



WE OPEN THE WAY

HALF YEAR FINANCIAL REPORT 2023

CONTENTS

1. GOVERNANCE AND SHAREHOLDERS	2
2. FINANCIAL INFORMATION – 1ST HALF 2023	3
Consolidated key figures	4
Highlights of the first half 2023	4
Seasonal nature of business activity	5
Order backlog	5
Revenue	6
Revenue by business segment	6
Roads:	7
Railways and other Activities:	7
Materials production	7
Financial performance	7
Net debt	8
Outlook	8
3. RISKS AND UNCERTAINTIES	9
3.1. Risks	9
3.2. Disputes and Litigation	9
4. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – FIRST HALF OF 2023.....	10
5. STATUTORY AUDITORS’ REPORT ON THE HALF-YEAR FINANCIAL INFORMATION	26
6. CERTIFICATION BY THE PERSON ASSUMING RESPONSIBILITY FOR THE HALF-YEAR ACTIVITY REPORT.....	28
GLOSSARY	29

The half-year business report and the condensed half-year consolidated financial statements included in this document were approved by the Board of Directors on July 25, 2023.

1. Governance and shareholders

Composition of the Board of Directors and Committees as of June 30, 2023

Chairman & Chief Executive Officer

Frédéric Gardès

Directors

Cyril Bouygues

Olivier Roussat

Société Bouygues, whose permanent representative is Pascal Grangé

Colette Lewiner (Independent director)

Anne-Christine Champion (Independent director)

Catherine Ronge (Independent director)

Didier Casas

Board Committees

Audit Committee

Bouygues, permanent representative Pascal Grangé

Colette Lewiner

Catherine Ronge

Selection and Compensation Committee

Colette Lewiner (Chairwoman)

Catherine Ronge

Didier Casas

Ethics, CSR and Sponsorship Committee

Didier Casas (Chairman)

Catherine Ronge

Anne-Christine Champion

Shareholders as of June 30, 2023

The composition of the Company's shareholder base (in traded positions) at June 30, 2023 is as follows:

Shareholder	Shares					
	At June 30, 2023		At December 31, 2022		At June 30, 2022	
	Number of shares	%	Number of shares	%	Number of shares	%
Bouygues SA	31,612,151	96,81	31,612,151	96,81	31,612,151	96,81
Colas en actions (Employee Shareholding plan) ¹	225,263	0,69	218,251	0,67	222,983	0,68
Colas Share	/	/	4,840	0,01	4,705	0,01
Other	804,178	2,49	806,310	2,50	802,022	2,46
Colas SA (treasury shares)	12,907	0,01	12,947	0,01	12,503	0,04
TOTAL	32,654,499	100%	32 654 499	100%	32 654 499	100%

¹ On June 30, 2023, the Employee Shareholding Plan (FCPE) Colas en Actions absorbed the Colas Share Employee Shareholding plan, thereby transferring all the shares and voting rights previously held by the latter.

Shareholder	Shares					
	At June 30, 2023		At December 31, 2022		At June 30, 2022	
	Number of voting rights	%	Number of voting rights	%	Number of voting rights	%
Bouygues SA	63,223,797	98,04	63,223,797	98,05	63,223,797	98,06
Colas en actions (FCPE) ¹	439,117	0,68	431,931	0,67	436,663	0,68
Colas Share	/	/	9,480	0,01	9,310	0,01
Other	810,631	1,28	812,708	1,26	807,808	1,25
Colas SA (treasury stock)	/	/	/	/	/	/
TOTAL	64,473,545	100%	64,477,916	100%	64,477,578	100%

¹ On June 30, 2023, the Employee Shareholding Plan (FCPE) Colas en Actions absorbed the Colas Share Employee Shareholding plan, thereby transferring all the shares and voting rights previously held by the latter.

2. Financial Information – 1st half 2023

Colas has one mission: to imagine, build and maintain sustainable transport infrastructure from its local roots around the world. With networks in more than 50 countries on five continents, Colas' ambition is to be the world leader in innovative, sustainable mobility solutions.

Consolidated key figures

<i>in millions of euros</i>	H1 2022	H1 2023	Change vs. 2022	Constant scope and exchange rates
Revenue	6,517	6,788	+4%	+6%
<i>of which France</i>	2,983	3,017	+1%	+1%
<i>of which International</i>	3,534	3,771	+7%	+9%
Current operating profit from activities^(a)	(156)	(127)	+29	
<i>Margin from activities</i>	-2.4%	-1.9%	+0.5pt	
Current operating profit	(160)	(131)	+29	
Operating profit	(160)	(139)^(b)	+21	
Net profit attributable to the Group	(132)	(137)	-5	
Free cash flow	(203)	(194)	+9	
Net surplus/(Net debt)	(1,434)	(1,349)	+85	

(a) see definition in the glossary.

(b) including €8 million of non-current expenses tied to the reorganization of the Indian Ocean roads business.

