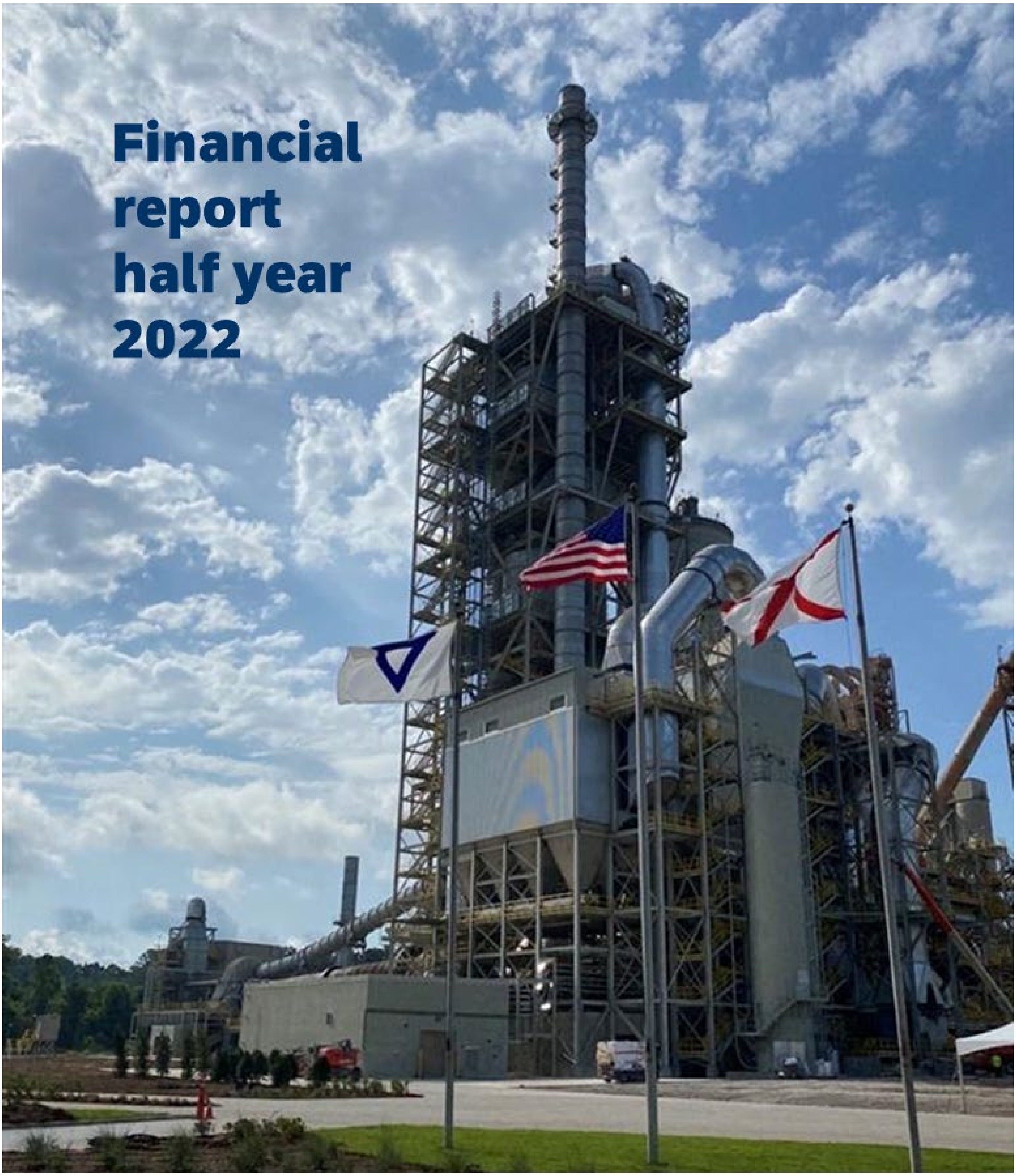
Financial report half year 2022



VICAT

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CONTENTS

I.

HALF-YEAR REPORT AS AT JUNE 30, 2022

First-Half 2022 results

- **Solid sales growth: demand holding up at high levels, strong increase in selling prices**
- **Profitability adversely affected by the significant increase in energy costs and non-recurring industrial costs in the United States, France and India**
- **Solid cash generation and robust balance sheet despite the inflated increase in the working capital requirement**

Condensed income statement approved by the Board of Directors on 26 July 2022

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**1,755**	1,560	+12.5%	**+14.5%**
EBITDA	**269**	300	-10.4%	**-9.8%**
Margin (%)	***15.3%***	*19.2%*		
EBIT	**128**	171	-24.9%	**-23.5%**
Margin (%)	***7.3%***	*11.0%*		
Consolidated net income	***88***	*102*	-13.8%	**-20.0%**
Margin (%)	***5.0%***	*6.5%*		
Net income, Group share	**78**	94	-16.8%	**-22.7%**
Cash flows from operations	**218**	240	-9.1%	**-9.9%**

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO, said: "The basis for comparison in the first six months was unfavourably high given the sales and profitability levels achieved in the same period of the previous year. In an environment characterised by strong energy cost inflation and non-recurring industrial costs in the US, France and India, major price increases were introduced across all the countries where we operate. For the time being, their progressive impact has almost fully compensated the effects of cost inflation with operating profitability again well above its pre-pandemic level (€229 million in the first half of 2019).

The Group is adapting to this environment by diversifying its procurement sources, honing the energy efficiency of its manufacturing facilities and pursuing a pricing strategy tailored to each specific region in which it operates. The Group is also moving forward with its policy of lowering its greenhouse gas emissions by harnessing existing solutions and investing in technologies that will enable it to reach its 2030 and 2050 targets."

Disclaimer:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2022/2021), and at constant scope and exchange rates.*
- *The alternative performance measures (APMs), such as "at constant scope and exchange rates", "operational sales", "EBITDA", "EBIT", "net debt", "gearing" and "leverage" are defined in the appendix to this press release.*
- *This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.vicat.fr). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates on these statements.*

Further information about Vicat is available from its website (www.vicat.fr).

In an environment characterised by very strong inflation in its costs, Vicat's first-half 2022 sales posted a substantial increase resulting from a large rise in selling prices, which offset to a significant degree the contraction in volumes delivered.

This performance reflected:

- a high basis for comparison in the first half of 2021, especially in France, India, Brazil and Kazakhstan;
- a steep decline in volumes delivered in Turkey to curb the impact of higher energy costs;
- the impact of non-recurring costs in the United States, France and India;
- the consequences of the geopolitical environment in Mali.

Overall, the Group's **consolidated sales** totalled €1,755 million, up from €1,560 million in the first six months of 2021, representing a +12.5% rise on a reported basis and a +14.5% increase at constant scope and exchange rates.

The trend in consolidated sales on a reported basis reflects:

- a scope effect of -1.4% (negative impact of -€25 million), resulting from the sale of the lightweight precast business in Switzerland, which was finalised on 30 June 2021;
- an unfavourable currency effect of -0.4%, representing a negative impact of -€6 million over the first half owing to the depreciation of the Turkish lira and the Egyptian pound; compensated by that of the euro against other currencies;
- organic growth of +12.9% (+€227 million) driven by increases in selling prices across the regions.

The Group's **operational sales** totalled €1,779 million, up +12.1% on a reported basis and up +14.1% at constant scope and exchange rates. Each of the Group's businesses contributed to this positive trend. In the Cement business, sales (€1,095 million) rose +17.3% at constant scope and exchange rates. The operational sales recorded by the Concrete & Aggregates business (€675 million) rose +14.8% at constant scope and exchange rates. Lastly, the Other Products & Services business (€226 million) posted a -9.0% decline in its sales on a reported basis given the sale of part of this division in Switzerland during the first half of 2021. At constant scope and exchange rates, its sales rose +8.2%.

Vicat's consolidated **EBITDA** came to €269 million in the first half of 2022, down -10.4% on a reported basis and down -9.8% at constant scope and exchange rates. The EBITDA margin was 15.3%, down -390 points from the unfavourably high basis of comparison in the first half of 2021. The trend in reported EBITDA reflects an unfavourable currency effect of -€1 million and an organic decline of -€29 million. It's worth noting that despite this decline, operating profitability was again well above its pre-pandemic level (€229 million in the first half of 2019).

At constant scope and exchange rates, the decline in EBITDA was the result of an unfavourably high basis for comparison in the first half of 2021 and of the very strong inflation in production costs, especially energy, since the second half of 2021, with a significant acceleration in 2022. As a result, energy costs moved up +64.7% compared with the first half of 2021. The increase was especially significant in Egypt, India, Brazil, France and Switzerland. During the first half, cost inflation, with a major impact in France, the Americas, Africa and India, was almost fully compensated by the overall rise in selling prices. EBITDA was also affected by several non-recurring industrial operations amounting to -25 million euros that held back performance in the period, including start-up of the Ragland plant's new kiln in the United States, exceptional maintenance operations of the Montalieu plant after two pandemic-blighted years, preparation for capacity increase at the Kalburgi Cement plant (debottlenecking investment).

EBIT came to €128 million, down from €171 million in the same period of 2021, representing a fall of -24.9% on a reported basis and of -23.4% at constant scope and exchange rates. The EBIT margin on consolidated sales reached 7.3%.

Operating income came to €128 million, down -20.5% on a reported basis and down -18.3% at constant scope and exchange rates. This fall was mainly attributable to the contraction in operating profitability.

The +€8 million improvement in **net financial income (expense)** compared with the first six months of 2021 reflects the positive change in the fair value of interest-rate derivatives following the increase in interest rates (+€18 million). This positive trend was partially offset by the increase in the Group's average debt (negative impact of -€4 million). The increase in other financial expense derived principally from the application of IAS 29 in Turkey as outlined below.

The macroeconomic and inflationary situation in Turkey meets the criteria set out under IAS 29 for application of the accounting arrangements for hyperinflationary economies. Under the standard, non-monetary items are restated based on the change in a general price index between the date those items were recorded and the end of the reference period to reflect their "actual value" at the balance sheet date translated at the year-end exchange rate. In Turkey's case, application of the standard has prompted:

- re-evaluation of the opening balance sheet at 1 January 2022, leading to an +€85 million impact on the Group's share of equity;
- an impact on the first-half 2022 income statement of -€4.3 million via net financial income (expense).

Tax expense declined €10 million compared with the first six months of 2021. The effective tax rate was 29.6%, below the first-half 2021 rate of 31.1%. This reduction in the effective tax rate resulted chiefly from a more favourable country mix compared with the first six months of 2021 and a fall in the standard tax rate in France from 28.41% to 25.83%.

Consolidated net income was €88 million, down -20.0% at constant scope and exchange rates and down -13.8% on a reported basis.

Net income, Group share fell -22.7% at constant scope and exchange rates and -16.8% on a reported basis to €78 million.

Cash flow from operations came to €218 million, down -9.1% on a reported basis and down -9.9% at constant scope and exchange rates, reflecting the decrease in EBITDA generated over the first half.

1. Income statement analysed by geographical region

1.1. Income statement, France

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**606**	562	+7.9%	+5.1%
EBITDA	**80**	104	-22.5%	-23.8%
EBIT	**31**	66	-52.8%	-53.7%

During the first half of 2022, the Group's sales in France moved higher, despite a small reduction in demand from the record levels seen in the first six months of 2021. Cement consumption held up at a high level. In a high inflation environment, selling prices rose significantly across all the Group's activities.
Conversely, EBITDA in France declined significantly during the period given the very clear increase in operating costs, particularly energy costs, and an unfavourable basis for comparison in 2021.

- In the *Cement business*, operational sales rose +6.8% at constant scope. Given the unfavourable basis of comparison resulting from the French market's dynamic performance in the same period of last year, this increase reflects a slight drop-off in demand offset by a sharp rise in selling prices at the beginning of the year.
  Even so, the series of price increases introduced at the beginning of the year and late in the second quarter have for the time being offset only partially the very strong rise in energy costs, especially the cost of electricity. One-off maintenance operations carried out in a period of high activity levels after the two-year-long Covid-19 pandemic incurred non-recurring costs. The EBITDA generated by the Cement business declined by -25.8% over the period.

- The operational sales recorded by the *Concrete & Aggregates* business rose +5.2% at constant scope. This performance reflects a significant improvement in selling prices during the first half. Demand remained solid in concrete but weakened in aggregates.
  Given the increase in costs, the EBITDA generated by the business fell -24.3% at constant scope over the period.
- In the *Other Products & Services business*, operational sales advanced +7.8% at constant scope over the period. The Group completed the capacity increase at the Auneau plant in the Paris region, which specialises in building chemicals (Vicat Industrial Products). This investment, which has increased mortar production capacity by 150 thousand tonnes p.a., will help meet the strong demand in the Paris market and cut logistics costs significantly. The EBITDA recorded by the business fell -12.3% over the period.

1.2 Income statement for Europe (excluding France)

(€ million)	***H1 2022***	*H1 2021*	*Change (reported)*	*Change (at constant scope and exchange rates)*
Consolidated sales	***184***	203	-9.6%	+5.7%
EBITDA	***41***	39	+6.1%	+5.8%
EBIT	***25***	19	+27.9%	+18.9%

Business trends in **Europe (excluding France)** were positive in the first half of 2022, supported by favourable conditions. The decline in sales on a reported basis reflects a scope effect resulting from the sale of the Creabeton precast business in Switzerland, which was finalised on 30 June 2021. EBITDA across the region as a whole rose +6.1% on a reported basis and +5.8% at constant scope and exchange rates.

In **Switzerland**, the Group's consolidated sales climbed +3.7% at constant scope and exchange rates (down -12.5% on a reported basis). EBITDA moved up +2.0% at constant scope and exchange rates. Overall, the EBITDA margin on consolidated sales improved to 22.8% during the first half of the year from 19.5% in the same period of 2021 as a result of the positive impact of the Creabeton disposal on margin performance.

- In the *Cement business*, operational sales rose +2.6% at constant scope and exchange rates. This performance reflects a contraction in demand during the first half, largely offset by a solid increase in selling prices.
  Given these factors and despite the strong increase in energy costs, especially the cost of electricity, the EBITDA generated by this business grew by +7.1% at constant scope and exchange rates.

