France), two discount rates were calculated for first-half 2023 based on the term of the plans using a yield curve model developed by consulting firm Mercer: one rate for plans with a term of 15 years or less and one for plans with a term of over 15 years (unchanged from 2022).

The rates used in first-half 2023 for the Group's main plans are the following:

	Eurozone (including France)		United Kingdom	United States
(in %)	Short-term plans	Long-term plans		
Discount rate	3.62%	3.63%	5.25%	5.10%
Inflation rate	2.10%		2.60%	2.50%

The rates used in 2022 for the Group's main plans were the following:

	Eurozone (including France)		United Kingdom	United States
(in %)	Short-term plans	Long-term plans		
Discount rate	4.16%	4.23%	4.85%	5.20%
Inflation rate	2.20%		2.50%	2.50%

As the above three regions account for substantially all of the Group's pension obligation, the revised actuarial assumption (in particular discount and inflation rates), contributed to an increase in the obligation, and therefore in the provision, in an amount of €35 million.

The actual return on plan assets for almost all plans was €87 million lower than expected, leading to an increase in the provision of the same amount. In addition, an €18 million decrease in the asset ceiling, only affecting Switzerland, generated a decrease in the provision in the same amount.

6.1.3 Breakdown of and changes in pension and other post-employment benefit obligations

Carrying amount of provisions

Provisions for pension and other employee benefit obligations consist of the following:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Pension obligations	1,147	1,110
Length-of-service awards	310	290
Post-employment healthcare benefits	182	183
TOTAL PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**1,639**	**1,583**
Healthcare benefits	28	27
Long-term disability benefits	7	8
Other long-term benefits	94	94
PROVISIONS FOR PENSIONS AND OTHER EMPLOYEE BENEFITS	**1,768**	**1,712**

Provisions for all other long-term benefits totaled €129 million at June 30, 2023 (unchanged from December 31, 2022).

The following table shows net obligations under pensions and other post-employment benefit plans, excluding other long-term benefits:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Provisions for pensions and other post-employment benefit obligations – liabilities	1,639	1,583
Pension plan surpluses – assets	(522)	(569)
NET PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS	**1,117**	**1,014**

Changes in pension and other post-employment benefit obligations

Changes in pensions and other post-employment benefit obligations are as follows:

(in EUR millions)	Net pension and other post-employment benefit obligations
AT DECEMBER 31, 2022	**1,014**
Changes during the period	
Business expenses	64
Interest cost/return on plan assets as per calculations	21
Actuarial gains and losses and asset ceiling	104
Pension contributions and benefits paid	(55)
Translation adjustments	(31)
TOTAL CHANGES	**103**
AT JUNE 30, 2023	**1,117**

6.2 Share-based payments

6.2.1 Group Savings Plan (PEG)

The Group Savings Plan (*Plan d'Epargne Groupe* – PEG) is an employee stock purchase plan open to all Group employees in France and most other countries where the Group is present. Eligible employees must have completed a minimum of three months' service with the Group. Eligible employees are able to invest in Saint-Gobain shares at a preferential subscription price. These shares are held either directly or through the employee saving plan's mutual funds, depending on local legislation, and are subject to a mandatory five- or ten-year lock-up, except following the occurrence of certain events. The Board of Directors delegates authorization for setting the subscription price to the Chief Executive Officer of Compagnie de Saint-Gobain. The subscription price corresponds to the average of the opening prices for the Saint-Gobain share on Euronext Paris over the 20 trading days preceding the date of the decision, subject to a 20% discount, in accordance with applicable laws, the Shareholders' Meeting resolutions and the deliberations of the Board of Directors. The Group makes a matching contribution to amounts paid in by employees, which is expensed in the consolidated financial statements.

The Group recorded an IFRS 2 expense representing the benefit granted to employees, which amounted to €23.7 million for first-half 2023 (€9.3 million for first-half 2022).

The Saint-Gobain Group implemented a new PEG in the first half of 2023. As approved by the Chief Executive Officer on March 13, 2023, the reference price is €55.24 (€56.48 in 2022), representing a subscription price of €44.19 (€45.19 in 2022) after a 20% discount.

In 2023, 4,778,291 new shares with a par value of €4 were issued to employees under the PEG at an average subscription price of €44.19 (4,916,097 shares at an average price of €45.19 in 2022), representing a share capital increase of €211 million (€222 million in 2022), net of transaction fees.

6.2.2 Stock option plans

Until 2018, Compagnie de Saint-Gobain operated stock option plans for certain employees.

No stock option plans have been launched since 2019.

No expense was recognized in accordance with IFRS 2 in first-half 2023 for the amortization of stock options granted under previous plans (€0.1 million in the first half of 2022).

6.2.3 Performance share and performance unit grants

Performance share plans

Since 2009, performance share plans have also been set up for certain categories of employees.

At June 30, 2023, there were four outstanding performance share plans, approved by the Board of Directors in 2019, 2020 and 2021 and on November 24, 2022.

No new plan was set up in first-half 2023.

The amount expensed in respect of these plans in first-half 2023 was €18.4 million (€17.4 million in first-half 2022).

Performance unit plans

Performance unit plans subject to service and performance conditions were set up every year between 2012 and 2015 for certain management-grade employees and senior managers of the Group in France. These plans do not give rise to the delivery of shares but entitle grantees to receive cash compensation deferred over the long-term (exercise period between four and ten years after the grant date), the amount of which will be determined by reference to Saint-Gobain's share price.

No long-term compensation plan in the form of performance units has been set up since 2016.

Since the vesting period of the last plan ended in 2019, there are no longer any expenses in respect of such plans.

NOTE 7 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, AND RIGHT-OF-USE ASSETS

Changes in goodwill, other intangible assets, property, plant and equipment and right-of-use assets at June 30, 2023 and December 31, 2022 break down as follows:

