Half year financial report

June 30, 2023

TABLE OF CONTENTS

I.

HALF-YEAR REPORT AS AT JUNE 30, 2023

- **Strong increase in sales: resilient volumes across almost all cement markets and higher selling prices**
- **Recovery in profitability, especially with the gradual ramp-up in the Ragland plant's new kiln**
- **Tight grip on debt with the leverage ratio falling over the past year to 2.6x**
- **FY 2023 EBITDA is expected to rise towards a level appreciably above that recorded in 2021**

Condensed income statement approved by the Board of Directors on 25 July 2023

(€ million)	**H1 2023**	H1 2022	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**1,912**	1,755	+9.0%	**+16.5%**
EBITDA	**314**	269	+17.0%	**+21.6%**
Margin (%)	***16.4%***	*15.3%*		
Recurring EBIT	**166**	128	+29.4%	**+34.4%**
Margin (%)	***8.7%***	*7.3%*		
Consolidated net income	***109***	88	+24.5%	**+17.8%**
Margin (%)	***5.7%***	*5.0%*		
Net income, Group share	**94**	78	+20.9%	**+14.0%**
Cash flow from operations	**239**	218	+9.5%	**+10.1%**

Guy Sidos, the Group's Chairman and CEO commented:

"The Vicat Group recorded a solid set of first-half 2023 results. Demand for cement remained broadly favourable across all our markets, with pricing levels offsetting the cumulative effects of cost inflation, especially higher energy prices. Profitability moved higher in line with our expectations, with the ramp-up in the Ragland plant's new kiln in the United States, which will continue during the second half. However, the Group has not yet returned to its pre-crisis margins rates.

I'd like to thank all our teams for their unwavering commitment enabling us to reach our industrial, financial and climate targets. The Group has reduced its specific carbon emissions by 3.6% from the level of 591 kg CO_2 net per tonne of cement equivalent of a year ago and is on pace to reach its climate roadmap goal of 497 kg CO_2 net per tonne of cement equivalent by 2030."

Disclaimer:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2023/2022), and at constant scope and exchange rates.*
- *The alternative performance measures (APMs), such as "at constant scope and exchange rates", "operational sales", "EBITDA", "Recurring 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).

The **Group's consolidated sales** grew in the first six months of 2023. This increase chiefly reflected:

- **growth in Cement volumes to an extent varying from market to market**, with a slowdown in certain developed markets (France, Switzerland) and positive momentum in the Mediterranean and, to a lesser extent, in Africa;
- **an increase in selling prices across almost all Vicat's markets** in an inflationary environment resulting mainly from energy costs.

Overall, the Group's **consolidated sales** totalled **€1,912 million**, up from €1,755 million in the first six months of 2023, representing a +9.0% rise on a reported basis. These trends reflected:
- organic growth of +16.5% at constant scope and exchange rates;
- an unfavourable currency effect of –7.5%, representing a negative impact of –€131 million over the period. Appreciation in the US dollar and Swiss franc against the euro offset only to a very limited extent the impact of depreciation in the Turkish lira and Egyptian pound against the euro;
- negligible changes in the scope of consolidation over the period.

The Group's **operational sales** totalled €1,938 million over the period, up +9.0% on a reported basis and up +16.3% at constant scope and exchange rates. Each of the Group's businesses contributed to this positive trend.

The Group's consolidated **EBITDA** came to €314 million in the first half of 2023, up +17.0% on a reported basis and up +21.6% at constant scope and exchange rates compared to the first half of 2022. The EBITDA margin on consolidated sales came to 16.4%, an increase of +110 basis points year-on-year. The trend in reported EBITDA reflects an unfavourable currency effect of –€12 million.

At constant scope and exchange rates, the EBITDA increase flowed from a year-on-year **price-cost differential** that was **favourable** owing to:
- **the ramp-up in the Ragland plant's new kiln**, whereas start-up operations had adversely affected results in the first half of 2022;
- **the impact of price increases introduced across almost all Group markets**, which tempered the increase in variable costs, especially energy. In the first half of 2023, energy costs grew +12% at constant volume to €327 million, up from €293 million in the first half of 2022;
- **greater use of alternative fuels**, which rose by +4.1 points relative to the same period of 2022, replacing fossil fuels;
- Lastly, the basis of comparison for EBITDA was made more favourable with a return to normal levels in maintenance costs in France.

Compared with the first half of 2021, EBITDA moved +4.8% higher on a reported basis, in line with the outlook given by the Group at the beginning of the year. Nonetheless, the EBITDA margin was 280 basis points below the 19.2% level recorded in the first six half of 2021. Selling price increases offset the impact of cumulative higher costs but have not yet restored the Group's margins to their previous levels.

Recurring EBIT totalled €166 million in the first half of 2023 compared with €128 million in the same period of 2022. That represented an increase of +29.4% on a reported basis and of +34.4% at constant scope and exchange rates. The recurring EBIT margin on consolidated sales came to 8.7%, a year-on-year increase of +140 basis points.