- In the *Concrete & Aggregates business*, operational sales declined -1.3% at constant scope and exchange rates. Selling prices moved higher in concrete and remained stable in aggregates. Although concrete volumes dropped off, aggregates volumes moved significantly higher.
  As a result of these factors, the EBITDA generated by this business fell -12.6% at constant scope and exchange rates.

- In the *Other Products & Services business*, operational sales rose by +1.3% at constant scope and exchange rates, supported by a healthy level of deliveries in the rail sector and a favourable product mix. The EBITDA generated by the business surged higher (up +31.8%) at constant scope and exchange rates over the first half.

In **Italy**, consolidated sales grew by +39.2%. Demand and selling prices strengthened significantly throughout the period. As a result, EBITDA climbed +110.2% in the first half.

1.3 Income statement for the Americas

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	***401***	*319*	+25.8%	+12.1%
EBITDA	***55***	*70*	-22.1%	-30.7%
EBIT	***22***	*43*	-48.3%	-54.6%

Demand across the **Americas** region remained solid in the construction sector. The impact of the surge in energy prices and of the non-recurring costs linked to the start-up of the Ragland plant's new kiln was offset only partially by the hike in selling prices. As a result, EBITDA declined significantly over the first half from the high basis for comparison in the same period of 2021.

In the **United States**, the sector environment remained favourable during the first six months of the year. Note that second-quarter performance was adversely affected by the start-up of the Ragland plant's new kiln in Alabama, which reduced production capacity and deliveries in the region for several weeks. In this environment, the Group was obliged to buy in clinker from external suppliers to cover its commercial commitments. Despite this non-recurring factor, consolidated sales came to €273 million, up +4.2% at constant scope and exchange rates, and EBITDA totalled €35 million, down -31.4% at constant scope and exchange rates.

Construction of the new 5,000-tonne per day kiln line at the Ragland plant in Alabama was completed in the second quarter. This installation has increased the plant's existing capacity so it can meet the strong demand in the marketplace, significantly reduce production costs and actively help the Group to meet its CO_2 emission reduction targets. Adjustments continue to be made at the plant so it can be ramped up progressively during the second half of 2022.

- In the *Cement business*, operational sales in the region grew +5.3% at constant scope and exchange rates during the period, reflecting the strength of the construction market in the regions in which the Group operates and a significant increase in selling prices.
  Even so, given the surge in energy costs and the additional non-recurring adjustment costs linked to the start-up of the Ragland plant's new kiln (inventory run-down, clinker purchases), the EBITDA generated by the business declined by -25.8% at constant scope and exchange rates.

- In the *Concrete business*, operational sales rose +4.3% at constant scope and exchange rates as further positive market trends continued to provide support. Against this backdrop, selling prices moved significantly higher. Nonetheless, EBITDA fell -47.6% at constant scope and exchange rates over the period as a result of the higher costs. Given the stretched cement supply conditions in Alabama, the profitability of this business in the region was indirectly affected by the start-up of the Ragland plant's new kiln.

In Brazil, consolidated sales totalled €128 million, up +35.1% at constant scope and exchange rates. Despite an unfavourable basis for comparison, higher interest rates and strong inflation in the country, demand remained supportive in the Group's markets. That said, the hike in prices has to date only sufficed to partially offset the rise in production costs. As a result, EBITDA declined -29.5% at constant scope and exchange rates to €20 million during the first half.

- In the *Cement business*, operational sales were €101 million, an increase of +29.6% at constant scope and exchange rates, supported by robust demand and a large increase in selling prices. Nonetheless, higher selling prices only partially made up for the very strong increase in energy costs. Consequently, EBITDA fell -41.5% at constant scope and exchange rates.
- In the *Concrete & Aggregates business*, operational sales were €41 million, an increase of +53.8% at constant scope and exchange rates, in line with the trends seen in the Cement business. Market conditions remained favourable throughout the period, and they were supported by an increase in concrete and aggregates selling prices. As a result, the EBITDA generated over the period surged +69.8% at constant scope and exchange rates.

1.4 Asia (India and Kazakhstan)

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**249**	206	+20.7%	+14.0%
EBITDA	**52**	58	-9.6%	-14.4%
EBIT	**35**	40	-14.4%	-18.7%

Sales in **India** grew throughout the period, with consolidated sales reaching €214 million in the first half of 2022, up +14.0% at constant scope and exchange rates. This performance was supported by consistently solid demand over the period, especially in the public sector. Amid very strong inflation, higher selling prices only partially made up for the very strong inflation in energy costs. In addition, preparations for the debottlenecking capacity increase at the Kalburgi Cement plant amid high activity levels gave rise to non-recurring operating expenses. As a result, EBITDA fell -27.2% at constant scope and exchange rates to €38 million.

Consolidated sales in **Kazakhstan** came to €35 million, up +14.4% at constant scope and exchange rates. This performance was achieved through a significant increase in selling prices, which largely offset the decline in volumes delivered over the period and cost inflation. The EBITDA generated during the first half rose +55.4% at constant scope and exchange rates to €15 million.

1.5 Mediterranean (Egypt and Turkey) income statement

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**145**	103	+41.4%	+113.9%
EBITDA	**16**	-6	n.s.	n.s.
EBIT	**9**	-16	n.s.	n.s.

In the Mediterranean region, sales moved sharply higher in both countries amid a situation that still lacks visibility. The key factor behind the increase was a large hike in selling prices, paving the way for operating profitability to pick up with contrasting situations.

In **Turkey**, although the macroeconomic and sector environment remains upbeat despite the developing hyperinflation, the winter conditions significantly curbed demand during the first quarter. Given the strong increase in selling prices, first-half 2022 consolidated sales totalled €91 million (versus €69 million in the first half of 2021), up +140.4% at constant scope and exchange rates.
EBITDA recorded a significant increase over the first six months to reach €15 million, up from €2 million in the first half of 2021.

- In the *Cement business*, the far less favourable weather conditions than in the first quarter of 2021 impacted business trends. In a hyperinflationary environment, the Group has limited the use it makes of its least energy-efficient manufacturing facilities to lower the impact of higher costs. As a result, volumes delivered were much lower during the period, even though demand remains solid. The volume decline was offset to a very large extent by very substantial price hikes. As a result, operational sales climbed +135.3% at constant scope and exchange rates to €65 million.
  Given these factors, the EBITDA generated by this business totalled over €10 million versus just under €2 million in the first half of 2021.

- In the *Concrete & Aggregates business*, operational sales rose +163.7% at constant scope and exchange rates to €45 million. As in the Cement business, tough weather conditions at the beginning of the year curbed concrete and aggregates deliveries during the first half, even though the impact of these reductions was offset to a very large degree by the significant rise in selling prices.
  The first-half EBITDA generated by the business came to €4 million, compared with breakeven EBITDA over the same period of 2021.

In **Egypt**, consolidated sales totalled €54 million, up +60.2% at constant scope and exchange rates. Following the market regulation agreement between the Egyptian government and all producers that entered force in July 2021, selling prices in the domestic market continued to improve during the first half.
As a result of these factors and in line with trends seen the second half of 2021, the first-half EBITDA generated in Egypt topped €1 million (versus a loss of -€8 million in the same period of 2021).

1.6 ***Africa (Senegal, Mali, Mauritania) income statement***

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**170**	167	+1.7%	+1.1%
EBITDA	**24**	35	-32.7%	-33.4%
EBIT	**6**	18	-66.1%	-67.1%

In Africa, the Group continues to reap the benefit of a dynamic sector environment despite the knock-on effects of the geopolitical crisis in Mali.

- In the *Cement business*, operational sales in the Africa region fell -4.2% at constant scope and exchange rates. While business trends were stable in Senegal, the sharp contraction in Mali's market as a result of the geopolitical environment was not fully offset by growth in Mauritania. Selling prices rose across each of these markets, but the size of the increases was significantly restricted by the authorities in Senegal during the election period.
  Given the very strong inflation in production costs, the EBITDA generated by the business declined -37.8% over the period.

- In Senegal, the *Aggregates business*, supported by private sector construction projects, recorded operational sales of €18 million, up +19.5% at constant scope and exchange rates. Selling prices moved lower due to an unfavourable product and customer mix.
  As a result of these factors, EBITDA decreased by -7.2%.

2. Changes in the Group's financial position at 30 June 2022

At 30 June 2022, the Group's financial structure remained solid, with a large rise in equity and net debt under control. Consolidated equity totalled €2,896 million at that date, compared with €2,606 million at 31 December 2021.

Net financial debt stood at €1,671 million at 30 June 2022, up from €1,318 million at 31 December 2021 and €1,271 million at 30 June 2021. The key factor behind this increase was a large rise in the working capital requirement of €120 million compared with the level of 30 June 2021 and €193 million compared with the level of 31 December 2021. The sharp increase in the working capital requirement stems from both the growth in sales but also from the impact of inflation on inventories.

On this basis, the Group's leverage ratio stood at 2.84x at 30 June 2022 (versus 2.49x at 30 June 2021) and its gearing at 57.7% (versus 53.9% at 30 June 2021).

The average interest rate on gross debt as of 30 June 2022 was 3.2%, higher than at 31 December 2021 as a result of the rise in market interest rates. The average maturity of the Group's debt was 4.6 years at 30 June 2022.

Medium- to long-term borrowings are subject to special clauses (covenants) requiring certain financial ratios to be met. Given the level of Group's net debt and balance sheet liquidity, the bank covenants do not pose a risk for the Group's financial position. At 30 June 2022, the Group complied with all financial ratios required by covenants in its borrowing agreements.

3. Capital expenditure and free cash flow

Capital expenditure totalled €178 million in the first six months of 2022, up from €170 million in the equivalent period of 2021. The new kiln at the Ragland plant accounted for a significant proportion of this.

As a result, **free cash flow** amounted to -€202.6 million, versus -€52.5 million in the first half of 2021. The reduction in free cash flow stems from the decline in EBITDA and especially from the large increase in the working capital requirement attributable to raw materials cost inflation during the period.

4. Recent events

4.1 *Start-up of the Ragland plant's new kiln in the United States*

The construction of a new 5,000-tonne/day kiln at the Ragland plant in Alabama, which began in 2019, was completed in the second quarter of 2022. The commissioning of this new production facility required a period of fine-tuning and adjustment that came to an end in early July, paving the way for a gradual ramp-up in production from the third quarter onwards.

It's a production project with multiple dimensions:

- the new kiln will provide the additional capacity needed to meet the needs of the Group's markets in the South-East region of the United States, by increasing the plant's capacity to 1.8 million tonnes p.a., from 1.2 million tonnes previously;
- the highly energy-efficient technology used will lower production costs by around 30% per tonne produced; and
- the new kiln will actively help the Group to meet its carbon emission reduction targets because of its higher electrical efficiency and the switch from coal to alternative fuels

4.2 *Construction of a new kiln in Senegal*

The Group, via its subsidiary SOCOCIM Industries, launched at end 2021 a €240 million investment plan to build a new kiln line in order to meet the following targets:

- a significant increase in the Group's clinker capacity in the sub-region;
- a very significant improvement in the manufacturing performance of all its operations in Senegal;
- an active contribution towards meeting the Group's carbon emission reduction targets, through its ability to make wholesale use of alternative fuels.

The new production facility is scheduled for commissioning in 2024.

4.3 *Further milestone reached in the development of* « CARAT »*, the first zero-carbon binder*

On 12 January, the Vicat Group announced it had developed a binder that retains all the properties and uses of traditional cement with the benefit of a carbon footprint corresponding to a net emissions level of less than 0 kg of CO_2 equivalent per tonne.

« CARAT », the first carbon-negative binder, will enrich Vicat's DECA range of low-carbon solutions, raising the prospect of very low-carbon concrete, with a reduction of close to 90% in the carbon footprint per m^3 of concrete. With this innovation, the Group has delivered a practical response to the new RE2020 regulations in France.

To achieve these performances, Vicat's innovation team developed techniques (some covered by ongoing patent applications) that create formulated cement products with two key ingredients:

- the Group's clinker with the smallest possible carbon footprint;
- biochar, a well-known means of sequestering carbon, manufactured from forestry and agricultural waste. These materials replace part of the clinker in the binder and thus contribute to its very small carbon footprint.

Vicat is working with the Soler group and its Carbonex subsidiary to source the biochar. By using this "carbon sink" component, « CARAT » achieves the following net carbon emission levels:

- binder 0133H, with a technical performance similar to that of a 42.5 R cement, has a value of -15 kg CO_2 per tonne;
- binder 2402H, with a technical performance similar to that of a 32.5 R cement, has a value of -310 kg CO_2 per tonne.

Following the testing of works to qualify the performance of concrete formulated with this binder and validating its use, the Vicat group has conducted larger-scale demonstration projects. The projects completed in March and April 2022 confirmed performance at a low temperature. The ATEx (technical trial assessments) are currently in progress, with permits expected to be issued during 2023. The Group aims to introduce the products on the market shortly afterwards.

Initially, « CARAT » will be produced at the Montalieu-Vercieu cement plant in France and available to begin with in the Auvergne-Rhône-Alpes region. Eventually, Vicat plans to manufacture it at other Group facilities to meet demand across other areas of France.

5. Outlook for 2022

In 2022, the Group anticipates a strong increase in its sales underpinned by an increase in its activity levels and a large hike in selling prices. The EBITDA generated by the Group in 2022 is likely to grow, but not by as much as in 2021. In the light of these factors, the Group expects erosion in its EBITDA margin in 2022.

The following key trends are anticipated in the second half of 2022:

- a less unfavourable basis for comparison, especially for energy costs;
- the full impact of the various price hikes introduced in France and Switzerland at the end of the first six months and in the United States at the beginning of the third quarter;
- further steady price hikes in emerging markets, except for Senegal and Egypt, since decisions to raise prices in these countries are subject to government approvals;
- The gradual ramp-up in the Ragland plant's new kiln line and the non-recurrence of the additional start-up costs linked to its commissioning.
- The increase in capacity of Kalburgi Cement after debottlenecking operations
- The ramp up of the new production line of the VPI Auneau plant

During the second half of 2022, the Group will keep up its investment drive, focusing chiefly on:

- the start of construction work on the new kiln (Kiln 6) in Senegal;
- the pursuit of projects to meet carbon footprint reduction targets (e.g. the Argilor project in France or the construction of a Waste Heat Recovery system in Turkey);
- debottlenecking operations to boost capacity at production facilities at Kalburgi in India and to invest in new terminals to expand its market and lower logistics costs.