Highlights of the first half 2023

Main new order intakes:

- Construction of line 1 of the Abidjan metro in Côte d'Ivoire, for €327 million
- Modification of existing lines for the construction of the new Old Oak Common station in Greater London, for €215 million, and track renewal for €93 million, as part of the Rail Systems Alliance South program in the United Kingdom
- Rehabilitation on Interstate 26 in Newberry County, South Carolina, USA for €111 million
- Reconstruction and widening of Highway 181, in Arkansas, USA for €88 million
- Rehabilitation of Highway 40 in Alberta, Canada for €70 million
- Construction of a new section of the Route I/35 road between Lešná and Palačov in the Czech Republic for €68 million
- Road maintenance contract in Ontario, Canada for €65 million

Corporate Social Responsibility:

- Colas has launched Flowell interactive illuminated crosswalks on the market, after obtaining approval from the French Ministry of Transport. This innovative device improves user safety in public spaces, day and night.
- From June 12 to 16, Colas celebrated the 10th edition of Safety Week, a week-long event dedicated to mobilizing the Group's 58,000 employees worldwide around health and safety issues. The focus was on the risk of machine-pedestrian collisions.
- During the first half of the year, Colas launched its new carbon footprint calculation methodology using a tool designed in house. Instead of relying solely on revenue figures, this methodology takes into account estimates linked either to physical flows, when available, or to purchases. The tool is called the "Colas Carbon Counter" calculator and is the first automated system to calculate the carbon footprint of jobsites and projects in the public works sector.
- On June 5, Colas organized an Environment Day across all its locations worldwide. This third edition was dedicated to preserving water resources.
- Colas continues to raise employee awareness of climate issues through a workshop called "Climate Fresk", which had registered over 12,500 participants by the end of June 2023. Colas has also created a second workshop, "The Low Carbon Way Fresk", dedicated to the impacts of its activities on the climate.

Other highlights:

In order to secure its bitumen supplies and pursue the development of its bitumen distribution and trading activities across Europe, the Middle East and Africa, Continental Bitumen acquired two new bitumen tankers this year, each with a capacity of 20,000 tonnes. The first was delivered in April and the second in July.

Seasonal nature of business activity

Due to the highly seasonal nature of the majority of the Group's businesses, operating losses are recorded every first half-year.

Order backlog

At the end of June 2023, the order backlog stood at an all-time high of €14.1 billion, up 9% year-on-year and 11% at constant exchange rates and excluding major acquisitions and disposals.

In **Mainland France**, the order backlog amounts to €3.6 billion, up 6% year-on-year, driven in particular by the Railways business.

For the **International and French Overseas units**, order backlog totals €10.5 billion, up 10% year-on-year (+14% at constant exchange rates and excluding major acquisitions and

disposals). This increase is attributable to:

- Colas Rail, notably with the Abidjan metro in Côte d'Ivoire, contracts signed as part of the Rail Systems Alliance South program in Great Britain, and new maintenance contracts in Northern Europe,
- a healthy order backlog in North America, with major repaving contracts in the United States and road maintenance contracts in Canada.

Business units in International and Overseas France account for 75% of Colas' total order backlog, compared with 74% at the end of June 2022.

Revenue

Consolidated revenue for the first half of 2023 stands at €6.8 billion, up 4% compared to the first half of 2022 (+6% at constant scope and exchange rates).

A breakdown of H1 2023 revenue shows €3.0 billion in France and €3.8 billion for the international units (respectively +1% and +9% at constant scope and exchange rates).

Revenue by business segment

<i>in millions of euros</i>	H1 2022	H1 2023	Change vs. 2022	Constant scope and exchange rates
France - Indian Ocean Roads	2,822	2,857	+1%	+1%
EMEA Roads	1,379	1,496	+8%	+9%
United States Roads	798	824	+3%	+8%
Canada Roads	651	680	+4%	+8%
Asia-Pacific Roads	206	243	+18%	+23%
Total Roads	5,856	6,100	+4%	+6%
Railways and other Activities	657	686	+4%	+4%
Parent company	4	2	ns	ns
TOTAL	6,517	6,788	+4%	+6%

Roads:

Revenue for the first half of 2023 amounts to €6.1 billion, up 6% at constant scope and exchange rates compared with the first half of 2022.

- In the France-Indian Ocean zone, revenue is up 1% on H1 2022.
- In EMEA (Europe, Middle East, Africa), revenue is up 9% at constant scope and exchange rates, driven by a good level of activity in Europe.
- In the United States and Canada, revenue is up 8% at constant scope and exchange rates, boosted by a dynamic market.
- In the Asia-Pacific zone, revenue is up 23% at constant scope and exchange rates, mainly thanks to a good level of activity in Australia.

Railways and other Activities:

Revenue for Railways and other Activities was up 4% year-on-year at constant scope and exchange rates, driven mainly by Colas Rail's strong momentum outside of France.

Materials production

Around the world, Colas operates in the production of construction materials (including reclaiming and recycling), in particular aggregates, backed by an international network of 477 quarries and gravel pits, 147 emulsion plants, 507 asphalt plants and 166 concrete plants. In the first half of 2023, the Group share of sales amounted to 40 million tonnes of aggregates (-8% on the first half of 2022), 453,000 tonnes of binders and emulsions (-9%), 12.3 million tonnes of asphalt mix (-8%) and 1.1 million m³ of ready-mix concrete (-8%).

Financial performance

Current Operating Profit from Activities (COPA) amounts to -€127 million in the first half of 2023, an improvement of €29 million from the first half of 2022. Q2 COPA was up €39 million from Q2 2022, at €174 million. This improvement is due in particular to the beneficial impact of action plans implemented during 2022 to cope with inflation, whereas results for the first half of 2022 were impacted by higher production costs not passed on to business entered in the order backlog earlier on. As a result, margins from activities improved by 0.5 points compared with the first half of 2022.