The Group's **operating income** totalled €161 million, representing a rise of +25.7% on a reported basis and of +30.6% at constant scope and exchange rates.

The –€32 million movement during the first half of 2023 in **net financial income (expense)** relative to 2022 was attributable to:

- the –€22 million year-on-year increase in the cost of the net debt, including:
  - a –€11 million increase in interest expense, offset partially by €6 million in hedging gains;
  - the change in the method used to account for caps (designated as hedges from December, leading to a –€20 million impact relative to the first half of 2022).
- a negative currency effect of –€7 million (–€4 million increase compared with 2022), predominantly as a result of depreciation of the Egyptian pound and Turkish lira;

Tax expense declined €20 million compared with 2022. The effective tax rate was 12.4%, far lower than the first-half 2022 rate of 29.6%. A key factor was the cancellation of a €26 million non-recurring tax liability owing to a merger between entities in Brazil.

Consolidated net income totalled €109 million in the first half of 2023, up +17.8% at constant scope and exchange rates and up +24.5% on a reported basis relative to the same period of 2022.

Net income, Group share rose +14.0% at constant scope and exchange rates and +20.9% on a reported basis to €94 million. Non-controlling interest rose €5 million in the first half of 2023 related to the non-recurring deferred tax income resulting from the reorganisation in Brazil.

Cash flow from operations came to €239 million, up +9.5% on a reported basis and up +10.1% at constant scope and exchange rates.

1. Income statement analysed by geographical region

1.1. Income statement, France

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	*Change (at constant scope and exchange rates)*
Consolidated sales	**630**	606	*+4.0%*	***+4.0%***
EBITDA	**106**	80	*+31.7%*	***+31.7%***
Recurring EBIT	**58**	31	*+85.8%*	***+85.8%***

The Group's sales in **France** were mixed during the first half of 2023, with cement volumes contracting slightly and a more significant slowdown in concrete and aggregates. Even so, the Group raised its selling prices, which offset the impact of the higher production costs, especially those linked to energy price inflation (up +12% in the first half of 2023 relative to the same period of 2022). As a result, EBITDA rose +31.7% in the first half of 2023. Although first-half EBITDA was slightly above its 2021 level, the EBITDA margin still lagged behind previous levels (16.8% in 2023 versus 18.5% in 2021).

- *Cement* – Operational sales rose +15.9% at constant scope. The selling price increases introduced since 2022 to curb the effects of inflation enabled to offset the slight decline in production volumes in France (lower residential construction and stable level of public works);
- *Concrete & Aggregates* – Operational sales declined –2.2% at constant scope. This performance was the product of lower concrete and aggregates volumes as a result of the slowdown in residential construction and roadworks sectors, partially offset by the hikes in selling prices to make up for the effects of inflation in the cost of raw materials and transport costs on margins. As a result, EBITDA generated in the period moved up +1.3% at constant scope.
- *Other Products & Services* – Operational sales edged up +0.5% at constant scope over the period. The EBITDA recorded by the business climbed +5.0% over the period.

1.2 Income statement for Europe (excluding France)

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	***Change (at constant scope and exchange rates)***
Consolidated sales	**195**	184	*+6.4%*	***+2.1%***
EBITDA	**46**	41	*+11.6%*	***+7.7%***
Recurring EBIT	**29**	25	*+16.0%*	***+11.3%***

Sales in **Europe** (excluding France) rose in the first half of 2023, supported by favourable pricing conditions, which more than made up for the volume contraction in Switzerland. EBITDA moved up +11.6% during the period on a reported basis and up +7.7% at constant scope and exchange rates with the Swiss franc's appreciation against the euro.

In **Switzerland**, the Group's consolidated sales were stable at constant scope and exchange rates (up +4.7% on a reported basis). EBITDA rose +7.3% at constant scope and exchange rates. The EBITDA margin on operational sales improved in the first half of 2023 to 24.3%.

- *Cement* – Operational sales grew +5.4% at constant scope and exchange rates in the first six months of 2023. This evolution reflects a small contraction in demand during the period, largely offset by a solid increase in selling prices. The EBITDA generated by the business rose +17.8% at constant scope and exchange rates.
- *Concrete & Aggregates* – Operational sales declined –7.0% at constant scope and exchange rates amid weaker demand in both concrete and aggregates. Selling prices moved higher, especially in concrete, but this rise was not sufficient to fully offset the inflationary pressures affecting inputs. As a result, the EBITDA generated by this business fell –20.6% at constant scope and exchange rates.
- *Other Products & Services* – Operational sales moved up +8.1% at constant scope. The EBITDA generated by the business grew.

In **Italy**, consolidated sales rose +24.6% at constant scope and exchange rates. Volumes rose and selling prices moved significantly higher. EBITDA grew +12.3% owing to the impact of the inflation in production costs.