Accordingly, capital expenditure is expected to be higher than in 2021 at around €400 million, including €130 million in “maintenance” investments and €270 million in “strategic” investments.

The Group wishes to make clear that these anticipated trends per country are highly dependent on the latest developments in the pandemic and on the impact of the war in Ukraine:

- In France, activity levels are expected to hold up at a high level throughout the year, supported by a macroeconomic environment that should remain favourable for the construction sector. As a result, the Group expects its volumes to be stable and its prices to rise markedly to offset the impact of higher energy costs, especially electricity;
- In Switzerland, the Cement and the Concrete & Aggregates businesses should reap the benefit of upbeat conditions in the construction sector. As in France, the Group expects a sharp increase in electricity costs offset by higher selling prices.
- In the United States, both volumes and selling prices are expected to continue increasing. The impact of the economic stimulus plan being rolled by the US administration is likely to be felt gradually from the second half of this year. In this market, the Group is expected to reap the benefit of the ramp-up in the Ragland plant’s new kiln during the second half;
- In Brazil, business and profitability levels in 2021 set a high basis of comparison in a market in which trends are expected to remain nonetheless favourable. As a result, the Group expects broadly stable business volumes over the year as a whole, plus a further increase in prices;
- In India, the macroeconomic and sector environment is expected to remain favourable. With prices remaining highly volatile, the strong rise in energy costs is only likely to be partially offset;
- In Kazakhstan, market conditions are expected to remain favourable despite a high basis for comparison and the Group’s performances should improve further;
- In Turkey, the situation is expected to keep improving gradually in 2022, subject to trends in the Turkish lira and interest rates. The very strong hike in prices should help offset the rise in energy costs and improve operational profitability;
- In Egypt, amid a gradually improving industry environment, the Group’s performance over the year remains subject to the measures implemented by the government to restore a healthier market environment being kept in place.
- In West Africa, trends in Cement are expected to remain dynamic, with support from a favourable sector environment, despite the moderating impact of the Senegalese authorities’ freeze on prices. Note that the geopolitical situation in Mali is likely to gradually improve as a result of the recent reopening of the country’s borders. The Aggregates business in Senegal is likely to continue its recovery.

6. Risks factors

The risk factors that could impact the Group in the coming months are similar to those identified in chapter 2 of the 2021 Universal Registration Document, filed with the French financial markets authority (Autorité des Marchés Financiers) under number D22-0073 on March 7, 2022.

The negative impacts of the Russian-Ukrainian conflict reflect the potential impacts of country risks described in the Group risk mapping analysis and presented in the chapter 2 of the 2021 Universal Registration Document, under the Country Risk section on page 38. Country risks logically include the consequences of an armed conflict on the business operations of the Group, that could lead to an operational stoppage, human casualties and a partial or total destruction of the industrial equipment.

As indicated in the significant events section of the note 3 of the Consolidated Financial Statements, on page 27, the Vicat Group has no industrial or commercial presence in Ukraine and Russia. Therefore, no Group assets and no employees are directly affected by the current conflict. At this stage, the Group has not recorded any consequences on its activity. Nevertheless, this conflict is likely to have an impact on European and, more generally, global growth, and therefore on the Group's activities in the countries that may be affected.

Vicat group – Financial data

Definition of alternative performance measures (APMs):

- Performance **at constant scope and exchange rates** is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's **operational sales** are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- **Value-added**: value of production less consumption of materials used in the production process.
- **Gross operating income**: value-added, less staff costs, taxes and duties (other than on income and deferred taxes).
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT**: (earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions and impairment losses on ongoing business.
- **Cash flow from operations**: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- **Free cash flow:** net operating cash flow after deducting capital expenditure net of disposals.
- **Net debt** represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- **Gearing** is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- **Leverage** is a ratio based on a company's profitability, calculated as net debt/consolidated EBITDA.

II.

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2022

Consolidated Income Statement

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
Revenue	4	**1,754,520**	**1,559,667**
Goods and services purchased		(1,202,784)	(992,025)
Added value		**551,737**	**567,642**
Employees expenses	5	(260,382)	(250,214)
Taxes		(35,688)	(34,644)
Gross operating income		**255,666**	**282,784**
Other operating income (expenses)	6	13,217	17,248
EBITDA		**268,884**	**300,032**
Net charges to operating depreciation, amortization and provisions	7	(140,389)	(128,844)
EBIT		**128,495**	**171,188**
Other non-operating income (expenses)	6	116	(17,592)
Net charges to non-operating depreciation, amortization and provisions	7	(540)	7,483
Operating income (expense)		**128,071**	**161,079**
Cost of net financial debt		(2,333)	(16,647)
Other financial income		16,677	7,403
Other financial expenses		(24,074)	(8,519)
Financial income	8	**(9,730)**	**(17,763)**
Share of profit (loss) of associates		4,439	3,154
Profit (loss) before tax		**122,780**	**146,470**
Income tax	9	(34,971)	(44,589)
Consolidated net income		**87,810**	**101,881**
Portion attributable to minority interests		10,027	8,339
Portion attributable to the Group		**77,783**	**93,542**
EARNINGS PER SHARE (in euros)			
Basic and diluted earnings per share		1.73	2.08

Consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2022	June 30, 2021
Consolidated net income	**87,810**	**101,881**
Other items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	89,612	8,656
Tax on non-recycled items	(18,579)	(2,336)
Other items recycled to profit or loss:		
Changes in currency translation adjustments	106,490	29,862
Cash flow hedge instruments	(1,776)	1,075
Tax on recycled items	505	(278)
Other comprehensive income (after tax)	**176,252**	**36,979**
TOTAL COMPREHENSIVE INCOME	**264,062**	**138,860**
Portion attributable to minority interests	18,909	12,826
Portion attributable to the Group	**245,153**	**126,034**

Consolidated Statement of Financial Position

ASSETS

(in thousands of euros)	Notes	June 30, 2022	December 31, 2021
Goodwill	10.1	1,235,018	1,157,232
Other intangible assets	10.2	186,018	173,653
Property, plant and equipment	10.3	2,415,855	2,169,041
Right of use related to leases	10.4	192,053	195,112
Investment properties	10.5	32,202	32,218
Investments in associated companies	11.1	104,114	92,774
Deferred tax assets	9	104,033	68,012
Receivables and other non-current financial assets	11.2	250,145	219,241
Total non-current assets		**4,519,437**	**4,107,283**
Inventories and work-in-progress	12.1	552,643	429,243
Trade and other accounts	12.2	615,301	436,219
Current tax assets	9	11,497	6,947
Other receivables	12.3	218,928	206,475
Cash and cash equivalents	13	481,034	527,393
Total current assets		**1,879,404**	**1,606,277**
TOTAL ASSETS		**6,398,841**	**5,713,560**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euros)	Notes	June 30, 2022	December 31, 2021
Capital		179,600	179,600
Additional paid-in capital		11,207	11,207
Treasury shares		(48,864)	(52,018)
Consolidated reserves		2,948,344	2,800,579
Translation reserves		(474,092)	(579,950)
Shareholders' equity, Group share		**2,616,195**	**2,359,418**
Minority interests		**279,899**	**246,681**
Total shareholders' equity	14	**2,896,094**	**2,606,099**
Provisions for pensions and other post-employment benefits	15.1	24,018	108,529
Other provisions	15.2	114,396	104,974
Financial debts and put options	16.1	1,588,965	1,291,434
Lease liabilities	16.1	151,906	159,883
Deferred tax liabilities		306,499	219,800
Other non-current liabilities		25,459	23,927
Total non-current liabilities		**2,211,242**	**1,908,547**
Provisions	15.2	11,214	10,381
Financial liabilities and put options at less than one year	16.1	410,455	371,119
Lease liabilities at less than one year	16.1	57,439	55,502
Trade and other accounts payable	17	502,417	459,647
Current taxes payable		19,157	27,558
Other liabilities		290,823	274,707
Total current liabilities		**1,291,505**	**1,198,914**
Total liabilities		**3,502,747**	**3,107,461**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,398,841**	**5,713,560**

Consolidated Statement of Cash Flows

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**87,810**	**101,882**
Share of profit (loss) of associates		(4,439)	(3,154)
Dividends received from associated companies		2,345	1,073
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		140,124	121,010
- deferred taxes		1,315	5,261
- net gain (loss) from disposal of assets		(1,959)	(3,437)
- unrealized fair value gains (losses)		(12,662)	62
- others		5,445	17,128
Cash flows from operating activities		**217,979**	**239,825**
Change in working capital		(242,102)	(122,035)
Net cash flows from operating activities (1)	**18.1**	**(24,123)**	**117,790**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
- tangible and intangible assets		(182,507)	(177,339)
- financial investments		(21,481)	(8,839)
Inflows linked to disposals of non-current assets:			
- tangible and intangible assets		4,031	7,033
- financial investments		1,463	657
Impact of changes in consolidation scope		(40,034)	9,915
Net cash flows from investing activities	**18.2**	**(238,528)**	**(168,573)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(78,820)	(73,974)
Increases/decreases in capital			
Proceeds from borrowings	14	373,269	151,673
Repayments of borrowings	14	(33,129)	(29,315)
Repayment of lease liabilities	14	(28,815)	(25,865)
Acquisitions of treasury shares		(11,525)	(11,543)
Disposals or allocations of treasury shares		13,346	14,073
Net cash flows from financing activities		**234,326**	**25,049**
Impact of changes in foreign exchange rates		2,475	3,848
Change in cash position		**(25,850)**	**(21,886)**
Net cash and cash equivalents - opening balance	13.2	430,442	359,159
Net cash and cash equivalents - closing balance	13.2	404,700	337,271

(1) :
- Including the effect of the application of IAS 29 as at June 30, 2022 for € (4.4) million (see Note 1.1)

(2) :
'- Including cash flows from income taxes: € (45.2) million as of June 30, 2022 and € (45.5) million as of June 30, 2021.
- Including cash flows from interests paid and received: € (18.1) million as of June 30, 2022 including € (4.8) million for financial expenses on IFRS16 leases and € (14,9) million as of June 30, 2021 including € (5,6) million for interest expenses on IFRS16 leases.

Statement of Changes in Consolidated Shareholders’ Equity

(in thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity, Group share	Minority interests	Total shareholders' equity
As at January 1, 2021	**179,600**	**11,207**	**(53,587)**	**2,679,297**	**(640,130)**	2,176,387	**234,306**	**2,410,693**
Half year net income				93,542		**93,542**	8,339	**101,881**
Other comprehensive income (1) (2)				9,066	23,426	**32,492**	4,487	**36,979**
Total comprehensive income	*0*	*0*	*0*	*102,608*	*23,426*	***126,034***	*12,826*	***138,860***
Dividends paid				(66,187)		**(66,187)**	(7,876)	**(74,063)**
Net change in treasury shares			1,808	507		**2,315**		**2,315**
Change in consolidation scope and additional acquisitions				(13,327)		**(13,327)**	(3,057)	**(16,384)**
Other changes				(2,701)		**(2,701)**	(90)	**(2,791)**
As at June 30, 2021	**179,600**	**11,207**	**(51,779)**	**2,700,197**	**(616,704)**	**2,222,521**	**236,109**	**2,458,630**
As at January 1, 2022	**179,600**	**11,207**	**(52,018)**	**2,800,579**	**(579,950)**	2,359,418	**246,681**	**2,606,099**
Net income				77,783		**77,783**	10,027	**87,810**
Other comprehensive income (2)				61,511	105,859	**167,370**	8,882	**176,252**
Total comprehensive income	*0*	*0*	*0*	*139,294*	*105,859*	***245,153***	*18,909*	***264,062***
Dividends paid				(72,613)		**(72,613)**	(8,981)	**(81,594)**
Net change in treasury shares			3,154	(1,378)		**1,776**		**1,776**
Changes in scope of consolidation and additional acquisitions				(6,889)		**(6,889)**	(3,170)	**(10,059)**
Adjustment related to the application of IAS 29 (1)				85,201		**85,201**	10,894	**96,095**
Other changes				4,149		**4,149**	15,566	**19,715**
As at June 30, 2022	**179,600**	**11,207**	**(48,864)**	**2,948,343**	**(474,091)**	**2,616,195**	**279,899**	**2,896,094**

(1) 2020 figures have been restated based on IFRS IC about the periods of service to which a company attributes benefit for a particular type of defined benefit plan (See note 16.1.1).

(2) Breakdown by nature of other comprehensive income:

Other comprehensive income includes mainly cumulative translation adjustments from end 2003. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

Group translation reserves as at June 30, 2022 and 2021 are detailed as follow:

(in thousands of euros)	June 30, 2022	June 30, 2021
US dollar	89,486	19,754
Swiss franc	246,646	186,194
Turkish lira	(349,470)	(304,901)
Egyptian pound	(133,478)	(124,233)
Kazakh tenge	(112,088)	(95,164)
Mauritanian ouguiya	(4,904)	(8,837)
Brazilian real	(56,999)	(82,556)
Indian rupee	(153,284)	(206,961)
TOTAL	**(474,091)**	**(616,704)**

General accounting policies and consolidation scope

Consolidated Income Statement

Consolidated statement of financial position

Segment information

Other information

NOTE 1 - GENERAL ACCOUNTING POLICIES

1.1 Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1st, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards applicable on June 30, 2022 for its accounting policies. Standards and interpretations published by the IASB but not yet in effect as at June 30, 2022 were not applied in the Group's consolidated financial statements at the closing date.
These consolidated financial statements as at June 30 were prepared in accordance with IAS 34 "Interim Financial Reporting". As condensed financial statements, they have to be read in relation with those prepared for the year ended December 31, 2021 in accordance with International Financial Reporting Standards (IFRS).