The share of net income from joint ventures and associates totals €33 million, up €11 million from the first half of 2022. This improvement was driven by the contribution of Tipco Asphalt, which benefited from favorable business conditions in its domestic market in Thailand.

Net profit attributable to the Group stands at -€137 million, compared with -€132 million at the end of June 2022. This change reflects the inclusion in H1 2023 of €8 million in non-current expenses tied to the reorganization of the Indian Ocean roads business, alongside higher financial expenses due to increased interest rates.

Net debt

Free cash flow is at -€194 million compared to -€203 million in the first half of 2022. Free cash flow for Q2 2023 was €131 million, an increase of €27 million compared to the same period of the previous year.

Free cash flow after changes in working capital requirements from activities amounts to -€766 million, an improvement of €318 million compared to the end of June 2022. This change is due to a lower increase in working capital requirements of €309 million at the end of June 2023 compared to the end of June 2022 as a result of trade receivables and inventories.

Net debt at June 30, 2023 is €1.3 billion, compared to €0.3 billion at the end of December 2022, reflecting a seasonal pattern typical for Colas' businesses. Nonetheless, it decreased by €85 million compared to the end of June 2022.

Outlook

In an unstable environment marked by inflation, rising interest rates and currency volatility, the Colas Group has solid fundamentals and will continue to benefit from the positive impact of the transformation projects it has undertaken.

Colas confirms its target of increasing current operating profit from activities (COPA) and current operating profit in 2023 compared with 2022.

3. Risks and Uncertainties

3.1. Risks

Section "7. Risks" of the 2022 Management Report in the 2022 Annual Report provides a description of the main risks to which the Group is exposed, as they emerge from business analysis and annual risk mapping.

There has been no significant change in these risk factors during the first half year of 2023.

3.2. Disputes and Litigation

Colas Group companies are involved in various lawsuits and claims as part of the normal course of business.

Risks have been assessed on the basis of past experience and after analysis by the Group's legal departments and advisors. To date, to the best of the Company's knowledge, there are no exceptional events or disputes likely to have a material impact on the Group's business, assets, earnings or financial position as a whole. Litigation is reviewed on a regular basis, particularly when new facts arise. The amounts provided for appear to be adequate in the light of these assessments.

The Group uses all legal means to defend its legitimate interests. Details of the litigation for which provisions have been made and those for which provisions have not been made are not disclosed, as such information could have an impact on the outcome of ongoing litigation.

The section "8. Disputes and litigation" of the 2022 Management Report in the 2022 Annual Report contains a description of the main disputes and litigation.

To date, to the best of the Company's knowledge, there are no significant new disputes or litigation or any major changes to those described in the 2022 Annual Report.

4. Condensed consolidated financial statements – First half of 2023



Condensed consolidated financial statements as of June 30, 2023

Consolidated balance sheet

Consolidated income statement

Consolidated statement of recognized income and expense

Consolidated statement of changes in shareholders' equity

Consolidated cash flow statement

Notes to the consolidated financial statements

Consolidated balance sheet

€ million	Note	06/30/2023	12/31/2022	06/30/2022
Property, plant and equipment		2,348	2,359	2,373
Right of use of leased assets		652	632	575
Intangible assets		214	219	201
Goodwill	3.1	939	940	945
Joint ventures and associates	3.2	396	397	381
Other non-current financial assets		112	114	129
Deferred tax assets		154	141	156
Non-current assets		4,815	4,802	4,760
Inventories		1,020	868	1,050
Advances and down-payments made on orders		65	71	62
Trade receivables		3,127	2,728	3,218
Customer contract assets		1,370	923	1,229
Current tax assets		88	47	83
Other current receivables and prepaid expenses		987	784	1,024
Cash and cash equivalents	7	387	471	373
Financial instruments – Hedging of debt	7	8	8	9
Other current financial assets		3	7	6
Current assets		7,055	5,907	7,054
Held-for-sale assets and operations			92	-
Total assets		11,870	10,801	11,814
Share capital	4	49	49	49
Share premium and reserves		2,816	2,751	2,694
Translation reserve		79	73	145
Treasury shares		(2)	(2)	(2)
Net profit/(loss) attributable to the Group		(137)	301	(132)
Shareholders' equity attributable to the Group		2,805	3,172	2,754
Non-controlling interests		19	20	19
Shareholders' equity		2,824	3,192	2,773
Non-current debt	6	326	181	434
Non-current lease obligations		553	537	452
Non-current provisions	5.1	677	678	729
Deferred tax liabilities		142	144	135
Non-current liabilities		1,698	1,540	1,750
Current debt	6	254	40	247
Current lease obligations		149	143	138
Current tax liabilities		68	117	59
Trade payables		2,487	2,268	2,580
Customer contract liabilities		1,177	1,032	998
Current provisions	5.2	390	411	389
Other current liabilities		1,657	1,459	1,749
Overdrafts and short-term bank borrowings	6	1,161	548	1,131
Financial instruments – Hedging of debt		3	2	4
Other current financial liabilities		2	5	1
Current liabilities		7,348	6,025	7,291
Liabilities related to held-for-sale operations			44	-
Total liabilities and shareholders' equity		11,870	10,801	11,814