(in EUR millions)	Goodwill	Other intangible assets	Property, plant and equipment	Right-of-use assets	Total
At January 1, 2022					
Gross value	13,399	4,904	32,000	6,894	57,197
Accumulated amortization and impairment	(2,218)	(2,199)	(20,337)	(3,935)	(28,689)
NET VALUE	**11,181**	**2,705**	**11,663**	**2,959**	**28,508**
Changes during the period					
Acquisitions		105	1,835	764	2,704
Disposals		(8)	(80)	(4)	(92)
Amortization (1)		(252)	(1,196)	(716)	(2,164)
Impairment	(28)	(77)	(169)	(10)	(284)
Translation adjustments and restatement for hyperinflation	(37)	(130)	84	(42)	(125)
Changes in Group structure and other	1,742	1,683	254	46	3,725
Assets held for sale			(228)	(245)	(473)
TOTAL CHANGES	**1,677**	**1,321**	**500**	**(207)**	**3,291**
At December 31, 2022					
Gross value	14,304	5,924	33,151	6,422	59,801
Accumulated amortization and impairment	(1,446)	(1,898)	(20,988)	(3,670)	(28,002)
NET VALUE	**12,858**	**4,026**	**12,163**	**2,752**	**31,799**
Changes during the period					
Acquisitions		35	581	441	1,057
Disposals			(20)	(6)	(26)
Amortization (1)		(150)	(575)	(340)	(1,065)
Impairment	(41)	(1)	(17)	(3)	(62)
Translation adjustments and restatement for hyperinflation	(95)	(35)	(17)	(59)	(206)
Changes in Group structure and other	(96)	126	137		167
Assets held for sale		(3)	(47)	(45)	(95)
TOTAL CHANGES	**(232)**	**(28)**	**42**	**(12)**	**(230)**
At June 30, 2023					
Gross value	14,072	5,993	33,484	6,281	59,830
Accumulated amortization and impairment	(1,446)	(1,995)	(21,279)	(3,541)	(28,261)
NET VALUE	**12,626**	**3,998**	**12,205**	**2,740**	**31,569**

(1) *The "Amortization" line relating to intangible assets includes amortization charged against intangible assets within the scope of purchase price accounting, representing €85 million in first-half 2023 versus €45 million in first-half 2022.*

7.1 Goodwill

In the first half of 2023, changes in Group structure corresponded mainly to the updated measurement of the intangible assets and the remeasurement at fair value of property, plant and equipment recognized in connection with the purchase price accounting for GCP Applied Technologies, which led to a €220 million reduction in goodwill. The update to Kaycan's purchase price accounting generated a €53 million increase in goodwill. Changes in Group structure also include the impact of the acquisitions carried out in the first half of 2023, including the acquisition of UP Twiga for €37 million and Pro Quimica Empreendimentos SA (Matchem) for €20 million.

Goodwill impairment losses were recognized for a total of €41 million against individual assets during the period. The amount recorded under "Translation adjustments and restatement for hyperinflation" primarily reflects the impacts of fluctuations in the Norwegian krone, US dollar and pound sterling.

In 2022, changes in scope of consolidation mainly concerned first-time consolidations, in particular following the acquisition of GCP Applied Technologies for €1,490 million; the finalization of the Chryso purchase price accounting, which resulted in a €229 million reduction in goodwill; and the acquisitions of Kaycan and Impac for €355 million and €51 million, respectively.

Impairment losses were recognized for a total of €28 million, mainly against individual assets in the period. The translation adjustments and restatements for hyperinflation primarily reflected the impacts of fluctuations in the pound sterling, US dollar, Norwegian krone, Canadian dollar, Swedish krona, Brazilian real and Argentine peso.

7.2 Other intangible assets

In the first half of 2023, changes in Group structure corresponded mainly to updates to the adjustments to the purchase price accounting for customer relationships, brands and intellectual property related to the GCP Applied Technologies acquisition, representing €249 million, €(132) million and €128 million, respectively. They also included updates to the measurement of Kaycan's customer relationships, intellectual property and brands for a total of €(121) million. The amount recorded under "Translation adjustments and restatement for hyperinflation" primarily reflects the impacts of fluctuations in the US dollar.

In 2022, changes in Group structure corresponded mainly to adjustments to the purchase price accounting relating to brands and customer relationships in the Chryso acquisition, representing €16 million and €277 million, respectively. They also included GCP Applied Technologies' brands and customer relationships for a total amount of €811 million, Kaycan's brands and customer relationships for a total amount of €504 million, and Impac's customer relationships for a total amount of €30 million. Impairment losses were recognized for a total of €77 million, mainly against assets held for sale. The translation adjustments and restatements for hyperinflation primarily reflected the impacts of fluctuations in the Canadian and US dollars, and in pound sterling.

7.3 Property, plant and equipment

In first-half 2023, changes in Group structure related mainly to adjustments to the purchase price accounting for the acquisitions of GCP Applied Technologies and Kaycan, for €47 million and €78 million respectively. Impairment losses recognized against property, plant and equipment amounted to €17 million. The amount recorded under "Translation adjustments and restatement for hyperinflation" primarily reflects the impacts of fluctuations in the Mexican peso, US dollar, Brazilian real, Chinese renminbi, Polish zloty, Russian ruble and Norwegian krone.

In 2022, changes in Group structure related mainly to adjustments to the purchase price accounting for the Chryso acquisition and the first-time consolidation of GCP Applied Technologies and Impac. Impairment losses were recognized for a total of €169 million, mainly against assets held for sale. The translation adjustments and restatements for hyperinflation primarily reflected the impacts of fluctuations in the US dollar, Mexican peso, Brazilian real, pound sterling, Indian rupee, Egyptian pound, Argentine peso and Swedish krona.

7.4 Right-of-use assets linked to leases

At June 30, 2023, right-of-use assets linked to leases related mainly to land and buildings for €2,315 million (€2,336 million at December 31, 2022) and to machinery and equipment for €425 million (€416 million at December 31, 2022).

7.5 Impairment review

Property, plant and equipment, right-of-use assets, goodwill and other intangible assets are tested for impairment on a regular basis and at least annually for the December 31 closing. These tests consist of comparing the asset's carrying amount to its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use, calculated by reference to the net present value of the future cash flows expected to be derived from the asset.

For all CGUs, including those identified as sensitive at December 31, 2022, no evidence of impairment or trigger events requiring an impairment test were identified based on an analysis of first-half 2023 performances.

The Group did not identify any material changes compared to the estimates used at December 31, 2022.