The consolidated accounts as at June 30, 2022 present comparative information for the previous year prepared in accordance with same IFRS standards with the exception of standard setting mentioned below, which had not been applied in advance by the Group and which are mandatory as at January 1st, 2022.

New accounting standards applicable from January 1, 2022

Various new standards and amendments are mandatory as from January 1, 2022 including:

- Amendment to IAS 37- Onerous contracts: cost of fulfilling a contract;
- Amendment to IAS 16: "Property, plant and equipment": proceeds before intended use;
- Amendment to IFRS 3: "Business combinations": changes to the conceptual framework;
- Annual improvements to IFRS: 2018-2020 Cycle

As at June 30, 2022, these new standards did not have a significant impact on the financial statements.

Finally, following the sharp increase in the cumulative inflation rate over three years in Turkey, which led to the Turkish economy being considered in hyperinflation, the Group was required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" to its Turkish operations from January 1st, 2022. The application of this standard requires the revaluation of non-monetary assets and liabilities, equity and income statement to reflect changes in purchasing power in the local currency. This revaluation of the financial statements was done by applying a price index (i.e. consumer price index) before being translated at the closing exchange rate. The revaluation of non-monetary assets and liabilities as at January 1st, 2022 led the Group to recognize an increase of € 85.2 million euros in its Group shareholder's equity (see statement of changes in consolidated shareholder's equity). The effects of the application of this standard also resulted in the recognition of a net monetary loss of € (4.4) million (classified under "other financial expenses") in the first semester 2022.

These financial statements were approved by the Board of Directors at its meeting of July 26, 2022.

1.2 Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.
The consolidated statement of financial position segregates current and non-current assets and liability accounts and classified them according to their maturity (less and more than one year).

The statement of cash flows is presented according to the indirect method.

The financial statements have been prepared under the historical cost convention, except for the following assets and liabilities which are stated at fair value: derivative financial instruments, assets held for trading, assets available for sale, the portion of assets and liabilities subject to hedging and non-monetary assets and liabilities affected by IAS 29 - "Financial Reporting in Hyperinflationary Economies"

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements.

These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (note 15), in particular those for pensions and other post-employment benefits (note 15.1);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (note 16);
- measure financial instruments at their fair value and exposure to credit risk (note 16);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (note 9);
- estimate the assets and liabilities of an activity in the context of business combinations (note 10.1);
- perform the valuations adopted for impairment tests (note 10.1);
- define the accounting policy to be applied in the absence of a standard (note 12.1 concerning emissions allowances);
- define certain leases, determine lease terms (enforceable periods), and in particular qualify extension periods as reasonably certain or not, as well as determine the related discount rates (note 10.4).

Estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly.

NOTE 2 - ACCOUNTING POLICIES RELATING TO THE CONSOLIDATION SCOPE

2.1 Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The annual statutory financial statements of the companies at June 30 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Control exists when the Group:

- has power over an entity;
- is exposed or entitled to variable returns as a result of its involvement with the entity;
- and has the ability to exercise its power over the entity in such a way as to affect the amount of returns it obtains.

In addition, the Group assesses the control exercised over an entity whenever facts and circumstances indicate that an element of assessment of control has changed.

Joint ventures and associates

Joint ventures, which are jointly controlled and operated by a limited number of shareholders, and associates, investments over which Vicat exercises significant influence are reported using the equity method. Any goodwill generated on the acquisition of these investments is presented in " Investments in associate companies" .

When joint control is proven and the legal form of the legal vehicle establishes transparency between the assets of the co-participants and that of the partnership, the joint venture is classified as a joint operation. This type of partnership is then recognized in the Group' s financial statements line by line up to its effective share.

The list of the main companies included in the consolidation scope as at June 30, 2022 is provided in note 21.

2.2 Business combinations

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 "Business Combinations" (revised) and IAS 27 "Consolidated and Separate Financial Statements" (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010

These are reported using the acquisition method. Goodwill (see note 10.1) from business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 31, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value as shown in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the pro-rata share of interests in the fair value of assets, liabilities and contingent liabilities acquired exceeds their acquisition cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.

Minority interests are valued on the basis of their pro-rata share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are then valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010

IFRS 3 "Business Combinations" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced the following main changes compared with the previous IFRS 3 (before revision):

- goodwill is determined once on the date the acquirer obtains control.

  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:
  - either at their pro-rata share in the identifiable net assets of the company acquired ("partial" goodwill option),
  - or at their fair value ("full" goodwill option).

  Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill;
- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement.
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred.
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

2.3 Foreign currencies

Transactions in foreign currencies

Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the accounting period, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the exchange rates applicable at the end of the period, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies

All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the end of period exchange rates, while income, expense and cash flow statement items are translated at average exchange rates for the period. The ensuing exchange differences on translation are recorded directly in shareholders' equity.

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, exchange differences on translation accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments which are denominated in foreign currency.

The following foreign exchange rates were used:

	June 30, 2022		June 30, 2021	
	Closing	Average	Closing	Average
Brazilian real	5.423	5.558	5.905	6.492
Swiss franc	0.996	1.032	1.098	1.094
Egyptian pound	19.664	18.838	18.598	18.845
Indian rupee	82.113	83.325	88.324	88.449
Kazakh tenge	483.079	491.024	508.386	511.155
Mauritanian ouguiya	38.039	39.586	42.555	43.137
Turkish lira	17.322	17.322	10.321	9.513
US dollar	1.039	1.094	1.188	1.206
CFA Franc	655.957	655.957	655.957	655.957

NOTE 3 - CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and business trend

During the first half of 2022, the macro-economic environment was strongly impacted by inflation, which pace accelerated following the start of the war in Ukraine and its consequences on the global economic environment.
In this context, the Group reacted by increasing prices in all the areas in which it operates in order to compensate, in whole or in part, depending on the region, for the very sharp rise in energy costs. Overall demand is stable, given a particularly unfavorable basis for comparison linked to the record levels achieved during the first half of 2021, and the very sharp drop in volumes delivered in Turkey in order to limit the impact of rising costs in this country.

In France: the Group's business grew during the first half of the year, supported by a significant increase in sales prices. Given the particularly unfavorable basis for comparison, demand contracted slightly.

In Europe (excluding France): the Swiss market showed solid growth during this half-year. Demand remained at a high level and sales prices rose significantly. Italy performed well in the first six months of the year, supported by a favorable construction market and strong growth in sales prices.

In the Americas: in both the United States and Brazil, business remained buoyant despite an unfavorable comparison base given the record levels of activity recorded in the first half of 2021. The construction market remained dynamic and price increases were significant over the period. In the US, the second quarter was impacted by the temporary effects of the start-up of the new Ragland kiln.

In Asia: in India, despite a particularly high basis of comparison, the environment remained dynamic at the beginning of the year, supported by favorable demand and prices. In Kazakhstan, the Group's business grew over the period as a whole, with higher prices offsetting the contraction in deliveries.

In the Mediterranean aera: in Turkey, sales increased significantly over the entire period. The macro-economic and sectoral situation was impacted by hyperinflation. In this context, the Group focused its production on its most efficient tools in order to limit the impact of the rise of its costs. Thus, while volumes were significantly down over the period, sales prices rose sharply. In Egypt, following the conclusion of a market regulation agreement between the Egyptian government and all producers, which came into effect in July 2021, the sectoral environment remained favorable during the first half of the year, impacted by an increase in demand and a steady rise in sales prices.

In Africa area: the Group's activity is up, despite the decline in deliveries in Mali due to the political situation. In Senegal, sales volumes and prices are rising.

Outcomes from the Ukrainian conflict

The Vicat Group has no industrial or commercial presence in Ukraine and Russia. Therefore, no Group assets and no employees are directly affected by the current conflict. At this stage, the Group has not recorded any consequences on its activity. Nevertheless, this conflict is likely to have an impact on European and, more generally, global growth, and therefore on the Group's activities in the countries that may be affected.

Volatility of exchange rates and impact on the income statement

The income statement for the first half of 2022 was impacted by the depreciation of the Turkish lira against the euro, partially offset by the depreciation of the euro against the US dollar, the Brazilian real and the Indian rupee. Over the period, this results in a negative currency effect of € (6.4) million on consolidated revenue and € (1) million on EBITDA.
Consolidated shareholders’ equity included, for its part, net positive translation differences in 2022 of € 114.7 million given the strengthening of foreign currencies against the euro at the end of the period.

Egypt

In Egypt, the competitive environment, which had been deteriorating for several years, has improved since the conclusion of a sectoral agreement between the authorities and the cement industry. This agreement, which temporarily limits the use of capacity, has led to a strong recovery in prices which has resulted in a return to break-even EBITDA in the second half of 2021 and the first half of 2022. In addition, the blocking of Sinai Cement's capital increase since 2018, led the Group to initiate arbitration proceedings against the Egyptian State. Negotiations led to the signing of an agreement on March 21, 2022 which released the capital increase and confirmed Vicat's rights to hold or consolidate its majority control. The Group has thus consolidated its stake through a simplified tender offer, increasing its stake from 56.2% on December 31, 2021 to 67.2% as at June 30, 2022.

CONSOLIDATED INCOME STATEMENT

Definition of management indicators

Added Value

Added Value, an intermediate operating subtotal, represents the value of production less consumption of materials used in the production process.

Gross operating income

Gross operating income, an intermediate operating subtotal, is equal to value-added less employee expenses, taxes and duties (except income taxes and deferred taxes).

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): this is gross operating income plus other ordinary income and expenses.

EBIT

EBIT (Earnings Before Interest and Tax): EBITDA less net depreciation, amortization, additions to provisions and impairment losses on ongoing business.

NOTE 4 - REVENUE

Accounting policy

Revenue

In accordance with the IFRS 15 accounting standard, revenue is recognized when control over the goods or services is transferred to the customer, which generally, given the nature of the Group's business, corresponds to the date of delivery. It is reported for an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring those goods or services, net of commercial discounts and rebates and after deduction of excise duties collected by the Group in the course of its business activities. It includes transport and handling costs invoiced to customers. The Group's sales are mainly of goods and services forming a single obligation because the promise to supply the service or good cannot be identified separately, insofar as the Vicat Group offers services integrated with the provision of the product to its customers.

Seasonality

Demand in the Cement, Ready-Mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower revenue in the first and fourth quarters, i.e. the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, revenue is higher, due to the summer season being more favorable for construction work.

(in thousands of euros)	**June 30, 2022**	**June 30, 2021**
Sales of goods	1,607,821	1,428,846
Sales of services	146,699	130,821
REVENUE	**1,754,520**	**1,559,667**

Change in revenue on a like-for-like basis

(in thousands of euros)	June 30, 2022	Changes in consolidation scope	Change in foreign exchange rate	June 30, 2022 At constant scope and exchange rates	June 30, 2021
REVENUE	**1,754,520**	(25,367)	(6,444)	**1,786,331**	**1,559,667**

NOTE 5 - EMPLOYEE EXPENSES AND WORKFORCE

(in thousands of euros)	June 30, 2022	June 30, 2021
Wages and salaries	194,383	190,350
Payroll taxes	62,507	57,560
Employee profit sharing (French companies)	3,492	2,304
EMPLOYEE EXPENSES	**260,382**	**250,214**
Average number of employees of the consolidated companies	*9,639*	*9,727*

The Shareholders General Meeting and the meeting of the Board of Directors of April 9, 2021 decided to establish a free share plan comprising 271,497 shares delivered in annual tranches, over a period up to 2037 that varies depending on the beneficiaries. For the first half of 2022, € 2,025 thousand was recognized under employees' expenses in respect of this plan.

NOTE 6 - OTHER INCOME AND EXPENSES

Accounting policy

Other income and expenses are those arising from the Group's operating activities that are not received or incurred as part of the direct production process or sales activity. These other income and expenses mainly consist of insurance payments, patent royalties, the lease revenues and investment properties and certain charges relating to losses or claims as well as grants and subsidies

(in thousands of euros)	June 30, 2022	June 30, 2021
Net income from disposal of assets	1,871	2,575
Income from investments properties	1,901	1,993
Other	9,445	12,680
Other operating income (expense)	**13,217**	**17,248**
Other non-operating income and expenses (1)	116	(17,592)
TOTAL	**13,334**	**(344)**

(1) As at June 30, 2021, it mainly included a € 18.5 million expense at Ciplan, covered by a firm and irrevocable guarantee provided by the non-controlling shareholder in respect of claims arising prior to the acquisition (see note 11). This expense is offset by a reversal of a provision of an equivalent amount in net charges to non-operating depreciation (see note 7).

NOTE 7 - NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

(in thousands of euros)	June 30, 2022	June 30, 2021
Net depreciation and amortization charges	(108,271)	(101,962)
Net depreciation and amortization charges for right of use relate to leases	(26,413)	(26,685)
Net provision expenses	(2,980)	2,431
Net charges to other assets depreciation	(2,726)	(2,628)
Net charges to operating depreciation, amortization and provisions	**(140,389)**	**(128,844)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(540)	7,483
Net depreciation, amortization and provisions	**(140,929)**	**(121,361)**

(1) Including as at June 30, 2021 a reversal of provisions for risks and charges at Ciplan of € 18.5 million due to the recognition of a tax liability guarantee by the provision for risks and charges that had been set up at the time of the acquisition (see note 6).

NOTE 8 - FINANCIAL INCOME (EXPENSES)

(in thousands of euros)	June 30, 2022	June 30, 2021
Interest income from financing and cash management activities	13,160	10,619
Interest expense from financing and cash management activities	(28,255)	(21,750)
Interest expense from lease liabilities	(4,753)	(5,516)
Change in fair value of derivatives	17,514	
Cost of net financial debt	**(2,333)**	**(16,647)**
Dividends	784	747
Foreign exchange gains	12,667	5,096
Write-back of impairment of financial assets	47	47
Net expense from disposal of financial assets	88	
Other income	3,091	1,513
Other financial income	**16,677**	**7,403**
Foreign exchange losses	(10,886)	(4,761)
Fair value adjustments to financial assets and liabilities	(4,852)	(62)
Impairment on financial assets	(1,967)	(2,328)
Discounting expenses	(1,190)	(1,368)
Net monetary losses (IAS 29)	(4,398)	
Other expenses	(782)	(0)
Other financial expenses	**(24,074)**	**(8,519)**
Financial income (expenses)	**(9,730)**	**(17,763)**

The improvement of financial income (expenses) by € 8 million compared to the first semester of 2021 is mainly due to the positive change in the fair value of financing derivatives that raised to € 17.5 million following the increase of interest rates.