1.3 Income statement for the Americas

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	***Change (at constant scope and exchange rates)***
Consolidated sales	**450**	401	*+12.3%*	***+11.0%***
EBITDA	**84**	55	*+52.6%*	***+50.7%***
Recurring EBIT	**45**	22	*+102.1%*	***+99.6%***

Business grew across the **Americas**, with sales moving up +11.0% at constant scope and exchange rates, supported by a steady increase in selling prices and delivery volumes. The region benefited from the ramp-up in production and commercial operations at the Ragland plant's new kiln. As a result, EBITDA in the Americas rose +50.7% at constant scope and exchange rates in the first half of 2023 by comparison with the same period in 2022.

In the **United States**, the industry environment remained broadly positive, but performance varied from market to market, California was affected by heavy rainfall, which had an impact on the construction market for most of the period, while the South-East US region achieved strong growth, as the ramp-up in the Ragland plant's new kiln enabled the Group to capitalise on supportive market conditions. Price increases were introduced in the first half to offset the effects of inflation. Consolidated sales totalled €318 million, up +15.1% at constant scope and exchange rates. As a result of these factors and the low basis of comparison linked to the Ragland kiln's start-up in 2022, EBITDA totalled €56 million, up +59.5% at constant scope and exchange rates.

- *Cement* – Operational sales grew +19.2% at constant scope and exchange rates in the first six months of 2023. A significant increase in selling prices and the ramp-up in the Ragland's new kiln were the main drivers behind this increase. EBITDA rose +27.9% at constant scope and exchange rates.
- *Concrete & Aggregates* – Operational sales moved up +11.2% at constant scope and exchange rates, with mixed performance across the region as a whole. Torrential rain dampened demand in California, while the concrete business was boosted by the greater availability of cement in Alabama with the ramp-up in

the Ragland plant's new kiln. Selling prices moved higher in both the Group's markets. As a result, EBITDA soared +189% over the period.

In Brazil, consolidated sales totalled €132 million, up +2.0% at constant scope and exchange rates. Sales were held back by the slowdown in the Brazilian economy, but the hike in prices to offset the higher production costs made a positive contribution. As a result, EBITDA rose +35.5% at constant scope and exchange rates to €28 million in the first half of 2023.

- *Cement* – Operational sales were €103 million in the first half of 2023, in line with 2022 at constant scope and exchange rates. The increase in selling prices and improved industrial performance offset the impact of higher production costs and volume contraction. As a result, EBITDA rose +46.9% at constant scope and exchange rates.
- *Concrete & Aggregates business* – Operational sales came to €46 million, an increase of +12.8% at constant scope and exchange rates, supported by higher selling prices. EBITDA rose +2.7% at constant scope and exchange rates.

1.4 Asia (India and Kazakhstan)

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	***Change (at constant scope and exchange rates)***
Consolidated sales	**233**	249	*–6.5%*	***–1.2%***
EBITDA	**32**	52	*–39.2%*	***–36.0%***
Recurring EBIT	**15**	35	*–56.1%*	***–54.0%***

In **India**, consolidated first-half 2023 sales came to €201 million, stable compared with 2022 at constant scope and exchange rates, but down –6.0% on reported basis. Amid robust demand and aggressive competition, especially in southern India, the Group introduced price increases, but these only partially offset the still high level of input costs in the first six months, especially energy costs. Volumes remained stable over the period.

EBITDA came to €26 million in the first half of 2023, down –27.4% at constant scope and exchange rates compared with the first half of 2022.

Consolidated sales in **Kazakhstan** came to €32 million, down –10.2% at constant scope and exchange rates. This performance reflects a contraction in delivery volumes towards the beginning of the year given the severe logistics disruption to the Kazakh rail operator and lower prices.
EBITDA came to €6 million, down -58.4% in the first half of 2023 at constant scope and exchange rates compared with the first half of 2022.

1.5 Mediterranean (Turkey and Egypt) income statement

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	***Change (at constant scope and exchange rates)***
Consolidated sales	**196**	145	*+34.9%*	***+126.0%***
EBITDA	**21**	16	*+26.9%*	***+110.0%***
Recurring EBIT	**12**	9	*+24.9%*	***+105.9%***

Volumes picked up in the **Mediterranean** region, and selling prices achieved healthy momentum in local currency amid high inflation. However, performance was held back by the significant depreciation in the Turkish lira and Egyptian pound against the euro during the period.

In **Turkey**, the market grew sharply during the first six months thanks to an upbeat construction sector and better weather conditions at the beginning of the year. Hyperinflation and the strong depreciation in the Turkish lira against the euro were again the main factors influencing the macroeconomic environment. The Group maintained its strategy of firm support for prices to offset the effects of inflation on production costs. As a result, consolidated sales totalled €124 million in the first half of 2023, up +123% at constant scope and exchange rates and up +36.6% on a reported basis.
EBITDA moved higher in the first six months of 2023, totalling €17 million, despite a negative currency impact of -€11 million.