Consolidated income statement

€ million	Note	H1 2023	H1 2022	FY 2022
Sales (1)	8	6,788	6,517	15,529
Purchases used in production		(3,348)	(3,381)	(8,068)
Personnel costs		(2,014)	(1,914)	(3,987)
External charges		(1,415)	(1,354)	(2,896)
Taxes other than income tax		(88)	(90)	(157)
Net charges for depreciation, amortization and impairment losses on property, plant & equipment and intangible assets		(154)	(175)	(392)
Net charges for depreciation, amortization and impairment losses on right of use of leased assets		(76)	(62)	(148)
Charges to provisions and other impairment losses, net of reversals due to utilization		(10)	3	(121)
Change in production inventories		(5)	18	24
Other income from operations (2)		331	380	915
Other expenses on operations		(140)	(102)	(239)
Current operating profit/(loss)		(131)	(160)	460
Other operating income		1	-	-
Other operating expenses		(9)	-	-
Operating profit/(loss)	9	(139)	(160)	460
Financial income		6	5	12
Financial expenses		(41)	(19)	(59)
Income from net surplus cash/(cost of net debt)		(35)	(14)	(47)
Interest expense on lease obligations		(13)	(9)	(19)
Other financial income		7	4	12
Other financial expenses		(4)	(4)	(13)
Income tax	10	14	26	(142)
Share of net profits/(losses) of joint ventures and associates		33	22	49
Net profit/(loss) from continuing operations		(137)	(135)	300
Net profit/(loss) from discontinued operations				
Net profit/(loss)		(137)	(135)	300
Net profit/(loss) attributable to the Group		(137)	(132)	301
Net profit/(loss) attributable to non-controlling interests			(3)	(1)
Basic earnings per share from continuing operations (€)		(4.19)	(4.06)	9.22
Diluted earnings per share from continuing operations (€)		(4.19)	(4.06)	9.22
(1) of which sales generated outside France		3,771	3,534	9,289
(2) of which reversals of unused provisions and impairment		41	70	170

Consolidated statement of recognized income and expense

€ million	H1 2023	H1 2022	FY 2022
Net profit/(loss)	(137)	(135)	300
Items not reclassifiable to profit or loss			
Actuarial gains/(losses) on post-employment benefits	8	88	139
Net tax effect of items not reclassifiable to profit or loss	(2)	(19)	(31)
Items reclassifiable to profit or loss			
Translation adjustments	7	74	10
Remeasurement of hedging assets	(2)	8	16
Net tax effect of items reclassifiable to profit or loss	(0)	-	(2)
Share of reclassifiable income and expense of joint ventures and associates	(1)	6	10
Total income and expense recognized in equity	10	157	142
Total recognized income and expense	(127)	22	442
Attributable to the Group	(127)	25	443
Attributable to non-controlling interests	0	(3)	(1)

Consolidated statement of changes in shareholders' equity

€ million	Share capital Share premium	Reserves related to capital/ retained earnings	Consolidated reserves and profit/(loss) for period	Treasury shares	Items recognized directly in equity	Group total	Non-controlling interests	Total
Position at 12/31/2021	455	958	1,551	(2)	(9)	2,953	25	2,978
Movements in the first half of 2022								
Net profit/(loss)			(132)			(132)	(3)	(135)
Income and expense recognized directly in equity					157	157		157
Total recognized income and expense	-	-	(132)	-	157	25	(3)	22
Capital and reserves transactions, net		(68)	68			-		-
Dividend paid			(224)			(224)	(3)	(227)
Position at 06/30/2022	455	890	1,263	(2)	148	2,754	19	2,773
Movements in the second half of 2022								
Net profit/(loss)			433			433	2	435
Income and expense recognized directly in equity (1)					(15)	(15)		(15)
Total recognized income and expense	-	-	433	-	(15)	418	2	420
Capital and reserves transactions, net		(1)	1			-		-
Acquisitions/disposals of treasury shares						-		-
Dividend paid							(1)	(1)
Position at 12/31/2022	455	889	1,697	(2)	133	3,172	20	3,192
Movements in the first half of 2023								
Net profit/(loss)			(137)			(137)	0	(137)
Income and expense recognized directly in equity (1)					10	10		10
Total recognized income and expense	-	-	(137)	-	10	(127)	0	(127)
Capital and reserves transactions, net		130	(130)			-		-
Dividend paid			(240)			(240)	(1)	(241)
Position at 06/30/2023	455	1,019	1,190	(2)	143	2,805	19	2,824

(1) Change in translation reserve:

€ million	Group	Non-controlling interests	Total
Companies controlled by Colas	6	1	7
Joint ventures and associates	(1)	-	(1)
Total	5	1	6