NOTE 8 OTHER NON-CURRENT ASSETS

Changes in other non-current assets are analyzed below:

(in EUR millions)	Equity investments and other	Loans, deposits and surety	Total
At January 1, 2022			
Gross value	152	403	555
Provisions for impairment	(22)	(5)	(27)
NET VALUE	**130**	**398**	**528**
Changes during the period			
Increases (decreases)	93	(48)	45
Provisions for impairment		(1)	(1)
Translation adjustments and restatement for hyperinflation	1	11	12
Transfers and other movements	(3)	23	20
Changes in Group structure	(42)	5	(37)
Changes in fair value	(10)	(10)	(20)
Assets held for sale		(10)	(10)
TOTAL CHANGES	**39**	**(30)**	**9**
At December 31, 2022			
Gross value	175	374	549
Provisions for impairment	(6)	(6)	(12)
NET VALUE	**169**	**368**	**537**
Changes during the period			
Increases (decreases)	54	(46)	8
Provisions for impairment	(3)		(3)
Translation adjustments and restatement for hyperinflation	(3)	3	0
Transfers and other movements	(4)		(4)
Changes in Group structure	(31)	1	(30)
Changes in fair value	2	3	5
Assets held for sale		(2)	(2)
TOTAL CHANGES	**15**	**(41)**	**(26)**
At June 30, 2023			
Gross value	193	333	526
Provisions for impairment	(9)	(6)	(15)
NET VALUE	**184**	**327**	**511**

NOTE 9 OTHER CURRENT AND NON-CURRENT LIABILITIES AND PROVISIONS, CONTINGENT LIABILITIES AND LITIGATION

9.1 Provisions for other liabilities and charges

The table below provides a breakdown by type along with details of changes in other provisions and current and non-current liabilities:

(in EUR millions)	Provisions for claims, litigation and environmental risks	Provisions for restructuring costs and personnel expenses	Provisions for customer warranties	Provisions for other contingencies	Total provisions for other liabilities	Investment-related liabilities	Total provisions for other liabilities and investment-related liabilities
At January 1, 2022							
Current portion	165	61	135	92	453	26	479
Non-current portion	184	102	122	488	896	170	1,066
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**349**	**163**	**257**	**580**	**1,349**	**196**	**1,545**
Changes during the period							
Additions	203	80	92	144	519		519
Reversals	(6)	(17)	(16)	(35)	(74)		(74)
Utilizations	(69)	(84)	(52)	(59)	(264)		(264)
Changes in Group structure		(1)	(1)	15	13		13
Translation adjustments and reclassifications	10	17	(8)	31	50	28	78
Liabilities held for sale	(27)	(3)		(2)	(32)		(32)
TOTAL CHANGES	**111**	**(8)**	**15**	**94**	**212**	**28**	**240**
At December 31, 2022							
Current portion	253	65	145	179	642	51	693
Non-current portion	207	90	127	495	919	173	1,092
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**460**	**155**	**272**	**674**	**1,561**	**224**	**1,785**
Changes during the period							
Additions	33	70	46	54	203		203
Reversals	(4)	(10)	(8)	(27)	(49)		(49)
Utilizations	(31)	(36)	(26)	(39)	(132)		(132)
Changes in Group structure			8		8		8
Translation adjustments and reclassifications	(7)	(3)	(5)	(14)	(29)	(22)	(51)
Liabilities held for sale	1	(2)		(4)	(5)		(5)
TOTAL CHANGES	**(8)**	**19**	**15**	**(30)**	**(4)**	**(22)**	**(26)**
At June 30, 2023							
Current portion	251	80	148	141	620	30	650
Non-current portion	201	94	139	503	937	172	1,109
TOTAL PROVISIONS FOR OTHER LIABILITIES AND INVESTMENT-RELATED LIABILITIES	**452**	**174**	**287**	**644**	**1,557**	**202**	**1,759**

Provisions for litigation and environmental risks cover costs relating to litigation, environmental protection measures, as well as site rehabilitation and clean-up costs.

Provisions for litigation totaled €245 million at June 30, 2023 (€251 million at December 31, 2022). They cover in particular PFOA-related proceedings and the antitrust lawsuit in the Distribution sector in Switzerland. These provisions are described in further detail in note 9.2 "Contingent liabilities and litigation".

Provisions for other contingencies relate in particular to the DBMP LLC provision for asbestos-related litigation (see note 9.2.2.2 on asbestos-related liabilities in the United States).

9.2 Contingent liabilities and litigation

9.2.1 Antitrust law and related proceedings

Investigation by the Swiss Competition Commission in the sanitary products wholesale industry

In November 2011, the Swiss Competition Commission (Commission suisse de la concurrence) opened an investigation into anti-competitive practices in the sanitary products wholesale industry. In May 2014, the Commission Secretariat issued a notice of complaints against Sanitas Troesch and other wholesalers in the industry alleging that Sanitas Troesch and some of its competitors had, among other things, agreed in 2005 and 2012 to lower gross prices.

The total fine imposed on all companies involved is CHF 80 million. For Sanitas Troesch, the fine is CHF 28.8 million. Sanitas Troesch appealed this decision on May 2, 2016 and continues to firmly refute the claims made. The hearing took place before the Federal Administrative Court on January 21, 2020 and the date on which the Federal Administrative Court will issue its decision is not yet known. However, a provision for claims and litigation was recognized at December 31, 2015 in an amount equivalent to the fine (unchanged as at June 30, 2023).

Investigation by the French Competition Authority in the building insulation products industry

Alleged anti-competitive practices in the building insulation products market were notified to Saint-Gobain Isover and Compagnie de Saint-Gobain, which rejected such allegations. The French Competition Authority considered that the alleged anti-competitive practices were not established and dismissed all the objections in January 2021. Actis appealed this decision to the Paris Court of Appeal.

On the civil law front, Actis served in March 2013 a damages claim on Saint-Gobain Isover, the Centre scientifique et technique du bâtiment, and the FILMM before the Paris Civil Court (Tribunal judiciaire de Paris) based on the facts being investigated by the Competition Authority.

At the end of 2022, Actis withdrew these two actions. Saint-Gobain Isover and Compagnie de Saint-Gobain accepted these withdrawals without reservation. The decision of the Paris Court of Appeal noting the withdrawal of Actis and the fact that the actions were removed from the Court was made on January 26, 2023. The judgment of the Paris Civil Court declaring the withdrawal of Actis and the removal of the case was made on May 10, 2023.

9.2.2 Asbestos-related litigation

Current legal actions related to asbestos are described below.

Asbestos-related litigation in France

Inexcusable fault lawsuits

In France, Everite and Saint-Gobain PAM, which in the past manufactured fiber-cement products containing asbestos fibres, are the subject of actions by former employees of these companies (or persons claiming through them) for recognition of inexcusable fault following diseases recognized as being of occupational origin.

As of June 30, 2023, a total of 852 lawsuits had been issued against the two companies since the outset with the aim of obtaining supplementary compensation over and above the amounts paid by the French Social Security authorities in this respect.

As of the same date, 834 of these 852 lawsuits had been completed and 18 actions are still pending.

The total amount of compensation paid by Everite and Saint-Gobain PAM since the outset of these litigations in settlement of these lawsuits totaled approximately €10.2 million as of June 30, 2023 (compared to approximately €9.7 million as of December 31, 2022).

In addition, similar suits had been filed against 14 French companies of the Group (excluding suits against companies that are no longer part of the Group) which in the past used equipment containing asbestos to protect their employees and installations against heat from furnaces.