- *Cement* – The Group recorded a strong increase in volumes owing to the combined impact of favourable weather conditions and supportive demand from the construction sector despite the hyperinflationary environment. As a result, the Group's operational sales rose +128% at constant scope and exchange rates and +39.6% on a reported basis to reach €90 million. EBITDA also rose +90.5% at constant scope and exchange rates.
- *Concrete & Aggregates business* – Operational sales rose +102% at constant scope and exchange rates to €56 million thanks to growth in concrete and aggregates volumes. Significant price hikes were introduced, following the Cement business' lead. EBITDA moved up +81.9% at constant scope and exchange rates.

In **Egypt**, consolidated sales totalled €72 million, up +130% at constant scope and exchange rates and up +32.0% on a reported basis as the depreciation in the Egyptian pound against the euro had a negative impact. Amid sluggish conditions in the domestic market, business was boosted by an opportunity to export clinker. In the domestic market, where the market regulation agreement introduced by the authorities remains in place, selling prices continued to improve, which almost completely offset the impact of higher input costs. As a result, the EBITDA generated in Egypt recovered further in the first six months of 2023, almost reaching €4 million despite a negative currency impact of -€3 million.

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

(€ million)	**H1 2023**	H1 2022	*Change (reported)*	***Change (at constant scope and exchange rates)***
Consolidated sales	**208**	170	*+22.2%*	***+21.7%***
EBITDA	**26**	24	*+11.0%*	***+10.3%***
Recurring EBIT	**7**	6	*+21.8%*	***+20.0%***

In **Africa**, the Group continued to reap the benefit of positive sector demand trends, especially with the sharp recovery in the Malian market after the political crisis, which had significantly cut deliveries to the country during the first six months of 2022 and the resumption of government projects in Senegal.

- *Cement* – Operational sales in the Africa region grew +20.3% at constant scope and exchange rates. The increase in capacity currently underway will enable to reduce production costs and meet strong market demand. In Mali, the Group benefited from a favourable basis of comparison because of the closure of Mali's borders, which had impacted sales in the first half of 2022. Prices rose in Senegal with the increase in government cement price cap in September 2022. As a result, EBITDA moved up +16.1% over the period.
- *Aggregates* – In Senegal, aggregates sales were again underpinned by the public works sector as major projects went ahead. Operational sales climbed +19.7% at constant scope and exchange rates to €21 million. Selling prices remained stable over the period as a result of an unfavourable mix effect. EBITDA moved –13.4% lower at constant scope and exchange rates in the first half of 2023.

2. Changes in the Group's financial position at 30 June 2023

At 30 June 2023, the Group's financial structure remained solid, with a strong equity base and net debt under control. Consolidated equity totalled €2,853 million at that date, compared with €2,896 million at 30 June 2022.

(€ million)	**30 June 2023**	31 December 2022	30 June 2022
Gross financial debt	2,055	2,070	2,153
Cash	–463	–504	–481
Net financial debt	**1,592**	1,567	1,670
EBITDA (12-month rolling)	616	570	588
Leverage ratio (x)	***2.59***	*2.75*	*2.84*

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.

The average interest rate on gross debt at 30 June 2023 was 3.6% – stable compared with at 31 December 2022. The average maturity of the Group's debt was 4.7 years at 30 June 2023.

3. Capital expenditure and free cash flow

Capital expenditure totalled €144 million in the first six months of 2023, up from €178 million in the equivalent period of 2022. These include amounts linked to the Group's strategic investments, including the Ragland plant's new kiln and the new kiln in Senegal.

Free cash flow amounted to €71 million, versus –€203 million in the first half of 2022. This improvement in free cash flow derived from the increase in EBITDA during the first six months of 2023 and a normalisation in the change in working capital requirement.

4. Climate performance

In February 2023, the Vicat Group announced a significantly more ambitious 2030 carbon emission reduction target: **Vicat now aims to reduce its emissions to 497 kg CO_2 net per tonne of cement equivalent by 2030** (versus the previous target 540 kg CO_2 net per tonne of cement equivalent), with a specific target for the Europe region of 430 kg CO_2 net per tonne of cement equivalent.

By the mid-point of 2023, Vicat is in line with its 2030 target, recording average Group-wide emissions of 591 kg net CO_2 per tonne of cement equivalent, which represents an improvement of –3.6% on the first-half 2022 level and –2.8% on the second-half 2022 level.

This performance was achieved through implementation of the Group's climate roadmap. Notable achievements included the 4.1-point increase in use of alternative fuels to 31.5% and a –0.5-point reduction in the clinker rate to 77.4%.

5. Recent events

With effect from 1 October 2023, Gianfranco Tantardini has been appointed Executive Vice-President in charge of the Asia and Mediterranean regions.

Pierre Pedrosa has been appointed as Director of Financial Communications and Investor Relations.

Pierre Pedrosa has joined the Vicat Group as Director of Financial Communications and Investor Relations in June 2023. He reports directly to Hugues Chomel, Executive Vice-President and Group Chief Financial Officer. An engineer by training, Pierre began his career in industry in operational roles. He has over 10 years' experience in finance, gained in institutional asset management and investor relations.