Consolidated cash flow statement

€ million	H1 2023	H1 2022	FY 2022
Net profit/(loss) from continuing operations	(137)	(135)	300
Adjustments:			
Share of net profits/(losses) of joint ventures and associates, net of dividends received	(2)	9	(8)
Dividends from non-consolidated companies	(1)	(1)	(2)
Net charges to/(reversals of) depreciation, amortization and impairment of property, plant and equipment and intangible assets and non-current provisions	159	145	347
Net charges to amortization and impairment expense and other adjustments to right of use of leased assets	76	62	148
Gains and losses on asset disposals	(32)	(45)	(150)
Income taxes, including uncertain tax positions	(14)	(26)	142
Income taxes paid	(93)	(93)	(159)
Other non-cash income and expenses	-	(2)	(2)
Cash flow after income from net surplus cash/cost of net debt, interest expense on lease obligations and income taxes paid	(44)	(86)	616
Reclassification of income from net surplus cash/cost of net debt and interest expense on lease obligations	48	23	66
Changes in working capital requirements related to operating activities (including current impairment and provisions)	(572)	(881)	(251)
Net cash generated by/(used in) operating activities (a)	(568)	(944)	431
Purchase price of property, plant and equipment and intangible assets	(117)	(107)	(390)
Proceeds from disposals of property, plant and equipment and intangible assets	46	60	212
Net liabilities related to property, plant and equipment and intangible assets	(75)	(54)	7
Purchase price of non-consolidated companies and other investments	(0)	(3)	(2)
Proceeds from disposals of non-consolidated companies and other investments	4	1	2
Purchase price of consolidated activities	(25)	(25)	(128)
Proceeds from disposals of consolidated activities	53	3	29
Net liabilities related to consolidated activities	(6)	4	4
Other changes in scope of consolidation: Cash of acquired or divested companies	-	(1)	4
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	2	10	23
Net cash generated by/(used in) investing activities (b)	(118)	(112)	(239)
Dividends paid to shareholders of the parent company	(240)	(224)	(224)
Dividends paid by consolidated companies to non-controlling interests	(1)	(3)	(4)
Change in current and non-current debt	351	464	23
Repayment of lease obligations	(79)	(70)	(151)
Income from net surplus cash/cost of net debt and interest expense on lease obligations	(48)	(23)	(66)
Other cash flows related to financing activities	5	1	-
Net cash generated by/(used in) financing activities (c)	(12)	145	(422)
Effect of foreign exchange fluctuations (d)	1	(11)	(11)
Change in net cash position (a+b+c+d)	(697)	(922)	(241)
Net cash position at start of period	(77)	164	164
Net cash flows	(697)	(922)	(241)
Net cash position at end of period	(774)	(758)	(77)

Notes to the consolidated financial statements

Contents

1	Significant events
2	Group accounting policies
3	Non-current assets
4	Consolidated shareholders' equity
5	Non-current and current provisions
6	Non-current and current debt (excluding lease obligations)
7	Change in net debt
8	Sales
9	Operating profit/(loss)
10	Income taxes
11	Segment information and other financial indicators
12	Off balance sheet commitments
13	Related party disclosures

NOTE 1. SIGNIFICANT EVENTS

1.1 – Significant events of the first half of 2023

On February 25, 2023, Colas divested its subsidiary Branscome, the assets and liabilities of which had been reclassified as held-for-sale as of December 31, 2022. The impact of the divestment is recognized within current operating profit.

1.2 – Significant events of the first half of 2022

On February 24, 2022, a military conflict broke out between Russia and Ukraine. Because Colas has only very limited operations in those two countries, it is not directly impacted by the ongoing conflict. However, Colas is paying very close attention to the evolving situation, and to the repercussions of the conflict for the global economy and financial markets.

1.3 – Significant events and changes in scope of consolidation subsequent to June 30, 2023

On July 13, 2023, Colas entered into a sale-and-leaseback transaction relating to assets in the United States, the impact of which will be recognized within current operating profit.

NOTE 2. GROUP ACCOUNTING POLICIES

2.1 – Declaration of compliance

The interim condensed consolidated financial statements of Colas and its subsidiaries (“the Group”) for the six months ended June 30, 2023 were prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year financial statements of the Colas group for the year ended December 31, 2022, as presented in the annual report filed with the AMF on March 30, 2023.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of June 30, 2023. Those standards (collectively referred to as “IFRS”) comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). Colas has not early adopted as of June 30, 2023 any standard or interpretation not endorsed by the European Union.

Unless otherwise indicated, the financial statements are presented in millions of euros, the currency in which the majority of the Group’s transactions are denominated; they comprise the balance sheet, the income statement, the statement of recognized income and expense, the statement of changes in shareholders’ equity, the cash flow statement, and the notes to the financial statements.

2.2 – Basis of preparation of the financial statements

The consolidated financial statements of the Colas group include the financial statements of Colas SA and its subsidiaries, and its investments in joint ventures, associates and joint operations.

They were closed off by the Board of Directors on July 25, 2023.

The interim condensed consolidated financial statements for the six months ended June 30, 2023 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is required under IFRS. They include comparatives with the financial statements for the year ended December 31, 2022 and the six months ended June 30, 2022.

In preparing the interim condensed consolidated financial statements, management took account of the estimates and assumptions as described in Note 2.2 to the consolidated financial statements for the year ended December 31, 2022.

Accounting policies specific to the interim condensed consolidated financial statements are as follows:

- Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity for the period are recognized by applying the best estimate of the average annual effective income tax rate for the financial year to pre-tax profit for the period (except in the case of French companies within the Bouygues SA group tax election, which recognize income taxes on the basis of the actual tax position at the end of the period).
- Employee benefit expenses for interim periods are recognized pro rata based on the estimated expense for the full year. Employee headcount, salaries and actuarial assumptions may be revised where the impact is material.

In France, provisions for lump-sum retirement benefits decreased by €3 million in the period. The discount rate used to determine lump-sum retirement benefits increased from 3.563% as of December 31, 2022 to 4.140% as of June 30, 2023. The rates used for pensions were relatively stable relative to December 31, 2022.

The impact of an additional increase or decrease in discount rates within and outside France on the amount of provisions recognized would be:

	Assumption	Increase	Decrease
Lump-sum retirement benefits (France)	70 basis points	-€10m	+€12m
Pensions (outside France)	50 basis points	-€41m	+€44m

In addition, a rise of 50 basis points in the salary inflation rate used in France would result in an increase of €8 million in the provision.