NOTE 9 - INCOME TAX

Accounting policy

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.
Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.
Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill. Deferred tax assets and liabilities are netted out at the level of each tax entity.

When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets. Uncertainty over the accounting treatment of risks related to income taxes and the non-acceptance by the tax authorities of the tax treatment adopted is recognized in income tax assets/liabilities in accordance with the probability of its occurrence, which does not take into account the probability of non-detection by the tax authorities. Each uncertainty analyzed individually is assessed either by using the most probable amount or the weighted average of the different possible scenarios.

Component of the tax expense

(in thousands of euros)	June 30, 2022	June 30, 2021
Current taxes	(33,656)	(39,327)
Deferred taxes	(1,315)	(5,262)
TOTAL	**(34,971)**	**(44,589)**

Deferred tax assets not recognized in the financial statements

Unrecognized deferred tax assets amounted to € 22 million as at June 30, 2022 (€ 20.1 million as at June 30,2021).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

10.1. Goodwill

Accounting policy

Impairment of non-current assets

In accordance with IAS 36 and IFRS 3 (revised), the carrying amounts of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying amount of the asset is higher than its recoverable value. The recoverable value is the higher of the fair value less the costs of sale and the value in use. The latter is calculated primarily on a discounted projected cash flow basis over ten years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year.

This time period corresponds to the Group's capital-intensive nature and the longevity of its industrial equipment.

The projected cash flows are calculated after tax on the basis of the following components that have been inflated and then discounted:

- EBITDA from the Long-Term Plan over the first five years, then projected to year 10;
- Maintenance Capital Expenditure and change in working capital.

Assumptions, estimates and judgements

Impairment of non-current assets

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing “process” and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

Cash flows before financial expenses but after tax are discounted at the weighted average cost of capital (WACC). The use of an after-tax rate results in the determination of recoverable amounts identical to those obtained using pre-tax rates with non-taxed cash flows. The discount rate is calculated by country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, a size-specific premium and a country premium reflecting the specific risks of the market in which the cash generating unit operates.

When it is not possible to estimate the value in use of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, products and markets form a consistent whole.

The analysis was thus carried out for each geographical area/market/business, and the cash-generating units were determined depending on the existence or not of vertical integration between the Group’s activities in the area concerned.

These impairment tests are sensitive to the assumptions held for each cash-generating unit, mainly:

- the discount rate as previously defined;
- the inflation rate, which must reflect the evolution of sales prices and expected future costs;
- the normalized EBITDA margin ;
- the long-term investment rate ;
- the growth rate to infinity.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of the Group’s CGUs. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling to understand the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

The change in the net goodwill is analyzed in the table below:

(in thousands of euros)	June 30, 2022	December 31, 2021
OPENING	**1,157,232**	**1,118,874**
Changes in consolidation scope	37,541	8,006
Change in translation effect	40,245	30,352
CLOSING	**1,235,018**	**1,157,232**

Changes in consolidation scope mainly refer to an acquisition of majority interest in Mediterranean area.

Impairment test on goodwill

In accordance with IFRS 3 (revised) and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in the above accounting policy.

Goodwill is distributed as follows by cash-generating unit (CGU):

	June 30, 2022	December 31, 2021
India CGU	227,914	222,447
West Africa Cement CGU	152,182	149,651
France-Italy CGU	234,760	235,019
Switzerland CGU	144,339	142,237
Brazil CGU	165,077	141,867
United States CGU	135,634	124,670
Other CGUs cumulated	175,112	141,341
TOTAL	**1,235,018**	**1,157,232**

The indications of impairment linked to the inflation context and the war in Ukraine (see note 3) have led the Group to carry out impairment tests of goodwill in the first half of 2022 on certain CGUs. The tests were carried out by analyzing the main operating assumptions (revenue and EBITDA). These tests, as well as the sensitivity analysis to a variation of + 1% in the discount rate and those to a variation of -1% in the perpetual growth rate, carried out at the end of the financial year did not result in the recognition of any impairment loss as at June 30, 2022.

10.2. Other intangible assets

Accounting policy

Other intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning. Assets with finite lives are impaired on a straight-line basis over their useful lives (generally not exceeding 15 years) or, in the case of mining rights, as and when they are extracted.

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

Gross amounts *(in thousands of euros)*	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	*Total*
At January 1st, 2021	**122,601**	**66,136**	**83,807**	**19,744**	**292,288**
Acquisitions	2,025	1,497	859	8,497	12,878
Disposals	(149)	(1,737)	(6)	(1,484)	(3,376)
Changes in consolidation scope	8	(3,315)	(4,792)	77	(8,022)
Change in translation effect	1,227	480	1,921	274	3,902
Other movements	670	8,241	5,968	(9,480)	5,399
At December 31, 2021	**126,382**	**71,302**	**87,757**	**17,628**	**303,069**
Acquisitions	7	498	369	4,006	4,879
Disposals		(137)			(137)
Changes in consolidation scope		(0)	4		4
Change in translation effect	4,546	615	4,059	234	9,453
Other movements (1)		4,407	14,616	(6,557)	12,466
At June 30, 2022	**130,934**	**76,684**	**106,805**	**15,311**	**329,734**

Depreciation and impairment *(in thousands of euros)*	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	***Total***
At January 1st, 2021	**(29,691)**	**(49,589)**	**(42,196)**		**(121,476)**
Increase	(1,723)	(6,696)	(4,232)		(12,651)
Decrease	118	1,448	6		1,572
Changes in consolidation scope	0	3,101	1,967		5,068
Change in translation effect	(514)	(315)	(1,039)		(1,868)
Other movements	(227)	(14)	180		(61)
At December 31, 2021	**(32,037)**	**(52,065)**	**(45,314)**		**(129,416)**
Increase	(969)	(3,543)	(1,987)		(6,500)
Decrease		10			10
Changes in consolidation scope		0	(2)		(2)
Change in translation effect	63	(370)	(1,608)		(1,915)
Other movements (1)		(38)	(5,857)		(5,895)
At June 30, 2022	**(32,944)**	**(56,005)**	**(54,768)**		**(143,717)**
Net Book Value as of December 31, 2021	94,345	19,237	42,444	17,628	**173,653**
Net Book Value as of June 30, 2022	**97,990**	**20,679**	**52,037**	**15,311**	**186,018**

(1) Including IAS 29 impacts (see Note 1.1)

No development costs were capitalized during the first semester 2022 and full year 2021.

10.3. Property, plant and equipment

Accounting policy

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is depreciated on a straight-line basis over its respective useful life, starting at commissioning.

Quarries are depreciated based on tonnage extracted during the year as a ratio of total estimated reserves. Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

The main depreciation periods are presented below depending on the assets category:

	Cement assets	**Concrete & Aggregates**
Civil engineering	15 to 30 years	15 years
Large equipment	15 to 30 years	10 to 15 years
Other industrial equipment	8 years	5 to 10 years
Electricity	15 years	5 to 10 years
Automation equipment, controls and instrumentation	5 years	5 years

Gross amounts *(in thousands of euros)*	*Lands & Buildings*	*Industrial sites or facilities*	*Other property, plant and equipment*	*Assets in progress and advances/ prepayments*	***Total***
At January 1st, 2021	**1,309,935**	**3,084,798**	**153,609**	**268,744**	**4,817,086**
Acquisitions	14,413	33,086	5,254	327,548	380,301
Disposals	(3,399)	(25,493)	(5,576)	(6)	(34,474)
Changes in consolidation scope	(32,946)	(41,164)	(10,539)	(418)	(85,067)
Change in translation effect	22,923	51,644	2,010	16,963	93,540
Other movements	7,857	147,285	(17,253)	(164,503)	(26,614)
At December 31, 2021	**1,318,783**	**3,250,156**	**127,505**	**448,328**	**5,144,772**
Acquisitions	3,081	14,181	1,779	153,758	172,799
Disposals	(758)	(18,885)	(697)	(302)	(20,642)
Changes in consolidation scope	2,370	1,779	7	0	4,156
Change in translation effect	30,834	31,419	1,318	30,016	93,587
Other movements (1)	91,187	356,911	(320)	(40,488)	407,290
At June 30, 2022	**1,445,497**	**3,635,561**	**129,592**	**591,312**	**5,801,962**

Depreciation and impairment *(in thousands of euros)*	*Lands & Buildings*	*Industrial sites or facilities*	*Other property, plant and equipment*	*Assets in progress and advances/ prepayments*	***Total***
At January 1st, 2021	**(620,570)**	**(2,094,385)**	**(114,282)**		**(2,829,234)**
Increase	(45,608)	(139,993)	(7,213)		(192,814)
Decrease	2,448	24,779	4,406		31,633
Changes in consolidation scope	18,197	33,752	9,742		61,691
Change in translation effect	(13,193)	(33,267)	(1,381)		(47,841)
Other movements	723	(17,805)	17,916		834
At December 31, 2021	**(658,003)**	**(2,226,916)**	**(90,812)**		**(2,975,731)**
Increase	(23,643)	(73,910)	(3,266)		(100,819)
Decrease	261	18,188	547		18,996
Changes in consolidation scope	(159)	(235)	2		(391)
Change in translation effect	(13,332)	(17,411)	(563)		(31,305)
Other movements (1)	(30,276)	(268,061)	1,480		(296,857)
At June 30, 2022	**(725,152)**	**(2,568,344)**	**(92,612)**		**(3,386,110)**
Net Book Value as of December 31, 2021	660,780	1,023,240	36,693	448,328	**2,169,041**
Net Book Value as of June 30, 2022	**720,345**	**1,067,218**	**36,980**	**591,312**	**2,415,855**

(1) Including IAS 29 impacts (see Note 1.1)

Property, plant and equipment under construction amounted to € 558 million as at June 30, 2022 (€ 418 million euro as at December 31, 2021) and advances payments on property, plant and equipment represented € 34 million euros as at June 30, 2022 (€ 31 million euros as at December 31, 2021). Contractual commitments to acquire property, plant and equipment and intangible assets amounted to € 322 million euro as at June 30, 2022 (€ 277 million euros as December 31, 2021).

Capitalized interest amounted to € 2.7 million euros as at June 30, 2022 (€ 2.4 million euros as at December 31, 2021).

10.4. Rights of use relating to leases

Accounting policy

Leases, with the exception of those falling within the scope of the exemptions provided for by IFRS 16, are recognized in the balance sheet, when the asset underlying the lease becomes available, as a right-to-use asset and a liability representing the lease payments. The service component of the lease, and in particular the one relative to transportation, is identified during the analysis and treated separately from the lease component. Contracts giving the lessee the right to control the use of an identified asset for a fixed term in return for payment are categorized as leases.

The Group applies the exemptions stipulated in the IFRS 16 standard, where the payments are not included in the lease liability and right to use in the following cases:

- payments relating to short-term leases (below or equal to 12 months);
- payments relating to leases of low-value assets (less than US$5 thousand or equivalent);
- payments relating to the service component of the lease when this is identical and measurable;
- payments related to leases of intangible assets, which are very small in number.

Lease payments for these contracts or components of leases are recognized as operating expenses for the term of the lease.

The lease term is the non-cancellable contractual period plus, where applicable, extension options considered reasonably certain to be exercised (extension options being exercised during the period or those that the Group has a statistical track record of exercising).

The definition of this enforceable duration takes both contractual and economic aspects into account to the extent that the existence of significant penalties in the event of the lessee's termination are analyzed for each contract.

The rights of use related to leases initially include the lease liability, the initial direct costs, prepaid rents and the estimate of the costs of dismantling or restoring the assets provided for in the contract, and exclude any service component. They are depreciated in accordance with IAS 16 "Property, Plant and Equipment" over the shorter of the lease term and the useful life of the underlying asset, and if necessary impaired in accordance with IAS 36 "Impairment of Assets".

After initial recognition, the right of use related to leases is reported at cost less accumulated depreciation and any impairment losses.

Lease payments are recognized by applying IFRS 16 with a resulting depreciation charge and interest expense recorded in the income statement.

The tax impact of the application of IFRS 16 results in recognition of deferred taxes, assessed on the net lease asset after deduction of the corresponding lease liability.

Assumptions, estimates and judgements

The lease liability is initially measured at the present value of future payments, which include the present value of fixed and variable lease payments, if they are subject to an index or rate, and estimated expected payments at the end of the contract, such as the residual value guarantee and the purchase option, if its exercise is considered reasonably certain. The discount rate used to calculate the lease liability is based on the implied interest rate in the lease or, failing that, the lessee's incremental borrowing rate at the date of signature of the lease. This marginal borrowing rate takes several elements into account including the currency and lease term, the lessee's economic context and its financial solidity.

The Group applied interest rates corresponding to the average repayment term of the lease liability, by defining and using yield curves by maturity, taking the structure of lease payments and the typology of the available interest rates into account.
After initial recognition, the lease liability is calculated at amortized cost using the effective interest rate method and is remeasured, with a corresponding adjustment of the right-of-use asset, if future lease payments are modified as a result of negotiation or when renewal or termination options are remeasured.

The Group’s leasing activities

Most of the leases in force in the Group concern vehicles directly linked to operational activity (construction sites, road transportation and private cars) and real estate (land and buildings). In fact, the Group leases land and buildings, mainly for its offices, concrete batching plants, quarries and warehouses. To a lesser extent, they also concern machinery, industrial equipment and IT equipment.