6. Outlook for 2023

In 2023, the Group is targeting **further significant sales growth**, with its markets overall expected to display resilience and reflect the full benefit of the price hikes in selling prices implemented in 2022 and the fresh increases introduced in 2023. In addition, performance in 2023 will reap the benefit of:

- the full impact of the new kiln at the Ragland plant in the United States;
- elimination of the non-recurring costs incurred in 2022;
- a stabilisation in energy costs.

Taking these factors into account, the Group's 2023 EBITDA is **expected to rise towards a level appreciably above that recorded in 2021**.

Previously (3 May 2023): "towards a level at least equivalent to that recorded in 2021"

In 2023 and 2024, the Group plans to scale back its capital expenditure outlays to around €350 million in 2023 followed by another reduction in 2024. Over the period as a whole, this capital expenditure will focus on:

- completion of the construction work on the new kiln in Senegal;
- investment projects to meet the carbon footprint reduction targets; and
- maintenance capex.

The Group does not plan to launch any further strategic growth capex projects until the leverage ratio has been brought down below 2.0x.

<u>Outlook for 2023 by country:</u>

- in **France**, demand may tail off slightly during the year, with conditions affected by inflation and interest rate hikes. Selling prices are expected to rise further, however, to offset cost inflation, particularly in energy costs;
- in **Switzerland**, the market is expected to contract over the full year, stabilising progressively in the second half. As in France, selling prices are expected to move higher, after the increases introduced at the beginning of the year;
- in the **United States**, business trends are expected to remain strong and favour logistics over office real estate. In the South-East, the Group will reap the benefit of the commercial ramp-up in the new industrial facility, which is expected to continue in the second half and favourable price conditions. To recap, sales in the second and third quarters of 2022 were impacted in the South-East US region by the start-up of the Ragland plant's new kiln;
- in **Brazil**, business levels in the markets in which the Group operates may decline slightly over the year amid persistently fierce competition. The strong industrial performance should help bring down cost prices;
- In **India**, the macroeconomic environment is expected to remain favourable, with demand strengthening. Amid still aggressive competition, prices are expected to remain volatile, with energy prices set to head lower in the second part of the year;
- In **Kazakhstan**, despite a persistently high basis for comparison and fiercer competition, market conditions are expected to remain favourable provided efficient rail logistics are restored;
- in **Turkey**, amid a still uncertain macroeconomic environment, the Group will mobilise its production facilities to meet demand arising from the reconstruction drive and will continue to pursue a pricing policy geared to the hyperinflationary environment;
- In **Egypt**, the economic and monetary effects of the Ukrainian crisis have caused the overall outlook and the country's currency to deteriorate. With the sector agreement in force since July 2021 expected to remain in place, the Group anticipates stable demand and further improvement in selling prices, which will curb the effects of inflation. It also foresees further clinker export opportunities;
- in **West Africa**, trends in Cement are expected to remain dynamic as a result of a favourable sector environment, especially after the recent reopening of the border with Mali. With cement price controls still in place in Senegal, the full impact of cost increases is unlikely to be offset. Infrastructure project-led growth in the Aggregates business in Senegal is expected to continue.

7. Risks factors

The risk factors that could impact the Group in the coming months are similar to those identified in chapter 2 of the 2022 Universal Registration Document, filed with the French financial markets authority (Autorité des Marchés Financiers) under number D23-0103 on March 17, 2023.

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 2022 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.

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 – Appendix

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.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **Recurring 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, 2023

Consolidated income statement

(in thousands of euros)	Notes	June 30, 2023	June 30, 2022
Revenue	4	**1,912,294**	**1,754,520**
Raw materials and consumables used		(1,296,329)	(1,202,784)
Employees expenses	5	(279,802)	(260,382)
Taxes		(34,621)	(35,688)
Other operating income (expenses)	6	12,926	13,217
EBITDA		**314,469**	**268,883**
Net charges to operating depreciation, amortization and provisions	6	(148,227)	(140,389)
Recurring EBIT		**166,243**	**128,495**
Other non-operating income (expenses)	7	(4,842)	116
Net charges to non-operating depreciation, amortization and provisions	7	(352)	(540)
Operating profit (loss)		**161,049**	**128,071**
Cost of net financial debt		(24,523)	(2,333)
Other financial income		20,916	16,677
Other financial expenses		(38,055)	(24,074)
Financial income (expenses)	8	**(41,662)**	**(9,730)**
Share of profit (loss) of associates		4,706	4,439
Profit (loss) before tax		**124,093**	**122,780**
Income tax	9	(14,771)	(34,971)
Consolidated net income		**109,322**	**87,810**
Portion attributable to minority interests		15,274	10,027
Portion attributable to the Group		**94,048**	**77,783**
Earnings per share (in euros)			
Basic and diluted earnings per share		2.09	1.73

Consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2023	June 30, 2022
Consolidated net income	**109,322**	**87,810**
Other items not recycled to profit and loss:		
Remeasurement of defined benefit	(2,690)	89,612
Tax on non-recycled items	665	(18,579)
Other items recycled to profit and loss:		
Changes in currency translation adjustments	(65,128)	106,490
Cash flow hedge instruments	9,551	(1,776)
Tax on recycled items	1,208	505
Other comprehensive income (after tax)	**(56,394)**	**176,252**
TOTAL COMPREHENSIVE INCOME	**52,928**	**264,062**
Portion attributable to minority interests	10,107	18,909
Portion attributable to the Group	**42,821**	**245,153**

Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	June 30, 2023	December 31, 2022
Goodwill	10.1	1,197,466	1,204,814
Other intangible assets	10.2	180,917	183,066
Property, plant and equipment	10.3	2,500,127	2,504,926
Right of use related to leases	10.4	184,848	193,122
Investment properties		31,949	32,124
Investments in associated companies		82,426	80,804
Deferred tax assets		118,166	126,212
Receivables and other non-current financial assets	11	264,512	269,651
Total non-current assets		**4,560,411**	**4,594,719**
Inventories and work-in-progress	12.1	542,553	560,795
Trade and other receivables	12.2	567,007	464,216
Income tax receivables		3,609	45,201
Other current assets		207,645	204,690
Assets held for sale		17,133	21,780
Cash and cash equivalents	13	462,723	503,597
Total current assets		**1,800,670**	**1,800,279**
TOTAL ASSETS		**6,361,080**	**6,394,998**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euros)	Notes	June 30, 2023	December 31, 2022
Share capital		179,600	179,600
Additional paid-in capital		11,207	11,207
Treasury shares		(41,654)	(47,097)
Consolidated reserves		3,035,292	3,003,393
Translation reserves		(603,259)	(558,838)
Shareholders' equity, Group share		**2,581,186**	**2,588,265**
Minority interests		**272,102**	**274,529**
Total shareholders' equity	14	**2,853,288**	**2,862,794**
Provisions for pensions and other post-employment benefits	15.1	87,766	86,355
Other provisions more than 1 year	15.2	128,832	123,413
Financial debts and put options more than 1 year	16.1	1,563,520	1,672,772
Lease liabilities	16.1	155,296	161,045
Deferred tax liabilities	9	287,910	325,188
Other non-current liabilities		20,755	21,594
Total non-current liabilities		**2,244,079**	**2,390,367**
Other provisions less than 1 year	15.2	12,108	12,570
Financial debts and put options at less than one year	16.1	342,258	242,161
Lease liabilities at less than one year	16.1	45,135	47,537
Trade and other accounts payable	17	528,350	540,374
Income tax payables		20,776	14,814
Other liabilities		315,085	284,381
Total current liabilities		**1,263,713**	**1,141,837**
Total liabilities		**3,507,791**	**3,532,204**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,361,080**	**6,394,998**

Consolidated cash flows statement

(in thousands of euros)	Notes	June 30, 2023	June 30, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**109,322**	**87,810**
Share of profit (loss) of associates		(4,706)	(4,439)
Dividends received from associated companies		2,465	2,345
Elimination of non-monetary items:			
- depreciation, amortization and provisions		154,010	140,124
- deferred taxes		(27,316)	1,315
- net gain (loss) on disposal of assets		(2,559)	(1,959)
- unrealized fair value gains (losses)		1,976	(12,662)
- other non-monetary items (1)		5,578	5,445
Cash flows from operating activities		**238,766**	**217,979**
Changes in working capital		(24,086)	(242,102)
Net cash flows from operating activities (2)	**18.1**	**214,680**	**(24,123)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash-out related to acquisitions of non-current assets:			
- tangible and intangible assets		(147,159)	(182,507)
- financial investments		(9,480)	(21,481)
Cash-in related to disposals of non-current assets:			
- tangible and intangible assets		3,329	4,031
- financial investments		0	1,463
Changes in consolidation scope		(346)	(40,034)
Net cash flows from investing activities	**18.2**	**(153,656)**	**(238,528)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(86,250)	(78,820)
Increases/decreases in share capital			
Proceeds from borrowings	16	182,725	373,269
Repayments of borrowings	16	(158,931)	(33,129)
Repayment of lease liabilities	16	(24,987)	(28,815)
Purchase of treasury shares		(7,274)	(11,525)
Disposals on treasury shares		9,943	13,346
Net cash flows from financing activities		**(84,773)**	**234,326**
Currency translation effect on net cash and cash equivalents		(11,622)	2,475
Change in cash position		**(35,372)**	**(25,850)**
Net cash and cash equivalents - opening balance	13.2	471,347	430,442
Net cash and cash equivalents - closing balance	13.2	435,977	404,700

(1) :

- Including the effect of the application of IAS 29 € (2.3) millions as at June 30, 2023.

(2) :

- Including cash flows from income taxes: € (23.8) million as of June 30, 2023 and € (45.2) million as June 30, 2022.