Any such impacts would be recognized in the statement of recognized income and expense.

On April 15, 2023, pension reforms that will raise the statutory retirement age in France to 64 were published in the Official Journal. The impact of the reforms, estimated at €1.4 million, was recognized within “Other operating income” in the consolidated income statement for the first half of 2023.

2.3 – New IFRS accounting standards and interpretations

The Colas group applied the same standards, interpretations and accounting policies as of June 30, 2023 as were applied in its consolidated financial statements for the year ended December 31, 2022, except for changes required to meet new IFRS requirements applicable from January 1, 2023 (see below).

- Principal amendments effective within the European Union and mandatorily applicable from January 1, 2023:
 - Amendments to IAS 12

On May 7, 2021, the IASB issued amendments to IAS 12 on the initial recognition of deferred tax assets and liabilities of equal amounts arising from a single transaction. The amendments apply to transactions in which an entity recognizes both an asset and a liability, such as when accounting for a lease or a decommissioning obligation, and were endorsed by the European Union on August 11, 2022. An impact analysis is ongoing, and is due to be completed during 2023. At this stage, the impact on the Group would appear to be immaterial.
 - Global Minimum Tax (Pillar 2)

As part of the Bouygues group, Colas is affected by the Global Minimum Tax, and has initiated a project to allow for compilation of the data needed to quantify and report the impact. At this stage, given the progress to date on that project and the fact that the French legal framework is still being developed (draft Finance Act for 2024, not yet in the public domain), Colas is not currently in a position to make a reasonable estimate of the impact.

The non-recognition exception for deferred taxes arising under Pillar 2, as permitted under the amendment to IAS 12 (“Income Taxes”) approved by the IASB in May 2023, is applied by Colas.

2.4 – Seasonal fluctuations

Sales and operating profit are subject to strong seasonal fluctuations due to low activity levels during the first quarter as a result of weather conditions. The extent of those fluctuations varies from year to year. In accordance with IFRS, sales for interim accounting periods are recognized on the same basis as full-year sales.

NOTE 3. NON-CURRENT ASSETS

3.1 – Goodwill

3.1.1 – Movement in the carrying amount of goodwill in the period

	Carrying amount
12/31/2022	940
Other movements (including translation adjustments)	(1)
06/30/2023	939

The Colas group has not made any major acquisitions since January 1, 2023.

In 2022, Colas Rail signed an agreement to acquire the entire share capital of the Hasselmann group.

Pending completion of the purchase price allocation, which was still ongoing as of June 30, 2023, provisional goodwill of €44 million was recognized.

	Hasselmann Group
Purchase price: (I)	71
Net assets acquired, excluding goodwill: (II)	(27)
Non-current assets	(11)
Current assets	(35)
Non-current liabilities	8
Current liabilities	11
Purchase price allocation: (III)	-
Remeasurement of acquired intangible assets	-
Other remeasurements (deferred taxes & other)	-
Goodwill (I)+(II)+(III)	44
Translation adjustments	-
Provisional goodwill as of 06/30/2023	44

3.1.2 – Impairment of indefinite-lived intangible assets and goodwill

As of December 31, 2022, goodwill was tested for impairment using recoverable amounts determined on the basis of three-year cash flow projections corresponding to the business plans of each cash generating unit.

In the absence of any indication of potential impairment, goodwill as of June 30, 2023 was not subject to further impairment testing.

3.2 – Investments in joint ventures and associates

An analysis by business segment of the share of net profits/losses of joint ventures and associates is provided in Note 11.

	Carrying amount
12/31/2022	397
Share of profit/(loss) for the period	33
Translation adjustments	(1)
Other income and expense recognized directly in equity	-
Net profit/(loss) and other recognized income and expense	32
Appropriation of prior-year profits, dividend distributions, acquisitions and capital increases, disposals, inter-account transfers and other movements	(33)
06/30/2023	396

The share of net profits for the first half of 2023 mainly comprises shares of profits from Tipco Asphalt (€15.9 million), Hincol (€3.4 million), Someca (€2.2 million), Mak Mecsek (€1.8 million), and Colas Contracting Pty Ltd (€1.7 million).

NOTE 4. CONSOLIDATED SHAREHOLDERS' EQUITY

4.1 – Share capital of Colas SA

The share capital of Colas as of June 30, 2023 was €48,981,748.50.

It consists of 32,654,499 shares with a par value of €1.50, all ranking equally (although registered shares held by the same shareholder for more than two years carry double voting rights).

4.2 – Movements during the period

No change since January 1, 2023.

NOTE 5. NON-CURRENT AND CURRENT PROVISIONS

5.1 – Non-current provisions

	Employee benefits ^a	Litigation and claims ^b	Guarantees given ^c	Site rehabilitation	Other non-current provisions ^d	Total
12/31/2022	227	142	71	179	59	678
Translation adjustments	-	-	3	-	-	3
Charges to provisions	10	9	4	6	6	35
Reversals of utilized provisions	(4)	(7)	(2)	(6)	(2)	(21)
Reversals of unutilized provisions	(1)	(5)	(3)	-	(1)	(10)
Actuarial gains and losses	(8)	-	-	-	-	(8)
Transfers and other movements	-	1	1	1	(3)	-
06/30/2023	225	140	74	180	59	677

(a) Includes actuarial gains of (€8 million) on lump-sum retirement benefits (see Note 2).