As of June 30, 2023, a total of 285 lawsuits had been filed since the outset against these 14 companies. 254 of these 285 lawsuits had been completed and 31 actions were still pending at the same date.

The total amount of compensation paid since the outset of the litigations by these companies was approximately €13.4 million as of June 30, 2023 (compared to approximately €11.8 million as of December 31, 2022).

Anxiety claims

Eight of the Group's subsidiaries, including six that operate or have operated facilities in France classified as containing asbestos, were the subject of anxiety claims brought by current or former employees not suffering from an occupational disease due to asbestos – claiming compensation for prejudice of anxiety suffered as a result of their alleged exposure to asbestos.

As of June 30, 2023, a total of 861 lawsuits had been brought against these companies.

At the same date, 824 suits out of 861 have been definitely completed and 37 were still pending.

The total amount of compensation paid since the outset of the litigations was €8.5 million as of June 30, 2023 (unchanged compared to the amount as of December 31, 2022).

It should be clarified that the above figures do not take into account suits filed against companies that are no longer part of the Group.

Last, the total amount registered as provision for asbestos-related litigations in France – inexcusable faults lawsuits and anxiety claims – amounted to around €8 million as of June 30, 2023 (unchanged compared to the amount as of December 31, 2022).

Situation in the United States

Measures taken to achieve an equitable and permanent resolution of the former CertainTeed Corporation's legacy asbestos liabilities in the United States

DBMP LLC, an affiliate of CertainTeed LLC based in North Carolina, that holds the legacy asbestos liabilities of the former CertainTeed Corporation, filed, on January 23, 2020, a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code in the US Bankruptcy Court for the Western District of North Carolina in Charlotte. The matter remains pending. The purpose of the filing is to achieve a certain, final and equitable resolution of all current and future claims arising from asbestos-containing products manufactured and sold by the former CertainTeed Corporation.

DBMP LLC intends to seek court authority to establish a trust under Section 524(g) of the US Bankruptcy Code – a specific provision that is applicable to companies that face substantial numbers of asbestos-related claims – to achieve a fair and equitable resolution of its asbestos-related liabilities. Upon establishment of the trust, current and future plaintiffs with qualifying claims will be able to receive faster payment of their claims without the delay, stress and uncertainty of litigation in the tort system; at the same time, the creation and funding of such a trust will permanently and finally resolve DBMP LLC's asbestos liability.

During the course of this bankruptcy process, which is expected to take up to approximately five to eight years, all asbestos litigation will be stayed and all related costs suspended, providing DBMP LLC with the time and protection to negotiate an agreement to be approved on behalf of all claimants and by the court.

This action was taken as a result of the increasing risks presented in the US tort system. Despite the passage of time, the aging of the population and lessening opportunity for claimants to assert legitimate claims of exposure to the asbestos-containing products of the former CertainTeed Corporation, naming practices in the tort system continued to result in a steady volume of claims against DBMP LLC, with no foreseeable end in sight. In addition, there has been, in general, an escalation of settlement demands and verdicts in the tort system.

Certain adversary proceedings have been filed by representatives of current and future asbestos plaintiffs against DBMP LLC, CertainTeed LLC, Saint-Gobain Corporation, Compagnie de Saint-Gobain and various other parties. No decisions on the merits of the claims have been made and such claims do not affect the Company's financial assessment of the Chapter 11 case.

Impact on the financial statements

Following the commencement of the proceeding under Chapter 11 of the US Bankruptcy Code on January 23, 2020, the assets and liabilities of DBMP LLC and its wholly-owned subsidiary Millwork & Panel LLC, and in particular the provision for asbestos-related litigation in the United States, are no longer consolidated in the Group's financial statements.

Nonetheless, because of a funding agreement between CertainTeed LLC and DBMP LLC by which CertainTeed LLC has agreed to fund the costs of the Chapter 11 case and, ultimately, the 524(g) trust, in both cases solely to the extent DBMP LLC is unable to do so in full, the Group recorded in its consolidated financial statements a provision corresponding to the estimated debt against DBMP LLC amounting to $410 million as of June 30, 2023 (unchanged compared to the amount as of December 31, 2022).

The Group's consolidated income for the first half of 2023 is not impacted by the ongoing Chapter 11 proceeding described above.

As a result of this bankruptcy proceeding, all legal costs and indemnity payments related to DBMP LLC's asbestos tort claims have been suspended, and no further charges in relation to such claims have been taken for the first half of 2023 (as for the first half of 2022).

Situation in Brazil

In Brazil, former employees of Brasilit, that once manufactured fiber cement containing asbestos, suffering from asbestos-related occupational illnesses are offered, depending on the case, either financial compensation alone or lifetime medical assistance combined with financial compensation. Around 1,200 contractual instruments have accordingly been signed to date.

Two class actions were initiated against Brasilit in 2017 by two associations defending former employees exposed to asbestos at the São Caetano (São Paulo state) and Recife (Pernambuco state) plants, asking for their medical assistance and compensation to be revised. First and second instance decisions were rendered in connection with the suit related to the São Caetano plant respectively in July 2020 and July 2021, rejecting the claims of the plaintiffs. The latter have nevertheless appealed the second instance decision. First and second instance decisions were rendered in relation to Recife case, respectively in February and October 2022 rejecting the claiming party arguments. The plaintiff has appealed such second instance decision.

A third class action was initiated against Brasilit in 2019 in Capivari (State of São Paulo) by the Labor prosecutor asking for health insurance, as well as collective moral damages, in favor of employees, former employees and their respective families, as well as subcontractors who were exposed to asbestos. A first and second instance decisions were rendered respectively in September 2020 and May 2023 partly in favor of the plaintiffs. In particular, collective moral damages were granted to the plaintiffs, for an amount reduced to BRL 5 million (€0.8 million). Brasilit has appealed the second instance decision.

Brasilit is subject to controls by the Ministry of Labor and continues to comply with all of its legal obligations with regard to medical assistance for its current and former employees.

In November 2017, the Supreme Court of Brazil decided to ban asbestos definitively across the country. Brasilit stopped using asbestos voluntarily as early as 2002.

9.2.3 Environmental disputes

PFOA proceedings in the United States

Levels of PFOA (perfluorooctanoic acid) in excess of US Environmental Protection Agency (EPA) health advisories or state maximum contaminant levels for drinking water have been found in municipal water systems and private wells near current Saint-Gobain Performance Plastics (SG PPL) facilities in Hoosick Falls (New York) and Merrimack (New Hampshire), and two former facilities in North Bennington (Vermont) in the United States. PFOA and PTFE (polytetrafluorethylene) have never been manufactured by these plants. SG PPL is a processor of PTFE which it purchases from third party suppliers and which in the past contained some PFOA.