Gross amounts *(in thousands of euros)*	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1st, 2021	**81,726**	**74,671**	**141,969**	**56,241**	**354,607**
Acquisitions	11,603	8,886	26,821	14,669	61,979
Disposals	(4,713)	(3,750)	(16,672)	(12,578)	(37,713)
Changes in consolidation scope	1,397	1,353	(1,661)	(608)	481
Change in translation effect	2,502	1,684	(1,606)	167	2,747
Other movements	(178)	(133)	(2,378)	(41)	(2,730)
At December 31, 2021	**92,337**	**82,711**	**146,473**	**57,850**	**379,371**
Acquisitions	5,643	772	11,410	1,165	18,991
Disposals	(1,134)	(246)	(16,004)	(221)	(17,604)
Changes in consolidation scope					
Change in translation effect	2,517	1,641	2,613	661	7,432
Other movements (1)	735	10	2,542		3,287
At June 30, 2022	**100,099**	**84,888**	**147,034**	**59,456**	**391,476**

Depreciation and impairment *(in thousands of euros)*	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1st, 2021	**(29,868)**	**(42,468)**	**(70,330)**	**(25,112)**	**(167,778)**
Increase	(6,526)	(8,324)	(28,326)	(11,037)	(54,213)
Decrease	3,187	3,913	15,105	12,457	34,662
Changes in consolidation scope		0	2,403	452	2,855
Change in translation effect	(366)	(807)	27	(86)	(1,232)
Other movements	144	479	808	16	1,447
At December 31, 2021	**(33,429)**	**(47,207)**	**(80,313)**	**(23,310)**	**(184,259)**
Increase	(3,274)	(3,858)	(13,425)	(5,852)	(26,408)
Decrease	1,099	526	15,191	221	17,037
Changes in consolidation scope					
Change in translation effect	(496)	(876)	(1,839)	(342)	(3,553)
Other movements (1)	(493)	(36)	(1,710)		(2,239)
At June 30, 2022	**(36,593)**	**(51,451)**	**(82,096)**	**(29,283)**	**(199,423)**
Net Book Value as of December 31, 2021	58,908	35,504	66,160	34,541	**195,112**
Net Book Value as of June 30, 2022	**63,506**	**33,437**	**64,937**	**30,173**	**192,053**

(1) Including IAS 29 impacts (see Note 1.1)

Most of these contracts are carried by the Group’s French entities, and to a lesser extent by United States, Swiss and Turkish companies. The other countries in which the Group operates have no significant number of contracts.

NOTE 11 – RECEIVABLES AND OTHER NON-CURRENT ASSETS

(in thousands of euros)	Gross value	Impairment	Net book value
At January 1st, 2021	**252,219**	**(13,042)**	**239,177**
Acquisitions/Additions	168,669	(16,463)	152,206
Disposals/Decreases	(33,023)		(33,023)
Changes in consolidation scope	(82,110)		(82,110)
Change in translation effect	8,418	(1,342)	7,076
Changes of other items in other comprehensive income	5,853	(2,127)	3,726
Other	(67,852)	42	(67,810)
At December 31, 2021	**252,171**	**(32,930)**	**219,241**
Acquisitions/Additions	20,048	(133)	19,914
Disposals/Decreases	(1,060)		(1,060)
Changes in consolidation scope	(0)		(0)
Change in translation effect	12,360	(1,130)	11,229
Changes of other items in other comprehensive income	8,406		8,406
Other	(7,584)	(1)	(7,585)
At June 30, 2022	**284,338**	**(34,192)**	**250,145**
Of which investments in subsidiaries & affiliated companies	56,620	(2,567)	54,053
Of which loans and receivables (1) (2)	206,777	(31,626)	175,152
Of which employee benefit plan assets	745		745
Of which financial instruments (see note 16.1.1)	20,195		20,195
At June 30, 2022	**284,338**	**(34,192)**	**250,145**

(1) Ciplan :

At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its minority shareholders for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized for to the extent of the provisions made for indemnifying claims in other non-current assets in the amount of € 32 million at end-June 2022 (€ 28 million at end-December 2021) (see note 15.2).

(2) Bharathi Cement :

On June 30, 2022, € 35.6 million (including interest) recorded in “Other non-current receivables”, is the subject of two provisional attachments on the bank accounts of an Indian company in the Group, Bharathi Cement, as part of a preliminary investigation by the administrative and judicial authorities into events before Vicat entered its capital.

The Group’s partner in Bharathi Cement is the focus of an inquiry by the CBI (Central Bureau of Investigation) regarding the source and the growth of his assets. In connection with this inquiry, the CBI filed 14 charge sheets in September 2012 and over the course of 2013, presenting its allegations. Among these, four also involve Bharathi Cement (the CBI is interested in determining whether the investments made in this company by Indian investors were carried out in good faith in the ordinary course of business and if the mining concession was granted in accordance with regulations).

The proceedings initially led, in 2015, to a precautionary seizure by the Enforcement Directorate of INR 950 million (approximately € 12 million) on a bank account

held by Bharathi Cement. A second precautionary seizure of INR 1,530 million (approximately € 19 million) was made in 2016 within the context of charges regarding the mining concession.

While these measures are not such as to hinder the Company’s operations, the Company is appealing to the administrative and judicial authorities to challenge their validity.

In July 2019, the Court of Appeal in Delhi invalidated the seizure of INR 1,530 million and demanded a bank guarantee prior to the repayment of the funds. The Enforcement Directorate has appealed this judgment. This decision was confirmed on April 27, 2022 by the Telangana High Court.

The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge. The Company has no reason to think there is any probable or measurable financial risk.

Given how long the proceedings, started in 2012, are taking, the receivable related to these precautionary seizures was reclassified at end-2018 as “Other non-current receivables”

NOTE 12 – CURRENT ASSETS

12.1. Inventories and work-in-progress

Accounting policy

Inventories and work-in-progress

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net realizable value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated non-current assets used in the production process.

In the case of inventories of manufactured products and work-in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory impairments are recorded when necessary to take any probable losses identified at the end of the accounting period into account.

Emission quotas

In the IFRS standards, there is yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As at January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved on January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas' economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the surrender procedure, or
- at the time of their sale, and are not revalued at closing;
- a debt is recognized at the period-end if there is a quota shortfall.

Since today the Group only has the quotas allocated free of charge by the French State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value.

Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

(in thousands of euros)	June 30, 2022			December 31, 2021		
	Brut	Provisions	Net	Brut	Provisions	Net
Raw materials and consumables	455,750	(30,577)	425,173	310,382	(29,011)	281,372
Work-in-progress, finished goods and goods for resale	132,354	(4,884)	127,470	101,174	(4,900)	96,275
Total	**588,104**	**(35,461)**	**552,643**	**411,557**	**(33,910)**	**377,646**

12.2. Trade and other receivables

Accounting policy

Receivables are valued at amortized cost and recognized for their nominal value (initial amount of the invoice). Receivables are impaired according to the expected losses model defined by IFRS 9 (see note 16.2).

Receivables may be subject to assignment to financial institutions. In this case, a transaction analysis is carried out to assess the transfer of the risks and rewards of ownership of these receivables and especially the one related to credit risk, late payment risk and the risk of dilution.

If this assessment concludes to the transfer of contractual rights to the cash flows and also substantially all the risks and rewards related to the assignment, it leads to the derecognition of receivables in the consolidated statement of financial position and all the rights created or retained during the transfer are recognized where necessary. In the opposite situation, receivables are maintained in the consolidated statement of financial position.

(in thousands of euros)	Trade and other receivables	Provisions for trade and other receivables	Net trade and other receivables
At January 1st, 2021	**464,969**	**(24,095)**	**440,874**
Increase		(4,976)	(4,976)
Reversal of provisions used		3,057	3,057
Change in translation effect	(9,330)	85	(9,245)
Changes in consolidation scope	(3,574)	(826)	(4,399)
Changes	10,460	448	10,908
At December 31, 2021	**462,526**	**(26,307)**	**436,219**
Increase		(3,210)	(3,210)
Reversal of provisions used		1,527	1,527
Change in translation effect	9,314	(776)	8,538
Changes in consolidation scope	744	0	744
Changes	171,565	(82)	171,483
At June 30, 2022	**644,148**	**(28,848)**	**615,301**

NOTE 13 - CASH AND CASH EQUIVALENTS

13.1. Cash and cash equivalents

Accounting policy

Cash and cash equivalents include both cash and short-term investments of less than three months' maturity that do not present any risk of a change in value. The latter are marked to market at the end of the period.

Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

(in thousands of euros)	June 30, 2022	December 31, 2021
Cash	122,339	126,839
Marketable securities and term deposits < 3 months	358,696	400,554
CASH AND CASH EQUIVALENTS	**481,034**	**527,393**

13.2. Analysis of net cash balances

(in thousands of euros)	June 30, 2022	December 31, 2021
Cash and cash equivalents (see note 13.1)	481,034	527,393
Bank overdraft	(76,334)	(96,951)
Net cash balances	**404,700**	**430,442**

NOTE 14 - SHARE CAPITAL

Accounting policy

Treasury shares

In compliance with IAS 32, Vicat treasury shares are deducted from shareholders' equity.

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of € 4 each, including 642,738 treasury shares as at June 30, 2022 (723,505 as at December 31, 2021) acquired under the share buyback programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007. The company is owned and controlled by the Parfininco holding company.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent, and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least four years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2022 in respect of 2021 amounted to € 1.65 per share, totaling € 74,085 thousand, comparatively to € 1.50 per share paid in 2021 in respect of 2020 and totaling € 67,350 thousand.

Basic earnings per share are calculated as the ratio of net income for the year (Group share) and the weighted average number of shares outstanding during the year, excluding treasury shares. These earnings per share are adjusted for any potentially dilutive ordinary shares such as free shares (see note 5).

Since June 30, 2018, for a period of 12 months renewable by tacit agreement, Vicat has engaged Oddo BHF (previously Natixis Securities) to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million in cash.

As at June 30, 2022, the liquidity account was composed of: 62,978 Vicat shares and € 1,763 thousand in cash.

NOTE 15 – PROVISIONS

15.1. Employee benefits

Accounting policy

The Group recognizes the entire amount of its commitments relating to post-employment benefits in accordance with IAS 19 revised.

Regulations, standard practices, and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, etc., as well as other long-term benefits (such as medical cover for retirees, etc.).

Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions recognized as expenses when they are incurred.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group.

The corresponding liabilities are calculated on an actuarial basis (changes in salaries, mortality, turnover, etc.) using specific actuarial assumptions and the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices and law.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United States and Switzerland. The net position of each pension plan is fully provided for in the statement of financial position less, where applicable, the fair value of these invested assets, the amount of which may be adjusted using the asset ceiling mechanism. Any surplus (in the case of overfunded pension plans) is only recognized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limits defined by the standard.

Actuarial gains and losses arise from changes in actuarial assumptions and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

Estimates, assumptions and judgements

The measurement of the present value of post-employment obligations, under defined benefit plans, is dependent on the actuarial assumptions, both demographic and financial, made by the Group.

Discount rates are determined in accordance with the principles set out in IAS 19 Revised, with reference to a market rate at the end of the period, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

When the corporate bond market in a zone is not sufficiently liquid, IAS 19 (revised) recommends using government bonds as a benchmark.
In any event, the benchmarks used must have a maturity comparable to the commitments.

In terms of recognition of actuarial gains and losses, the Group has chosen to apply the IFRS 1 option and to zero the ones linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

	June 30, 2022			December 31, 2021		
(in thousands of euros)	Pension plans and TB	Other benefits	**Total**	Pension plans and TB	Other benefits	**Total**
Present value of funded liabilities	349,728	55,256	404,984	398,795	63,230	**462,024**
Fair value of plan assets	(381,711)		(381,711)	(407,531)		**(407,531)**
Net liability before asset limit	**(31,983)**	**55,256**	**23,273**	**(8,736)**	**63,230**	**54,493**
Limit on recognition of plan assets (asset ceiling)				53,317		53,317
NET LIABILITY	**-31,983**	**55,256**	**23,273**	**44,581**	**63,230**	**107,810**

Group's employment benefits fell sharply compared to December 31, 2021 following the recognition of the plan assets in Switzerland leads by the increase in discount rate.
As of December 31, 2021, the asset ceiling recognized by the Group amounted to €53.3 million.

15.2 Other provisions

Accounting policy

In accordance with IAS 37, a provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to an outflow of resources without corresponding inflow after the closing date, which can be reliably estimated.
These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.
In accordance with IAS 37, provisions are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

(in thousands of euros)	Restoration of sites	Dismantling	Other risks (1)	Other expenses	**Total**
At January 1st, 2021	**59,266**	**523**	**60,832**	**9,664**	**130,285**
Increase	4,898	39	9,789	1,798	16,523
Reversal of provisions used	(5,162)	(106)	(24,477)	(4,584)	(34,330)
Reversal of unused provisions					
Change in translation effect	2,006	21	1,061	361	3,449
Changes in consolidation scope	204		(424)	(247)	(467)
Other movements	(1)		(105)	1	(105)
At December 31, 2021	**61,210**	**476**	**46,677**	**6,993**	**115,356**
Increase	2,474		6,628	300	9,402
Reversal of provisions used	(728)		(4,613)	(163)	(5,503)
Reversal of unused provisions					
Change in translation effect	1,693	18	4,426	(224)	5,913
Changes in consolidation scope					
Other movements	340		102	(0)	442
At June 30, 2022	**64,989**	**494**	**53,220**	**6,906**	**125,609**
of which less than one year	*29*		*6,757*	*4,427*	*11,214*
of which more than one year	*64,960*	*494*	*46,463*	*2,479*	*114,396*

Impact (net of expenses incurred) *On the income statement of June 30, 2022*	*Additional expense*	*Reversals unused*
Operating income (expense):	6,802	
Non-operating income (expense):	2,600	

(1) As at June 30, 2022, other risks included:

- The provisions recognized in Ciplan's (Brazil) financial statements for a total amount of € 24.9 million (€ 20.7 million as at December 31, 2021) which mainly concern:
  - Tax litigation relating chiefly to tax credits (ICMS) attributable to import duties on purchases of coke and diesel for production purposes, and disputed by the tax authorities (€ 22.7 million),
  - Industrial relations and labor tribunal disputes following the departure of former employees (€ 1.9 million),
  - Civil litigation involving fines and claims challenged by the company (€ 0.5 million).