Analysis of principal provisions:

(a) Employee benefits	225
Lump-sum retirement benefits	151
Long service awards	63
Pensions	11
(b) Litigation and claims	140
Disputes with customers	28
Disputes with social security bodies	64
Disputes with employees	20
Disputes with subcontractors	10
Disputes with tax authorities	4
Disputes with other official bodies	1
Other disputes	13
(c) Guarantees given	74
10-year construction warranties	46
Additional building/civil engineering/civil works guarantees	24
Performance bonds	4
(d) Other non-current provisions	59
Provisions for risks related to non-controlled entities	19
Provisions for miscellaneous foreign risks	2
Other non-current provisions	38

5.2 – Current provisions

Provisions related to the operating cycle	Provisions for customer warranties (a)	Provisions for project risks and project completion (a)	Provisions for expected losses to completion (a)	Site rehabilitation	Other current provisions (b)	Total
12/31/2022	43	76	188	22	82	411
Charges to provisions	2	14	42	-	29	87
Reversals of utilized provisions	(1)	(8)	(63)	(4)	(14)	(90)
Reversals of unutilized provisions	(1)	(2)	(16)	-	(1)	(20)
Transfers and other movements	2	2	-	-	(3)	1
06/30/2023	45	83	151	18	93	390

(a) Individual project provisions are not disclosed for confidentiality reasons.

(b) Other current provisions:	93
Provisions for excess on accident claims	39
Provisions for redundancy costs	6
Restructuring provisions	11
Other current provisions	37

NOTE 6. NON-CURRENT AND CURRENT DEBT (EXCLUDING LEASE OBLIGATIONS)

	06/30/2023	12/31/2022
Medium/long-term borrowings	310	165
Other long-term debt	16	16
Non-current debt	326	181
Current portion of borrowings	254	40
Overdrafts and short-term bank borrowings	1,161	548
Current debt, overdrafts & short-term bank borrowings	1,415	588

NOTE 7. CHANGE IN NET DEBT

	12/31/2022	Translation adjustments	Changes in scope of consolidation	Cash flows	Fair value adjustments	Other movements	06/30/2023
Cash and cash equivalents	471	(6)	-	(78)	-	-	387
Overdrafts and short-term bank borrowings	(548)	7	-	(619)	-	(1)	(1,161)
Net cash position (A)	(77)	1	-	(697)^a	-	(1)	(774)
Non-current debt	181	4	(1)	363 ^b	-	(221)	326
Current debt	40	4	-	(12) ^b	-	222	254
Financial instruments, net	(6)	-	-	4	(3)	-	(5)
Total debt (B)	215	8	(1)	355	(3)	1	575
Net debt (A) - (B)	(292)	(7)	1	(1,052)	3	(2)	(1,349)

(a) Net cash outflow of €697 million, as reported in the consolidated cash flow statement.

(b) Net cash inflow from financing activities of €351 million as reported in the consolidated cash flow statement, comprising total inflows of €645 million and total outflows of €294 million.

NOTE 8. SALES

See Note 11 for an analysis of sales by operating segment.

An analysis of sales by type of revenue is provided below.

	H1 2023	H1 2022
Sales of goods	1,359	1,295
Sales of services	277	267
Construction contracts	5,152	4,955
Sales	6,788	6,517

NOTE 9. OPERATING PROFIT/(LOSS)

See Note 11 for an analysis of operating profit/loss by operating segment.

	H1 2023	H1 2022
Current operating profit/(loss)	(131)	(160)
Other operating income	1	
Other operating expenses	(9)	0
Operating profit/(loss)	(139)	(160)

“Other operating expenses” comprise costs relating to the reorganization of Colas in France.

NOTE 10. INCOME TAXES

The effective tax rate was 7.6% for the first half of 2023, versus 14.3% for the first half of 2022. The 2023 first-half effective tax rate was mainly due to tax losses outside France for which no deferred tax asset was recognized.

NOTE 11. SEGMENT INFORMATION AND OTHER FINANCIAL INDICATORS

IFRS 8, “Operating Segments”, requires operating segments to be identified on the basis of internal reports that are reviewed by the entity’s chief operating decision maker in order to allocate resources to the segment and assess its performance.

11.1 – Determination of operating segments

The Colas group’s operating segments are defined as follows:

- **Roads France/OD-IO:** consists of the Roads business and Road Safety & Signaling activities in France, the French overseas departments and the Indian Ocean;
- **Roads EMEA:** consists of the Roads business in Europe (excluding France), the Middle East, Africa and Latin America;
- **Roads United States:** consists of the Roads business in the United States;
- **Roads Canada:** consists of the Roads business in Canada;
- **Roads Asia-Pacific:** consists of the Roads business in Asia and Oceania;
- **Railways and Other Activities:** consists of the Group’s Railways and Water & Energy Transport activities in France and internationally;
- **Corporate:** consists of activities carried out at Colas corporate headquarters.