SG PPL has voluntarily provided bottled water in all three communities, installed point-of-entry treatment systems to residents and businesses in all three communities, installed carbon filtration systems on the municipal water supply in Hoosick Falls and funded the installation of a carbon filtration system on the Merrimack Valley District's municipal water supply. In addition, it has voluntarily funded construction of water line extensions in certain communities in the Merrimack and Bennington areas. The investigations are on-going and the scope of responsibility for SG PPL arising from environmental remediation in New Hampshire and New York and clean-up obligations at these sites has not yet been established. The scope of the remediation in Vermont is defined and largely completed; future operation and maintenance obligations remain. Without admitting liability, SG PPL has signed consent orders with the environmental regulators in New York in 2016 and 2023, in Vermont in 2017 and 2019 with respect to two different areas, and in New Hampshire in 2018, pursuant to which SG PPL has agreed to complete investigations, implement interim or final remediation measures at its current and former facilities and in the case of Vermont and New Hampshire, fund construction of water lines. Responsibility, if any, is expected to be shared with other parties as regards in particular the Hoosick Falls site.

PFOA-related lawsuits alleging both health-related and economic damages claims have been filed in civil courts in New York, New Hampshire and Vermont, some of which are in the form of proposed or certified class actions. It is difficult to predict the timing or outcome of any such litigation, or whether any additional litigation will be brought against SG PPL, however, both the New York and Vermont class actions are settled.

On June 30, 2023, the provision recorded by the Company in respect of this matter amounts to €196 million (compared to €201 million as of December 31, 2022). This provision covers both remediation and litigation related to PFOA matters.

9.2.4 Other contingent liabilities

Grenfell Tower fire in the United Kingdom

Celotex provides insulation materials for specific applications for the building and construction industry. Insulation materials from two Celotex ranges were purchased via distributors and used in refurbishing Grenfell Tower, London in 2015/2016, including as one component of the rainscreen cladding system designed and installed (by third parties) on the tower's external facade.

Following the Grenfell Tower fire on June 14, 2017, a Public Inquiry was constituted to consider, among other things, the modifications made to the building as part of the refurbishment, the role played by the various construction professionals, and the information provided by the manufacturers of the products used. The Inquiry's work was divided into two phases. Its phase 1 report was published on October 30, 2019. Phase 2 commenced in January 2020 and public hearings are complete. A final report will follow on a date yet to be announced. A criminal investigation into the circumstances of the fire is also in progress.

There are a large number of issues and circumstances that need to be explored and the full implications for Celotex are unlikely to be known for some time.

Civil proceedings in connection with Grenfell Tower brought against Celotex Limited and/or Saint-Gobain Construction Products UK Limited (which respectively held the Celotex business until or after December 31, 2015) and a number of other defendants were issued by bereaved, survivors and residents and emergency responders. Celotex Limited and Saint-Gobain Construction Products UK Limited were among the parties engaged in a confidential alternative dispute resolution process in connection with certain claims brought against them by the bereaved, survivors and residents which resulted in a confidential settlement during the first half of 2023. Without any admission of liability, Celotex agreed to make a payment to this group of claimants; the financial statements for the year ended December 31, 2022 included a provision covering the principal financial implications that may arise from this settlement which has been used in full. Celotex Limited and Saint-Gobain Construction Products UK Limited are continuing to engage with a number of other defendants in an alternative dispute resolution process to seek to resolve the claims brought by the emergency responders.

The extent to which Celotex may incur further financial expenditure or civil or criminal liability in connection with the production, marketing, supply or use of its products is currently unclear and Celotex Limited and Saint-Gobain Construction Products UK Limited are currently unable to make a reliable estimate of their potential liability in this respect.

NOTE 10 FINANCING AND FINANCIAL INSTRUMENTS

10.1 Net financial income (expense)

Net financial income (expense) includes borrowing and other financing costs, income from cash and cash equivalents, interest on lease liabilities, interest cost for pension and other post-employment benefit plans net of the return on plan assets, and other financial income and expense.

Net financial expense for first-half 2023 and 2022 comprises:

(in EUR millions)	First-half 2023	First-half 2022
Borrowing costs, gross	(170)	(111)
Income from cash and cash equivalents	93	19
BORROWING COSTS, NET, EXCLUDING LEASE LIABILITIES	**(77)**	**(92)**
Interest on lease liabilities	(38)	(28)
TOTAL BORROWING COSTS, NET	**(115)**	**(120)**
Interest cost – pension and other post-employment benefit obligations	(195)	(122)
Return on plan assets	171	115
INTEREST COST – PENSION AND OTHER POST-EMPLOYMENT BENEFIT OBLIGATIONS, NET	**(24)**	**(7)**
Other financial expense*	(63)	(72)
Other financial income	7	6
OTHER FINANCIAL INCOME AND EXPENSE	**(56)**	**(66)**
NET FINANCIAL INCOME (EXPENSE)	**(195)**	**(193)**

* *Including €19 million in premiums paid in 2022 on the partial redemption of a GBP bond issue.*

10.2 Net debt

10.2.1 Long- and short-term debt

Long- and short-term debt consists of the following:

(in EUR millions)	June 30, 2023	Dec. 31, 2022
Bond issues	8,486	8,165
Perpetual bonds and participating securities	203	203
Long-term securitization	390	390
Other long-term financial liabilities	231	206
NON-CURRENT PORTION OF LONG-TERM DEBT	**9,310**	**8,964**
Bond issues	1,706	1,611
Long-term securitization	110	110
Other long-term financial liabilities	222	120
CURRENT PORTION OF LONG-TERM DEBT	**2,038**	**1,841**
Short-term financing programs (NEU CP, US CP, Euro CP)	0	0
Short-term securitization	332	148
Bank overdrafts and other short-term financial liabilities	561	492
SHORT-TERM DEBT	**893**	**640**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES	**12,241**	**11,445**
Lease liabilities	2,893	2,921
TOTAL GROSS DEBT	**15,134**	**14,366**
Cash at banks	(2,468)	(2,891)
Mutual funds and other marketable securities	(3,744)	(3,243)
CASH AND CASH EQUIVALENTS	**(6,212)**	**(6,134)**
TOTAL NET DEBT	**8,922**	**8,232**

Changes in the Group's long-term debt (excluding lease liabilities) can be analyzed as follows:

(in EUR millions)	Dec. 31, 2022	Cash impact: Increases	Cash impact: Decreases	No cash impact: Changes in Group structure	No cash impact: Translation adjustments	No cash impact: Other	June 30, 2023
Non-current portion of long-term debt	8,964	1,247	(6)	0	(42)	(853)	9,310
Current portion of long-term debt	1,841	85	(752)	1	4	859	2,038
TOTAL LONG-TERM DEBT	**10,805**	**1,332**	**(758)**	**1**	**(38)**	**6**	**11,348**

The main changes with an impact on cash are described in note 10.2.3. The main change with no cash impact in the "Other" column relates to the reclassification of debt maturing within 12 months in the current portion of long-term debt.