- Cash flows from interests paid and received: € (22.5) million as of June 30, 2023 including € (4.9) million for financial expenses on IFRS16 leases and € (18.1) million as of June 30, 2022 including € (4.8) million for interest expenses on IFRS16 leases.

Statement of Changes in Consolidated Shareholders' Equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity, Group share	Minority interests	Total shareholders' equity
At January 1st, 2022	**179,600**	**11,207**	**(52,018)**	**2,800,579**	**(579,950)**	2,359,418	**246,681**	**2,606,099**
Half year net income				77,783		**77,783**	10,027	**87,810**
Other comprehensive income (1)				61,511	105,859	**167,370**	8,882	**176,252**
Total comprehensive income				*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**
Change in consolidation scope and additional acquisitions				(6,889)		**(6,889)**	(3,170)	**(10,059)**
Application of IAS29				85,201		**85,201**	10,894	**96,095**
Other changes				4,149		**4,149**	15,566	**19,715**
At December 31, 2022	**179,600**	**11,207**	**(48,864)**	**2,948,343**	**(474,091)**	**2,616,195**	**279,899**	**2,896,094**
At January 1st, 2023 published	**179,600**	**11,207**	**(47,097)**	**3,003,393**	**(558,838)**	**2,588,265**	**274,529**	**2,862,794**
Net income				94,048		**94,048**	15,274	**109,322**
Other comprehensive income (1)				(6,805)	(44,422)	**(51,227)**	(5,167)	**(56,394)**
Total comprehensive income				*87,243*	*(44,422)*	***42,821***	*10,107*	***52,928***
Dividends paid				(73,233)		**(73,233)**	(15,033)	**(88,266)**
Net change in treasury shares			5,443	(2,832)		**2,611**		**2,611**
Changes in scope of consolidation and additional acquisitions				(306)		**(306)**	81	**(225)**
Application of IAS29				20,251		**20,251**	2,454	**22,705**
Other changes				777		**777**	(36)	**741**
At June 30, 2023	**179,600**	**11,207**	**(41,654)**	**3,035,293**	**(603,260)**	**2,581,186**	**272,102**	**2,853,288**

(1) 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, 2023 and 2022 are detailed as follow:

(in thousands of euros)	June 30, 2023	June 30, 2022
US dollar	61,318	89,486
Swiss franc	256,496	246,646
Turkish lira	(422,996)	(349,470)
Egyptian pound	(117,128)	(133,478)
Kazakh tenge	(117,531)	(112,088)
Mauritanian ouguiya	(4,486)	(4,904)
Brazilian real	(49,251)	(56,999)
Indian rupee	(209,682)	(153,284)
TOTAL	**(603,260)**	**(474,091)**

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, 2023 for its accounting policies. Standards and interpretations published by the IASB but not yet in effect as at June 30, 2023 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, 2022 in accordance with International Financial Reporting Standards (IFRS).

The consolidated accounts as at June 30, 2023 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, 2023.

New accounting standards applicable from January 1, 2023

New standards and amendments effective for annual reporting periods beginning on or after January 1, 2023:

- Amendment to IAS 1 – Presentation of financial statements: improving information about accounting policies to disclose in the financial statements;
- Amendments to IAS 8 – Accounting policies, change in accounting estimates and errors: definition of accounting estimate;
- Amendment IAS 12 – Income tax: deferred tax related to assets and liabilities arising from a single transaction;
- IFRS 17 – Insurance contracts;
- Amendments IAS 12 – International tax reform – Pillar two model rules.

These new standards did not have a significant impact on the consolidated financial statements as at June 30, 2023.

The main provisions related to French pension reform are a gradual increase of the legal retirement age from 62 to 64-year-old, an acceleration of the increase in the contribution period required for obtaining the full rate after 43 years and the cancellation of special schemes for new hires. The potential effects on IAS 19 liabilities are an increase in the termination benefits (with an increase in the final salary due to the increase in seniority) and/or a reduction caused by the extension of the contribution period (with a lower annual charge). The impact of the pension reform in France was recognized, in accordance with the provisions of IAS 19, in past service cost and had no significant impact on the Group's consolidated financial statements as of June 30, 2023.

Finally, concerning the minimum taxation of international groups ("GloBE" rules), the Group is continuing to study the potential impact of these tax rules on all its subsidiaries and progress in terms of adoption and transposition of the international tax reform in the jurisdictions where the Group operates. In France, the reform could could be promulgated in France during the 2nd half of 2023. As of today, the Group does not expect any material impact on its consolidated financial statements in 2023. The Group has also benefited, as of June 30, 2023, from the exemption introduced by the amendment to IAS 12, linked to the temporary exemption from the recognition of deferred taxes under Pillar II.

These financial statements were finalized and approved by the Board of Directors at its meeting of July 25, 2023.

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 items of the consolidated statement of financial position ae classified as current and non-current assets and liabilities according to their maturity (corresponding generally to maturities of less and more than one year).
The statement of cash flows is presented according to the indirect method.
The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, available-for-sale assets, and the portion of assets and liabilities covered by hedging transactions and the non-monetary assets and liabilities concerned by IAS 29 “Financial Information in Hyperinflationary Economies”.