  At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets for € 32.4 million (see note 11), on the one hand in respect of indemnifiable claims accounted for as a provision (€ 24.3 million) and on the other hand, in respect of a tax recorded as tax debts at more than one year (€ 8.1 million).
- An amount of € 14.5 million (€ 12.9 million as at December 31, 2021) corresponding mainly to the estimated amount of the deductible at year-end for work-related accident claims in the United States and which will be paid by the Group.
- The remaining amount of other provisions for risks amounting to € 13.8 million as at June 30, 2022 (€13.1 million as at December 31, 2020) corresponds to the sum of other provisions that, taken individually, are not material.

NOTE 16 - NET DEBT AND FINANCIAL INSTRUMENTS

16.1. Net financial liabilities and put options

Financial liabilities as at June 30, 2022 break down as follows:

(in thousands of euros)	June 30, 2022	December 31, 2021
Financial liabilities at more than one year	1,574,929	1,274,493
Put options at more than one year	14,036	16,941
Lease liabilities at more than one year	151,906	159,883
Financial liabilities and put options at more than one year	**1,740,871**	**1,451,317**
Financial instrument assets at more than one year (see note 11)	(20,195)	(0)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS AT MORE THAN ONE YEAR	**1,720,676**	**1,451,317**
Financial liabilities at less than one year	410,455	371,119
Put options at less than one year		
Lease liabilities at less than one year	57,439	55,502
Financial liabilities and put options at less than one year	**467,894**	**426,621**
Financial instrument assets at less than one year (1)	(22,868)	(15,892)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS AT LESS THAN ONE YEAR	**445,026**	**410,728**
Total financial liabilities net of financial instruments assets (1)	2,151,667	1,845,104
Total put options	14,036	16,941
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS	**2,165,702**	**1,862,045**

(1) As at June,30, 2022, financial instrument assets with a maturity of less than one year amounting to 22.9 million euros (15.9 million euros as at December 31, 2021) are presented in current assets (see note 12.2).

The change, by type of net financial liabilities and put options, breaks down as follows:

(in thousands of euros)	Financial liabilities and put options > 1 year	Financial instrument assets > 1 year	Lease liabilities > 1 year	Financial liabilities and put options < 1 year	Financial instrument assets < 1 year	Lease liabilities < 1 year	Total
At January 1st, 2021	**1,270,161**	**(7,115)**	**157,563**	**165,375**	**(300)**	**47,382**	**1,633,067**
Issues	257,919		55,926	73,524		6,052	393,421
Repayments	(130,584)		(11,141)	(9,538)		(41,822)	(193,086)
Change in translation effect	1,856	(0)	3,429	(10,876)	1,154	(2,048)	(6,485)
Changes in consolidation sc	1,048		3,114	370		86	4,617
Other movements	(108,966)	7,115	(49,008)	152,265	(16,747)	45,852	30,512
At December 31, 2021	**1,291,434**	**(0)**	**159,883**	**371,119**	**(15,892)**	**55,502**	**1,862,045**
Issues	311,086		17,999	62,183		990	392,259
Repayments	(28,933)		(7,295)	(4,197)		(21,520)	(61,945)
Change in translation effect	6,825	(0)	4,326	(10,556)	303	623	1,521
Changes in consolidation sc			(0)				(0)
Other movements	8,552	(20,195)	(23,007)	(8,095)	(7,279)	21,845	(28,178)
At June 30, 2022	**1,588,965**	**(20,195)**	**151,906**	**410,455**	**(22,868)**	**57,439**	**2,165,702**

(in thousands of euros)	June 30, 2022	December 31, 2021
Gross debt	2,151,667	1,845,104
Cash and cash equivalents (see note 13.1)	(481,034)	(527,393)
Net debt	**1,670,633**	**1,317,711**

16.1.1. Financial liabilities

Analysis of financial liabilities by category and maturity

At June 30, 2022 (in thousands of euros)	**Total**	**2023**	**2024**	**2025**	**2026**	**2027**	**More than 5 years**
Bank borrowings and financial liabilities	1,819,637	270,708	181,079	714,677	125,496	45,048	482,628
Of which financial instrument assets	*(43,063)*	*(22,868)*	*(1,577)*	*(1,554)*	*(924)*	*(1,791)*	*(14,349)*
Of which financial instrument liabilities	*6,841*	*6,841*					
Miscellaneous borrowings and financial liabilities	24,244	18,435	1,175		2,217	2,008	409
Lease liabilities	209,345	57,439	44,414	20,748	15,802	11,334	59,607
Current bank lines and overdrafts	98,442	98,442					
FINANCIAL LIABILITIES	**2,151,667**	**445,024**	**226,668**	**735,426**	**143,515**	**58,390**	**542,643**
of which commercial paper	*475,000*			*475,000*			

At December 31, 2021 (in thousands of euros)	**Total**	**2023**	**2024**	**2025**	**2026**	**2027**	**More than 5 years**
Bank borrowings and financial liabilities	1,491,475	220,861	23,869	187,728	568,269	159,859	330,889
Of which financial instrument assets	*(15,892)*	(15,892)					
Of which financial instrument liabilities	*2,007*	2,007					
Miscellaneous borrowings and financial liabilities	19,951	16,288	1,316		2,071		276
Lease liabilities	215,385	55,502	33,679	23,116	17,713	12,817	72,558
Current bank lines and overdrafts	118,294	118,294					
FINANCIAL LIABILITIES	**1,845,104**	**410,944**	**58,865**	**210,844**	**588,052**	**172,676**	**403,723**
of which commercial paper	*550,000*				*550,000*		

Financial liabilities due in less than one year are mainly composed of bilateral lines of Sococim Industries in Senegal, IFRS 16 debts, bank credit balances and the share within one year of the 2010 USPP.

Characteristics of borrowings and financial liabilities (currencies and interest rates)

By currency (net of currency swaps) *(in thousands of euros)*	**June 30, 2022**	**December 31, 2021**
Euro	1,650,213	1,370,834
US dollar	45,536	42,258
Turkish lira	63,429	40,506
CFA Franc	169,832	148,715
Swiss franc	64,300	68,681
Mauritanian ouguiya	3,208	3,562
Egyptian pound	70,269	92,064
Indian rupee	34,766	34,300
Kazakh tenge	339	379
Brazilian real	49,776	43,806
TOTAL	**2,151,667**	**1,845,104**

By interest rate (in thousands of euros)	**June 30, 2022**	**December 31, 2021**
Fixed rate	1,140,200	957,570
Floating rate	1,011,466	887,534
TOTAL	**2,151,667**	**1,845,104**

The average interest rate on gross debt as at June 30, 2022 was 3.21% which is higher than the one in December 31, 2021 due to higher market rates.
The average maturity of the debt as at June 30, 2022 is 4.6 years, a slight decrease compared to December 31, 2021.

16.1.2. Put options granted to the minority shareholders on shares in consolidated subsidiaries

Accounting policy

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price offset by a reduction in the corresponding minority interests.
The difference between the value of the option and the amount of the minority interests is recognized:

- In goodwill, in the case of options issued before January 1, 2010;
- As a reduction in shareholders' equity – Group share (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in net financial income; the income – Portion attributable to the Group – is calculated based on the percentage held in the subsidiaries concerned, without taking into account the held percentage attached to the put options.

Assumptions, estimates and judgements

The liability is estimated based on the contract information available (price, formula, etc.) and any other relevant factor to its valuation. Its value is reviewed at each period end and the subsequent changes in the liability are recognized:

- Either as an offset to goodwill (options granted before January 1, 2010);
- Or as an offset to shareholders' equity – Group share (options issued after January 1st , 2010).

As at June 30, 2022, various agreements between Vicat and the non-controlling shareholders of multiple subsidiaries include put options that can be exercised at any time. These put options totaled € 14 million as at June 30, 2022, corresponding to the present value of their exercise prices.

16.2. Financial instruments

Accounting policy

Financial assets

The Group classifies its financial assets, upon initial recognition, according to IFRS 9 based on the contractual cash flow characteristics and on the business model assessment of their ownership.

In practice, for the Vicat Group, the criterion of the contractual cash flow characteristics led to make a distinction between, on one side, loan and receivables instruments, for which the evaluation depends on the business model assessment of their ownership, and, on the other side, equity instruments.

According to the standard, there are three types of loan and receivables assets, each associated with a business model and a valuation method:

- Assets valued at the amortized cost: the objective is only to hold the assets to collect the contractual cash flows. This is the case with most loans and receivables;
- Assets valued at the fair value through other comprehensive income : the objective is to hold the assets to collect the contractual cash flows and to sell them;
- Assets valued at the fair value through the income statement : applied to assets not covered by any of the two previous models.

All acquisitions and disposals of financial assets are recorded at the transaction date.
Impairment of receivables is based on the expected credit losses during the full lifetime of the asset and credit risk is assessed based on of historical data and any available information at the closing date.

Financial liabilities

The Group classifies its non-derivative financial liabilities, upon initial recognition, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts. The Group does not have financial liabilities at fair value through the income statement.

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations.
These hedging transactions have recourse to derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks and forward foreign exchange contracts and currency swaps are used to hedge foreign exchange rate risks.
The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends.

Hedge accounting for an asset/liability/firm commitment or cash flow is applicable if:

- The hedging relationship is formally designated and documented at its date of inception;
- The effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and the market value of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- Fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, for instance interest rate or exchange risks, which would affect the net income presented;
- Cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a recorded asset or liability or with a scheduled transaction (e.g. expected sale or purchase or “highly probable“ future transaction), which would affect the net income presented.

The application of hedge accounting results as follows:

- In the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying hedged financial instrument. The income statement is only impacted by the ineffective portion of the hedging instrument;
- In the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is initially recorded in shareholders’ equity, and the change in the fair value of the ineffective portion is directly recognized in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders’ equity are transferred to the income statement at the same rate as the hedged cash flows.

Assumptions, estimates and judgements

Financial assets

Equity instruments covered by IFRS 9 have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in the income statement or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

Derivatives and hedging

Derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset under net financial expense in the income statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by the following valuation models:

- The market value of interest rate swaps, foreign exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the presented reporting periods, and is restated where applicable to reflect accrued interest not yet payable;
- Interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters at year-end.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the credit value adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the debit value adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

The Vicat Group continued to manage its hedging instruments and its liquidity risk without difficulty throughout the year, as evidenced by the following:

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged, where possible, by the companies when the borrowing is denominated in a currency other than their operating currency.

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (US$ 120 million for Vicat) was translated into euros through a series of cross currency swaps, included in the portfolio presented below.

Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of 5, 7 and 10 years.
The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at June 30, 2022, the Group had € 372 million of unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 462 million as at December 31, 2021).

The Group also has a € 550 million commercial paper issue program. As at June 30, 2022, the amount of commercial paper issued stood at € 475 million. Commercial papers which constitute short-term credit instruments are backed by lines of credit confirmed for the issued amount and are treated as such in medium-term financial debts in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group's inability to issue commercial paper on the market, for an amount corresponding to the notes issued, i.e. € 475 million as at June 30, 2022.

Some medium-term or long-term loan agreements contain specific covenants especially with regards to compliance with financial ratios, reported each half year, which can lead to an early repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net indebtedness/ consolidated EBITDA) and on capital structure ratio (gearing: net indebtedness/consolidated shareholders equity) of the Group or its relevant subsidiaries. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (57.69%) and leverage (2.84) and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk for the Group's financial position. As at June 30, 2022, the Group is compliant with all ratios required by covenants included in financing agreements.

The portfolio of derivatives was as follows at the end of June 2022:

(in thousands of currency)		Nominal value (foreign currency)	Nominal value (euro)	Market value (euro)	RESIDUAL MATURITY < 1 year (euro)	RESIDUAL MATURITY 1-5 years (euro)	RESIDUAL MATURITY > 5 years (euro)
CASH FLOW HEDGES							
Composite instruments							
- Cross Currency Swap $ fixed/€ fixed	$	120,000	115,529	24,002	24,002		
OTHER DERIVATIVES							
Interest rate instruments							
- Euro Caps	€	714,500	714,500	20,194		5,845	14,349
FOREIGN EXCHANGE INSTRUMENTS							
Hedging for foreign exchange risk on intra-group loans							
- VAT $	$	173,000	166,554	(1,663)	(1,663)		
- VAT CHF	CHF	183,300	184,036	(2,628)	(2,628)		
TOTAL			**1,180,620**	**39,905**	**19,711**	**5,845**	**14,349**

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows at June 30, 2022:

(in millions of euros)	June 30, 2022
Level 1: instruments quoted on an active market	-
Level 2: valuation based on observable market information	39.9
Level 3: valuation based on non-observable market information (see note 11)	54.1

NOTE 17 – TRADE AND OTHER PAYABLES

(in thousands of euros)	June 30, 2022	December 31, 2021
OPENING	**459,647**	**375,329**
Changes for the period	36,087	88,335
Change in translation effect	6,689	(1,464)
Changes in consolidation scope	3	(2,455)
Other movements	(9)	(99)
CLOSING	**502,417**	**459,647**

NOTE 18 - CASH FLOWS

18.1 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group during the first semester 2022 totaled € (24) million, compared with € 118 million as at June 30, 2021.

This decrease in cash flow from operating activities between the first half of 2021 and the first half of 2022 is mainly due to the change in working capital requirement of € (120) million compared to 2021, resulting from the increase in activity and the rising cost of sourcing raw materials

(in thousands of euros)	**WCR January 1st, 2021**	Variation WCR	Autres variations	**WCR December 31, 2021**	Variation WCR	Autres variations	**WCR June 30, 2022**
Inventories	354,937	93,682	(19,376)	429,243	113,506	9,894	552,643
Other Working capital components	(45,662)	(45,008)	3,179	(87,491)	128,596	139	41,244
WORKING CAPITAL	**309,275**	**48,674**	**(16,197)**	**341,752**	**242,102**	**10,033**	**593,888**

18.2 Net cash flows from investing activities

Net cash flows from investing activities conducted by the Group during the first semester 2022 were € (238.5) million, compared with € (168.6) million in the first half 2021.