The fair value of gross long-term debt (including the current portion), excluding lease liabilities, managed by Compagnie de Saint-Gobain amounted to €9.9 billion at June 30, 2023 (carrying amount: €10.4 billion). The fair value of bonds corresponds to the market price at the last market quotation of the year. For other borrowings, fair value is considered equal to the amount repayable.

10.2.2 Gross debt repayment schedule

The schedule of the Group's total gross debt, at amortized cost, at June 30, 2023 was as follows:

(in EUR millions)	Currency	Within 1 year	1 to 5 years	Beyond 5 years	Total
Bond issues	EUR	1,706	4,484	3,576	9,766
	GBP	0	136	290	426
Perpetual bonds and participating securities	EUR	0	0	203	203
Long-term securitization	EUR	110	390	0	500
Other long-term financial liabilities	All currencies	111	97	134	342
Accrued interest on long-term debt	All currencies	111	0	0	111
TOTAL LONG-TERM DEBT		**2,038**	**5,107**	**4,203**	**11,348**
SHORT-TERM DEBT	**All currencies**	**893**	**0**	**0**	**893**
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES		**2,931**	**5,107**	**4,203**	**12,241**
Lease liabilities	All currencies	589	1,467	837	2,893
TOTAL GROSS DEBT		**3,520**	**6,574**	**5,040**	**15,134**

10.2.3 Bonds

On January 18, 2023, Compagnie de Saint-Gobain issued a €1.15 billion bond divided into two tranches:

a €500 million tranche maturing July 18, 2024 and paying a floating-rate coupon of 3-month Euribor +0.20%;

a €650 million tranche maturing January 18, 2029 and paying a coupon of 3.5%.

On April 3, 2023, Compagnie de Saint-Gobain redeemed a bond at maturity, for a total amount of €750 million with a coupon of 1.75%.

10.2.4 Perpetual bonds

In 1985, Compagnie de Saint-Gobain issued 25,000 perpetual bonds with a face value of ECU 5,000 (€5,000 today).

A total of 18,496 perpetual bonds have since been bought back and canceled, and 6,504 perpetual bonds are outstanding at June 30, 2023, representing a total face value of €33 million.

The bonds bear interest at a variable rate (average of interbank rates offered by a panel of reference banks for six-month euro deposits).

The bonds are not redeemable and interest on the bonds is classified as a component of finance costs.

10.2.5 Non-voting participating securities

In June 1983, Compagnie de Saint-Gobain issued 1,288,299 non-voting participating securities with a face value of FRF 1,000. Their face value is now €152.45, following their translation into euros in 1999.

A certain number of these participating securities have been bought back over the years. At June 30, 2023, 606,883 securities are still outstanding with an aggregate face value of €92.5 million.

Interest on the securities ranges from 75% to 125% of the average corporate bond yield (TMO), based on the Group's consolidated income.

In April 1984, 194,633 non-voting participating securities were issued by Compagnie de Saint-Gobain with a face value of ECU 1,000 (€1,000 today).

A certain number of these participating securities has been bought back over the years. At June 30, 2022, 77,516 securities are still outstanding, with an aggregate face value of €77.5 million.

Interest comprises (i) a fixed portion of 7.5% paid per year applicable to 60% of the nominal amount of the security, and (ii) a variable portion applicable to the remaining 40% of the nominal amount of the security, which is linked to consolidated net income of the previous year and to the reference six-month Euribor rate +7/8%.

These participating securities are not redeemable and the interest paid on them is classified as a component of finance costs.

10.2.6 Financing programs

The Group has a number of medium- and long-term financing programs (Medium-Term Notes) and short-term financing programs (Commercial Paper).

The state of these programs is as follows:

(in EUR millions)	Authorized drawings	Authorized limits at June 30, 2023	Balance outstanding at June 30, 2023	Balance outstanding at Dec. 31, 2022
Medium Term Notes	any duration	15,000	10,279	9,879
NEU CP	up to 12 months	4,000	0	0
US Commercial Paper	up to 12 months	920 *	0	0
Euro Commercial Paper	up to 12 months	920 *	0	0

* *Equivalent of USD 1,000 million based on the exchange rate at June 30, 2023.*

In accordance with market practices, Negotiable European Commercial Paper (NEU CP), US Commercial Paper and Euro Commercial Paper are generally issued with maturities of one to six months. They are treated as variable-rate debt since they are rolled over at frequent intervals.

10.2.7 Syndicated lines of credit

Compagnie de Saint-Gobain has two syndicated lines of credit that are intended to provide a secure source of financing for the Group (including as additional backing for its NEU CP, US Commercial Paper and Euro Commercial Paper programs):

- a €2.5 billion syndicated line of credit, maturing in December 2024 after the exercise of the two one-year rollover options;
- a second €1.5 billion syndicated line of credit, also maturing in December 2024 after the exercise of the two one-year rollover options.

Based on the Group's current credit rating for long-term debt, the two facilities are not subject to any covenants. Neither of these two lines of credit was drawn down at June 30, 2023.

10.2.8 Receivables securitization programs

The Group has set up two receivables securitization programs, one through its French subsidiary Point.P Finances GIE, and the other through its US subsidiary, Saint-Gobain Receivables Corporation. The receivables sold under the two programs are not derecognized.

The French program, covering an amount of up to €500 million, represented €500 million at both June 30, 2023 and December 31, 2022.

Based on observed seasonal fluctuations in receivables included in the program and on the contract's features, €390 million of this amount is classified as non-current and the remaining balance as current.

Under the US program, covering an amount of up to USD 400 million, a total of USD 360 million had been used at June 30, 2023, representing the equivalent of €332 million compared with €148 million at December 31, 2022.

10.2.9 Factoring

The Group has set up several trade receivables factoring programs. Based on an analysis of the risks and rewards as defined by IFRS 9, the Group has derecognized virtually all of the receivables sold under these programs. A total of €662 million in factored receivables were derecognized at June 30, 2023, compared to €644 million at December 31, 2022.