Operating segment information is compiled using the same accounting policies as are used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

11.2 – Information by operating segment

H1 2023	Roads France- OD/IO	Roads EMEA	Roads United States	Roads Canada	Roads Asia-Pacific	Railways & Other Activities	Corporate	Group total
Sales	2,857	1,496	824	680	243	686	2	6,788
Current operating profit from activities	14	(47)	(33)	(57)	2	4	(10)	(127)
Amortization and impairment of intangible assets recognized in purchase price allocations	0	(1)	0	(3)	0	0	0	(4)
Current operating profit/(loss)	14	(48)	(33)	(60)	2	4	(10)	(131)
Operating profit/(loss)	6	(48)	(33)	(60)	2	4	(10)	(139)
Cost of net debt	5	(7)	(4)	(10)	(2)	(3)	(14)	(35)
Interest expense on lease obligations	(3)	(2)	(2)	(2)	(1)	(1)	(2)	(13)
Other financial income/(expenses), net	2	1	0	0	0	0	0	3
Income tax	(9)	(3)	7	23	0	(6)	2	14
Share of net profits/(losses) of joint ventures and associates	7	2	0	4	22	(1)	(1)	33
Net profit/(loss)	8	(57)	(32)	(45)	21	(7)	(25)	(137)

H1 2022	Roads France- OD/IO	Roads EMEA	Roads United States	Roads Canada	Roads Asia-Pacific	Railways & Other Activities	Corporate	Group total
Sales	2,822	1,379	798	651	206	657	4	6,517
Current operating profit from activities	(1)	(36)	(74)	(62)	2	(8)	23	(156)
Amortization and impairment of intangible assets recognized in purchase price allocations		(1)	0	(3)				(4)
Current operating profit/(loss)	(1)	(37)	(74)	(65)	2	(8)	23	(160)
Operating profit/(loss)	(1)	(37)	(74)	(65)	2	(8)	23	(160)
Cost of net debt	1	(4)	(2)	(4)	(1)	(3)	(1)	(14)
Interest expense on lease obligations	(4)	(1)	(1)	(1)		(1)	(1)	(9)
Other financial income/(expenses), net		1				(1)		0
Income tax	(3)	(4)	18	23	(1)	(1)	(6)	26
Share of net profits/(losses) of joint ventures and associates	5	1		2	14			22
Net profit/(loss)	(2)	(44)	(59)	(45)	14	(14)	15	(135)

11.3 – Other indicators

	H1 2023	H1 2022
Current operating profit/(loss)	(131)	(160)
Interest expense on lease obligations	(13)	(9)
Adjusted current operating profit/(loss)	(144)	(169)
Elimination of net depreciation and amortization expense and net charges to provisions and impairment losses:		
- Net depreciation and amortization expense on property, plant and equipment and intangible assets	154	175
- Net charges to provisions & impairment losses	10	(3)
Elimination of items included in other income from operations:		
- Reversals of unused provisions and impairment, and other items	(41)	(70)
EBITDA after Leases	(21)	(67)

	H1 2023	H1 2022
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (i)	(44)	(86)
Acquisitions of property, plant & equipment and intangible assets, net of disposals (ii)	(71)	(47)
Repayment of lease obligations (iii)	(79)	(70)
Free cash flow (iv) = (i) + (ii) + (iii)	(194)	(203)

Free cash flow is defined as net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in working capital requirements related to operating activities.

NOTE 12. OFF BALANCE SHEET COMMITMENTS

There has been no material change in off balance sheet commitments since December 31, 2022.

NOTE 13. RELATED-PARTY DISCLOSURES

There has been no material change in the nature of transactions with related parties since December 31, 2022.

5. Statutory Auditors' Report on the half-year financial information

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
France

Mazars

Tour Exaltis – 61, rue Henri Regnault
92075 Paris La Défense
France

Statutory auditors' review report on the half-yearly financial information (For the period from January 1, 2023 to June 30, 2023)

This is a free translation into English of the statutory auditors' review report 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,
COLAS SA
1 Rue du Colonel Pierre Avia
75015 Paris

In compliance with the assignment entrusted to us by your Shareholders' Meeting 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 COLAS SA, for the period from January 1, 2023 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 the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

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

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed 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.

II - 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 and Neuilly-sur-Seine on July 25, 2023

The Statutory Auditors

PricewaterhouseCoopers Audit

MAZARS

Edouard Sattler

Amélie Jeudi de Grissac

Jean-Marc Deslandes

Charles Desvernois

6. Certification by the person assuming responsibility for the half-year activity report

I hereby certify that to the best of my knowledge the condensed financial statements for the half year included in this document have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all the companies included within the scope of consolidation, and that the enclosed half-year activity report is a true reflection of the important events arising in the first six months of the financial year and their impact on the annual financial statements, a statement of the principal transactions between related parties as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, July 28, 2023



Frédéric GARDÈS

Chairman & Chief Executive Officer

Glossary

Order backlog: the amount of work still to be done on projects for which a firm order has been taken, i.e., the contract has been signed and has taken effect (after notice to proceed has been issued and suspensory clauses have been lifted).

Changes in revenue at constant scope and exchange rates:

- at constant exchange rates: change after translating foreign-currency sales for the current period at the exchange rates for the comparative period;
- at constant scope: change in revenue for the periods compared, adjusted as follows:
 - for acquisitions, by deducting from the current period those sales of the acquired entity that have no equivalent during the comparative period;
 - for divestments, by deducting from the comparative period those sales of the divested entity that have no equivalent during the current period.

Current operating profit from activities (COPA): current operating profit before amortization of intangible assets recognized from acquisitions.

Free Cash Flow: net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in WCR (working capital requirement).

Net surplus cash/(Net debt): the aggregate of cash and cash equivalents, overdrafts and short-term bank borrowings, non-current and current debt, and financial instruments. Net surplus cash/(Net debt) does not include non-current and current lease obligations. A positive figure represents net surplus cash and a negative figure represents net debt.