Acquisitions of property, plant and equipment and intangible assets

These reflect net outflows for industrial investments (€ 182.5 million during the first semester 2022 and € 177.3 million during the first semester 2021) mainly corresponding, in the first semester 2022 and in the first semester 2021, to investments made in the United States, France and Senegal.

Acquisition/disposal of shares in consolidated companies

Acquisitions/disposals of shares in consolidated companies during the first half of 2022 resulted in a total cash inflow of € (40) million. The main outflows over the period related to the acquisition of majority interests in France and in Mediterranean area and the acquisition of a minority interest in a Brazilian and Egyptian subsidiary.
The main cash inflow during the first half of 2021 was linked to the sale by the Group of a subsidiary in Switzerland, partially offset by cash outflows linked to the acquisition of minority interests in a French and Brazilian subsidiary and the acquisition of a majority stake in a French company.

SEGMENT INFORMATION

Accounting policy

In accordance with IFRS 8 “Operating Segments” the segment information is based on information taken from the internal reporting. This information is used internally by the General Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group’s operating performance and for allocating capital expenditure and resources to geographical areas and business segments.

The operating segments, as defined by IFRS 8, comprise the following six geographical areas in which the Group operates, and which can, as stated by IFRS 8, combine countries with similarities:

- France;
- Europe (except France) including Switzerland and Italy;
- Americas including United States and Brazil;
- Asia including India and Kazakhstan;
- Mediterranean region including Turkey and Egypt;
- Africa including Senegal, Mali and Mauritania.

This organization by region allows to assess the nature and financial impacts of the economic environments in which the Group operates and clearly reflects its matrix-based organization as well as the predominance of geographical aspects in the strategic analyses presented to the Top Management. More concise additional information is presented per business sector.

The management indicators presented were adapted in order to be consistent with those used by the General Management, while complying with IFRS 8 disclosure requirements: revenue from operations and consolidated revenue, EBITDA and EBIT, total non-current assets, net capital employed, industrial investments, depreciation and amortization and number of employees.
The management indicators used for internal reporting are identical for all the segments defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

Breakdown by operating segment

Information relating to operating segment is presented according to the geographical location of the entities concerned.

June 30, 2022 (in thousands of euros except headcount)	France	Europe (excluding France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating revenue	625,959	185,019	400,954	249,219	145,318	172,102	**1,778,571**
Inter-country eliminations	(20,337)	(1,442)		(42)		(2,231)	**(24,051)**
Consolidated revenue	605,622	183,577	400,954	249,177	145,318	169,871	**1,754,520**
EBITDA (see Definition of management indicators)	80,318	41,231	54,832	52,282	16,381	23,839	**268,884**
EBIT (see Definition of management indicators)	31,215	24,901	22,238	34,597	9,386	6,156	**128,495**
Balance sheet							
Total non-current assets	3,312,715	540,311	745,071	(349,555)	(44,581)	315,476	**4,519,437**
Net capital employed (1)	916,007	634,925	1,070,213	722,788	439,899	592,329	**4,376,162**
Other information							
Acquisitions of property, plant and equipment and intangible assets	52,609	11,534	82,878	12,357	11,444	25,874	**196,697**
Net depreciation and amortization charges	(47,575)	(16,075)	(31,332)	(16,438)	(6,844)	(16,420)	**(134,684)**
Average number of employees	3,230	716	2,201	1,224	1,330	938	**9,639**

June 30, 2021 (in thousands of euros except headcount)	France	Europe (excluding France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating revenue	578,643	204,675	318,734	206,458	102,800	174,756	**1,586,066**
Inter-country eliminations	(17,106)	(1,509)		(36)		(7,748)	**(26,399)**
Consolidated revenue	561,537	203,166	318,734	206,422	102,800	167,008	**1,559,667**
EBITDA (see Definition of management indicators)	103,648	38,847	70,355	57,842	(6,105)	35,446	**300,032**
EBIT (see Definition of management indicators)	66,097	19,474	43,030	40,396	(15,951)	18,142	**171,188**
Balance sheet							
Total non-current assets	799,541	584,718	1,085,282	679,357	289,505	503,969	**3,942,372**
Net capital employed (1)	867,702	557,504	896,292	707,134	305,405	529,218	**3,863,255**
Other information							
Acquisitions of property, plant and equipment and intangible assets	49,110	12,737	107,925	8,730	9,089	12,338	**199,929**
Net depreciation and amortization charges	(43,412)	(18,511)	(26,107)	(15,627)	(8,664)	(16,325)	**(128,647)**
Average number of employees	3,007	733	2,143	1,219	1,325	945	**9,372**

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital, after deduction of provisions and deferred taxes.

Information by business segment

June 30, 2022 *(in thousands of euros)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating revenue	1,094,592	675,133	226,129	**1,995,855**
Inter-segment eliminations	(157,187)	(16,409)	(67,738)	**(241,334)**
Consolidated revenue	937,405	658,724	158,391	**1,754,520**
EBITDA (see Definition of management indicators)	191,971	62,916	13,997	**268,884**
EBIT (see Definition of management indicators)	104,675	17,988	5,831	**128,495**
Balance sheet				
Net capital employed (1)	3,150,500	998,608	227,054	**4,376,162**

June 30, 2021 *(in thousands of euros)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating revenue	937,854	585,087	248,558	**1,771,499**
Inter-segment eliminations	(133,590)	(16,276)	(61,966)	**(211,833)**
Consolidated revenue	804,264	568,811	186,591	**1,559,667**
EBITDA (see Definition of management indicators)	214,538	69,665	15,829	**300,032**
EBIT (see Definition of management indicators)	138,973	27,211	5,004	**171,188**
Balance sheet				
Net capital employed (1)	2,756,133	908,155	198,966	**3,863,255**

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital, after deduction of provisions and deferred taxes.

OTHER INFORMATION

NOTE 19 - TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, described in this note, related parties with which transactions are carried out include affiliated companies in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

These related-party transactions were not material and were all concluded on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements for the first semester 2022 and 2021 is as follows, broken down by type of related party:

	June 30, 2022				June 30, 2021			
(in thousands of euros)	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Associates	2,151	1,092	4,060	1,669	1,527	1,061	3,219	1,888
Other related parties		600			22	600		120
TOTAL	**2,151**	**1,692**	**4,060**	**1,669**	**1,549**	**1,661**	**3,219**	**2,008**

NOTE 20 - POST-BALANCE SHEET EVENTS

No post-balance sheet event has had a material impact on the consolidated financial statements as at June 30, 2022.

NOTE 21 - LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2022

Fully consolidated: France

COMPANY	Country	City	% INTEREST June 30, 2022	% INTEREST December 31, 2021
VICAT	FRANCE	L'ISLE D'ABEAU	-	-
AGENCY BULK CHARTERING VICAT	FRANCE	NANTES	49.99	49.99
ANNECY BETON CARRIERES	FRANCE	L'ISLE D'ABEAU	49.98	49.98
LES ATELIERS DU GRANIER	FRANCE	CHAPAREILLAN	99.98	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
BETON TRAVAUX	FRANCE	L'ISLE D'ABEAU	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	L'ISLE D'ABEAU	(1)	99.97
CENTRE D'ETUDE DES MATERIAUX ET DES BETONS	FRANCE	FILLINGES	79.99	79.99
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.99	99.99
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

(1) Merged entity

Fully consolidated: Rest of the world

COMPANY	Country	City	% INTEREST June 30, 2022	% INTEREST December 31, 2021
CIPLAN	Brazil	Brasilia	75.46	74.13
VICAT BRASIL	Brazil	Brasilia	100.00	100.00
SINAI CEMENT COMPANY	Egypt	Cairo	67.18	56.20
JAMBYL CEMENT PRODUCTION COMF	Kazakhstan	Almaty	90.00	90.00
MYNARAL TAS COMPANY LLP	Kazakhstan	Almaty	90.00	90.00
BUILDERS CONCRETE	USA	California	100.00	100.00
KIRKPATRICK	USA	Alabama	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	Alabama	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	Delaware	100.00	100.00
NATIONAL CEMENT COMPANY OF CAL	USA	Delaware	100.00	100.00
NATIONAL READY MIXED	USA	California	100.00	100.00
VIKING READY MIXED	USA	California	100.00	100.00
WALKER CONCRETE	USA	Georgia	100.00	100.00
CEMENTI CENTRO SUD Spa	Italy	Genova	100.00	100.00
CIMENTS & MATERIAUX DU MALI	Mali	Bamako	94.90	94.90
GECAMINES	Senegal	Thies	100.00	100.00
POSTOUDIOKOUL	Senegal	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	Senegal	RUFISQUE (DAKAR)	99.90	99.90
ALTOLA AG	Switzerland	Olten (Solothurn)	100.00	100.00
KIESWERK AEBISHOLZ AG	Switzerland	Aebisholz (Soleure)	100.00	100.00
BETON AG BASEL	Switzerland	Basel	100.00	100.00
BETON AG INTERLAKEN	Switzerland	Interlaken (Bern)	75.42	75.42
BETONPUMPEN OBERLAND AG	Switzerland	Wimmis (Bern)	82.46	82.46
CREABETON MATERIAUX SA	Switzerland	Lyss (Bern)	-	-
EMME KIES + BETON AG	Switzerland	Lützelflüh (Bern)	66.67	66.67
FRISCHBETON AG ZUCHWIL	Switzerland	Zuchwil (solothurn)	88.94	88.94
FRISCHBETON LANGENTHAL AG	Switzerland	Langenthal (Bern)	81.17	81.17
FRISCHBETON THUN	Switzerland	Thoune (Bern)	53.48	53.48
KIESTAG STEINIGAND AG	Switzerland	Wimmis (Bern)	98.55	98.55
KIESWERK NEUENDORF	Switzerland	Neuendorf (Soleure)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	Switzerland	Hauterive (Fribourg)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER	Switzerland	Frutigen (Bern)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GES	Switzerland	Flumenthal (Solothurn)	100.00	100.00
SONNEVILLE AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
VIGIER BETON JURA SA	Switzerland	Belprahon (Bern)	84.81	84.81
VIGIER BETON KIES SEELAND AG	Switzerland	Lyss (Bern)	100.00	100.00
VIGIER BETON MITTELLAND AG	Switzerland	Feldbrunnen (Solothurn)	100.00	100.00
VIGIER BETON ROMANDIE SA	Switzerland	St. Ursen (Fribourg)	100.00	100.00
VIGIER BETON SEELAND JURA AG	Switzerland	Safnern (Bern)	94.24	94.24
VIGIER CEMENT AG	Switzerland	Pery (Bern)	100.00	100.00
VIGIER HOLDING AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
VIGIER MANAGEMENT AG	Switzerland	Deitingen (Solothurn)	100.00	100.00
VIGIER RAIL	Switzerland	Müntschemier (Bern)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	Switzerland	Langendorf (Soleure)	100.00	100.00
VITRANS AG	Switzerland	Pery (Bern)	100.00	100.00
BASTAS BASKENT CIMENTO	Turkey	Ankara	91.60	91.60
BASTAS HAZIR BETON	Turkey	Ankara	91.60	91.60
BIKILTAS	Turkey	Konya	100.00	-
KONYA CIMENTO	Turkey	Konya	83.08	83.08
KONYA HAZIR BETON	Turkey	Konya	83.08	83.08
TAMTAS	Turkey	Ankara	100.00	100.00
MAURICIM	Mauritania	Nouakchott	100.00	100.00
BHARATHI CEMENT	India	Hyderabad	51.02	51.02
KALBURGI CEMENT	India	Hyderabad	99.98	99.98

Equity method: France

Company	Country	City	% INTEREST June 30, 2022	% INTEREST December 31, 2021
ALTèreNATIVE	France	L'Isle d'Abeau	49.99	49.99
BIOVAL	France	L'Isle d'Abeau	39.99	39.99
CARRIERES BRESSE BOURGOGNE	France	Épervans	33.28	33.28
DRAGAGES ET CARRIERES	France	Épervans	49.98	49.98
SABLIERES DU CENTRE	France	Les Martres d'Artière	49.99	49.99
SCI ABBE CALES	France	Chambéry	69.99	69.99
EST LYONNAIS GRANULATS	France	Dijon	33.33	33.33

Equity method: Rest of the world

Company	Country	City	% INTEREST June 30, 2022	% INTEREST December 31, 2021
HYDROELECTRA	Switzerland	Au (St. Gallen)	50.00	50.00
GRAVIERE DE LA-CLAIE-AUX-MOINES	Switzerland	Savigny	35.00	-
PROBETON	Switzerland	Vernier	50.20	50.20
SILO TRANSPORT AG	Switzerland	Bern	50.00	50.00
SINAI WHITE CEMENT	Egypt	Cairo	17.06	14.27
PLANALTO	Brazil	Brasilia	36.32	36.32
BIKILTAS ENERJI PETROL MADENCILIK	Turkey	Selcuklu/Konya	(1)	50.00

(1) Fully integrated as June 30th, 2022

III.

STATUTORY AUDITORS'REVIEW REPORT ON THE 2022 HALF-YEAR FINANCIAL INFORMATION

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.

Vicat S.A.- Registered office: 4 rue Aristide Bergès - Les trois vallons - 38080 L'Isle d'Abeau

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

For the period from 1st January to 30 June 2022

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general 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 VICAT S.A., for the period from 1 January to 30 June 2022,
- 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.

Lyon, July 27, 2022	Chamalières, July 27, 2022
KPMG Audit *Département de KPMG S.A.*	Wolff & Associés S.A.S.
Philippe Massonnat *Associé*	Grégory Wolff *Associé*

IV.

DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF- YEAR FINANCIAL REPORT

“I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the ending half-year have been drawn up in accordance with the applicable accounting standards and are a true reflection of the assets and liabilities, financial position and income of the Company and all the firms within the consolidation scope and that the half-year report on operations, attached on page 3, presents a true picture of the major events which occurred during the first six months of the year, their impact on the accounts and the main transactions between related parties and describes the main risks and the main uncertainties for the remaining six months of the year.”

L’Isle d’Abeau, July 27, 2022

Guy Sidos

Chairman and CEO

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