10.3 Financial instruments

The Group uses interest rate, foreign exchange, energy, commodity and equity derivatives to hedge its exposure to changes in interest rates, exchange rates, and energy, commodity and equity prices that may arise in the normal course of business.

The following table presents a breakdown of the main derivatives used by the Group:

	Fair value				Nominal amount by maturity			
(in EUR millions)	Derivatives recorded in assets	Derivatives recorded in liabilities	June 30, 2023	Dec. 31, 2022	Within 1 year	1 to 5 years	Beyond 5 years	June 30, 2023
FAIR VALUE HEDGES	**0**	**0**	**0**	**0**				**0**
Cash flow hedges								
Currency	5	(2)	3	(4)	278	34	0	312
Interest rate	5	(52)	(47)	(41)	95	0	371	466
Energy and commodities	1	(9)	(8)	4	33	23	0	56
Other risks: equities	4	0	4	1	4	11	0	15
CASH FLOW HEDGES – TOTAL	**15**	**(63)**	**(48)**	**(40)**	**410**	**68**	**371**	**849**
Derivatives not qualifying for hedge accounting mainly contracted by Compagnie de Saint-Gobain								
Currency	3	(15)	(12)	3	2,638	0	0	2,638
Interest rate	0	(13)	(13)	(1)	0	135	0	135
Energy and commodities	0	0	0	0	19	5	0	24
DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING – TOTAL	**3**	**(28)**	**(25)**	**2**	**2,657**	**140**	**0**	**2,797**
TOTAL	**18**	**(91)**	**(73)**	**(38)**	**3,067**	**208**	**371**	**3,646**

10.3.1 Credit value adjustments to derivative instruments

Credit value adjustments to derivative instruments are calculated in accordance with IFRS 13 based on historical probabilities of default derived from calculations performed by a leading rating agency and on the estimated loss given default. At June 30, 2023, credit value adjustments were not material.

10.3.2 Impact on equity of financial instruments qualifying for cash flow hedge accounting

At June 30, 2023, the IFRS cash flow hedge reserve carried in equity had a debit balance of €30 million, consisting mainly of:

- a debit balance of €34 million in relation to cross-currency swaps designated as cash flow hedges that are used to convert a GBP bond issue into euros;
- a debit balance of €8 million corresponding to changes in fair value of energy hedges classified as cash flow hedges;
- a credit balance of €5 million corresponding to changes in fair value of interest rate hedges classified as cash flow hedges;
- a credit balance of €4 million corresponding to changes in fair value of equity risk hedges classified as cash flow hedges;
- a credit balance of €3 million corresponding to changes in fair value of currency derivatives classified as cash flow hedges.

The ineffective portion of cash flow hedge derivatives is not material.

10.3.3 Impact on income of financial instruments not qualifying for hedge accounting

For derivatives classified as financial assets and liabilities at fair value through profit or loss, fair value remeasurements recognized in the income statement represented a loss of €25 million in first-half 2023 compared to a gain of €2 million in full-year 2022.

10.3.4 Group debt structure (excluding lease liabilities)

The weighted average interest rate on total gross debt under IFRS and after hedging (interest rate swaps and cross-currency swaps) was 2.7% at June 30, 2023, compared with 2.3% at December 31, 2022.

The table below presents the breakdown by interest rate (fixed or variable) of the Group's gross debt at June 30, 2023, taking into account interest rate and cross-currency swaps.

	Gross debt, excluding lease liabilities		
(in EUR millions)	Variable rate	Fixed rate	Total
EUR	1,542	8,353	9,895
Other currencies	398	1,767	2,165
TOTAL	**1,940**	**10,120**	**12,060**
(in %)	16%	84%	100%
Accrued interest and other			181
TOTAL GROSS DEBT EXCLUDING LEASE LIABILITIES			**12,241**

10.4 Financial assets and liabilities

Financial assets and liabilities are classified as follows in accordance with IFRS 9:

At June 30, 2023

		Financial instruments				Financial instruments at fair value			
(in EUR millions)	Notes	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				7,855	7,855				0
Loans, deposits and surety	(8)			327	327				0
Equity investments and other	(8)		184		184			184	184
Derivatives recorded in assets		3	15		18		18		18
Cash and cash equivalents		3,746		2,468	6,214	3,746			3,746
TOTAL FINANCIAL ASSETS		**3,749**	**199**	**10,650**	**14,598**	**3,746**	**18**	**184**	**3,948**
Trade and other accounts payable				(12,232)	(12,232)				0
Long- and short-term debt				(12,171)	(12,171)				0
Long- and short-term lease liabilities				(2,893)	(2,893)				0
Derivatives recorded in liabilities		(28)	(63)		(91)		(91)		(91)
TOTAL FINANCIAL LIABILITIES		**(28)**	**(63)**	**(27,296)**	**(27,387)**	**0**	**(91)**	**0**	**(91)**
FINANCIAL ASSETS AND LIABILITIES – NET		**3,721**	**136**	**(16,646)**	**(12,789)**	**3,746**	**(73)**	**184**	**3,857**

At December 31, 2022

		Financial instruments				Financial instruments at fair value			
(in EUR millions)	Notes	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost	Total financial instruments	Level 1 inputs	Level 2 inputs	Level 3 inputs	Total financial instruments measured at fair value
Trade and other accounts receivable				6,618	6,618				0
Loans, deposits and surety	(8)			368	368				0
Equity investments and other	(8)		169		169			169	169
Derivatives recorded in assets		15	15		30		30		30
Cash and cash equivalents		3,246		2,891	6,137	3,246			3,246
TOTAL FINANCIAL ASSETS		**3,261**	**184**	**9,877**	**13,322**	**3,246**	**30**	**169**	**3,445**
Trade and other accounts payable				(12,335)	(12,335)				0
Long- and short-term debt				(11,409)	(11,409)				0
Long- and short-term lease liabilities				(2,921)	(2,921)				0
Derivatives recorded in liabilities		(13)	(55)		(68)		(68)		(68)
TOTAL FINANCIAL LIABILITIES		**(13)**	**(55)**	**(26,665)**	**(26,733)**	**0**	**(68)**	**0**	**(68)**
FINANCIAL ASSETS AND LIABILITIES – NET		**3,248**	**129**	**(16,788)**	**(13,411)**	**3,246**	**(38)**	**169**	**3,377**

NOTE 11 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

11.1 Equity

11.1.1 Equity

At June 30, 2023, Saint-Gobain's capital stock was composed of 513,954,350 shares with a par value of €4 each (515,769,082 shares at December 31, 2022).

11.1.2 Number of shares

	Number of shares	
	Issued	Outstanding
NUMBER OF SHARES AT DECEMBER 31, 2021	**524,017,595**	**521,270,908**
Group Savings Plan	4,916,097	4,916,097
Stock subscription option plans	12,476	12,476
Shares purchased		(18,011,705)
Shares sold		3,174,316
Shares canceled	(13,177,086)	
NUMBER OF SHARES AT DECEMBER 31, 2022	**515,769,082**	**511,362,092**
Group Savings Plan	4,778,291	4,778,291
Stock subscription option plans	36,286	36,286
Shares purchased		(7,693,046)
Shares sold		946,225
Shares canceled	(6,629,309)	
NUMBER OF SHARES AT JUNE 30, 2023	**513,954,350**	**509,429,848**

11.1.3 Dividends

The Annual Shareholders' Meeting of June 8, 2023 approved the recommended dividend payout for 2022 representing €2 per share (€1.63 per share for 2021). The ex-dividend date was June 12 and the dividend was paid on June 14, 2023.

11.2 Earnings per share

11.2.1 Basic earnings per share

Basic earnings per share are as follows:

	First-half 2023	First-half 2022
Group share of net income (in EUR millions)	1,450	1,724
Weighted average number of shares in issue	510,080,726	516,797,123
BASIC EARNINGS PER SHARE, GROUP SHARE (in EUR)	**2.84**	**3.34**

11.2.2 Diluted earnings per share

Diluted earnings per share are as follows:

	First-half 2023	First-half 2022
Group share of net income (in EUR millions)	1,450	1,724
Weighted average number of shares assuming full dilution	513,795,598	520,639,280
DILUTED EARNINGS PER SHARE, GROUP SHARE (in EUR)	**2.82**	**3.31**

The weighted average number of shares assuming full dilution is calculated based on the weighted average number of shares outstanding, assuming conversion of all dilutive instruments. The Group's dilutive instruments include stock options and performance share grants, corresponding to a weighted average of 124,436 and 3,590,436 instruments, respectively, at June 30, 2023.

NOTE 12 TAX

12.1 Income taxes

In accordance with IAS 34, the recognized tax expense is determined by reference to the projected effective tax rate at the end of the year restated for the one-off items of the half-year period.

Theoretical tax expense was reconciled with current tax expense using a tax rate of 25.82% in first-half 2023 (the same as in first-half 2022), and can be analyzed as follows:

(in EUR millions)	First-half 2023	First-half 2022
Net income	1,495	1,774
Less:		
Share in net income of equity-accounted companies	51	33
Income taxes	(607)	(530)
PRE-TAX INCOME OF CONSOLIDATED COMPANIES	**2,051**	**2,271**
French tax rate	25.82 %	25.82 %
Theoretical tax expense at French tax rate	(530)	(586)
Impact of different tax rates	21	32
Asset impairment, capital gains and losses on asset disposals	(84)	(36)
Deferred tax assets not recognized and provisions for deferred tax assets	(3)	60
Research tax credit and value-added contribution for businesses (CVAE)	(1)	(7)
Deduction of interest not deductible in France	0	0
Costs related to dividends	(15)	(14)
Other taxes and changes in provisions	5	21
TOTAL INCOME TAX EXPENSE	**(607)**	**(530)**

The contribution of countries with low tax rates explains the impact of the different tax rates applicable outside France. The main contributors are Poland, Ireland, Sweden, Czechia, Switzerland and Romania.

12.2 Deferred tax

In the balance sheet, changes in net deferred tax assets and liabilities break down as follows:

(in EUR millions)	Net deferred tax asset/(liability)
NET VALUE AT JANUARY 1, 2022	**21**
Deferred tax (expense)/benefit	(30)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	(10)
Translation adjustments and restatement for hyperinflation	57
Assets and liabilities held for sale	2
Changes in Group structure and other	(426)
NET VALUE AT DECEMBER 31, 2022	**(386)**
Deferred tax (expense)/benefit	(32)
Changes in deferred taxes relating to actuarial gains and losses (IAS 19)	28
Liability method on actuarial gains and losses	1
Translation adjustments and restatement for hyperinflation	8
Assets and liabilities held for sale	(3)
Changes in Group structure and other	(72)
NET VALUE AT JUNE 30, 2023	**(456)**

Changes in Group structure in first-half 2023 mainly related to the impact on deferred taxes of the update to the purchase price accounting for GCP Applied Technologies, representing a negative €72 million. Changes in Group structure in 2022 mainly concerned the first-time consolidation of GCP Applied Technologies and Kaycan, as well as the finalization of the Chryso purchase price accounting.

NOTE 13 SUBSEQUENT EVENTS

None.

COMPAGNIE DE SAINT-GOBAIN

Société Anonyme

Tour Saint-Gobain
12, place de l'Iris
92400 Courbevoie

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023

COMPAGNIE DE SAINT-GOBAIN

Société Anonyme

Tour Saint-Gobain
12, place de l'Iris
92400 Courbevoie

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1 to June 30, 2023

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Compagnie de Saint-Gobain, for the period from January 1 to June 30, 2023,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance that the financial statements, taken as a whole, are free of material misstatement obtained in the context of a limited review is a moderate assurance, lower than that obtained in the context of an audit.

KPMG S.A.

Tour EQHO
2 Avenue Gambetta - CS 60055
92066 Paris-La Défense Cedex

S.A. au capital de 5 497 100 €
775 726 417 RCS Nanterre

Société de Commissariat aux Comptes inscrite
à la Compagnie Régionale de Versailles et du Centre

Deloitte & Associés

6, place de la Pyramide
92908 Paris-La Défense Cedex

S.A.S. au capital de 2 188 160 €
572 028 041 RCS Nanterre

Société de Commissariat aux Comptes inscrite
à la Compagnie Régionale de Versailles et du Centre

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

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris-La Défense, July 26, 2023

Les commissaires aux comptes

The Statutory Auditors

French original signed by

KPMG S.A.		Deloitte & Associés	
Pierre-Antoine Duffaud	Laurent Chillet	Frédéric Gourd	Bénédicte Margerin

STATEMENT BY THE PERSONS RESPONSIBLE

FOR THE INTERIM FINANCIAL REPORT AS OF JUNE 30, 2023

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2023 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of Compagnie de Saint-Gobain and its consolidated subsidiaries, and that the interim management report gives a fair description of the material events that occurred in the first six months of the financial year, their impact on the financial statements and the main related-party transactions, and describes the main risks and main uncertainties for the second half of 2023.

Courbevoie, July 26, 2023

Benoit Bazin
Chief Executive Officer
Compagnie de Saint-Gobain

N. Sreedhar
Chief Financial Officer
Compagnie de Saint-Gobain