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all the financial years presented in the consolidated financial statements.
The preparation 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, based on going concern, are made on last information available at the date of the reporting. They mainly concern 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 qualify extension periods as reasonably certain or not, as well as determine the related discount rates (note 10.4).

The 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.

Impact of climate risks on the financial statements

The main climate risks to which the Group is exposed are transition risks. Given the energy-intensive nature of its business, the Group emits greenhouse gases. In this respect, the Group is committed every day on its ecological and environmental transition with the goal of progressively reducing the CO_2 emissions of scopes 1, 2 and 3 to achieve carbon neutrality across its value chain by 2050. This transition commitment is fully reflected in the Group's strategic planning to change its production systems (plants and processes) and shift its market positioning (with the development of new innovative products or services).

Vicat is also exposed at certain of its production sites to physical risks which materialize in the form of the occurrence of extreme weather events. This type of event (the frequency of which varies) could, on the one hand, jeopardize the integrity of sites, and, on the other, disrupt operations of the subsidiaries concerned.

These transition risks (whether initiated by the Group or imposed for certain subsidiaries by the regulatory framework) or the physical risks may have an impact on the Group's financial statements. All of these risks have been identified and are measured at each reporting date to reflect as fairly as possible the effects of climate change on the financial statements:

- <u>Greenhouse Gas emissions</u>

Since January 1, 2005, major European industrial operators are permitted to buy and sell emissions allowances. This system, built around the ETS (Emissions Trading Scheme) Directive, allows companies that exceed their greenhouse gas emission ceilings to buy allowances and helps achieve the EU's goals under the Kyoto protocol. The legislation governing these CO_2 emissions is progressively reducing the free allocations while expanding the scope of industrial facilities that must comply. As at June 30, 2023, the Group had allowances totaling 4,155 thousand metric tons, not recognized on the balance sheet (with a market value of €353 million), which it plans to keep to meet its need to surrender allowances over the coming years. As at June 30, 2023, the following countries in which the Group operates were covered by these ETS: France and Switzerland. Regulations to cut greenhouse gas emissions are being drafted in many other countries. The Group calls for the introduction of regulations governing all players across the various markets in which it operates, to encourage strong efforts to cut emissions while allowing for the corresponding costs to be passed on to customers. However, the reduction in free allocations along with the higher price of allowances may have an impact on the Group's financial statements over time. This risk would result in a reduction in the margin on a portion of the Group's activities if it were not possible to pass on the cost of buying allowances in the sales price.

- <u>Measurement of non-current assets</u>

The climate transition undertaken by the Group across its value chain will be accompanied by targeted investments by 2050. These new investments together with the emergence of new technologies and the obsolescence of some others may have an impact on the estimated useful life or residual value of an asset resulting in impairment losses in the financial statements or in an updating of the depreciation and amortization schedules. The Group has not currently identified any breakthrough technology that would have a significant impact on the residual value or useful life of non-current assets. The physical risks linked to weather conditions could translate mainly to damage of our installations and the cost of repairs.

- Measurement of inventories

The climate transition may result in the obsolescence of certain inventory and/or give rise to new production costs. If the net realizable value were to fall below the net carrying amount of inventories, the Group may be required to recognize an impairment loss. The rapid turnover of the main components of the Group's inventories means we can rule out the risk of their obsolescence without nevertheless excluding potential write off linked to physical risks linked to weather conditions.

- Measurement of provisions

The provisions recognized in the consolidated financial statements reflect the current obligations and legislation in the various territories in which the Group operates including with respect to climate change. These measurements are periodically reviewed to reflect new obligations associated with climate change.

- Goodwill impairment testing

The Group ensures that the assumptions used in this testing fully reflect known regulatory obligations regarding climate change and the possible resulting consequences on future cash flows in line with the methodology laid down in IAS 36 (revenue, costs, investments, etc…).

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 half-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 the Vicat Group, directly or indirectly, are fully consolidated.
Control exists when the Group:

- has power over an entity;
- is exposed or entitled to variable returns because 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, 2023 is provided in note 21.

2.2 Business combination

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 based on 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 year-end exchange rates. Income, expense and cash flow statement items of companies not concerned by the application of IAS 29, are translated at average exchange rates for the year. 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.

The following foreign exchange rates were used:

	June 30, 2023		June 30, 2022	
	Closing	Average	Closing	Average
Brazilian real	5.28	5.48	5.42	5.56
Swiss franc	0.98	0.99	1.00	1.03
Egyptian pound	33.66	32.89	19.66	18.84
Indian rupee	89.21	88.88	82.11	83.32
Kazakh tenge	493.46	488.45	483.08	491.02
Mauritanian ouguiya	37.51	37.72	38.04	39.59
Turkish lira	28.32	28.32	17.32	17.32
US dollar	1.09	1.08	1.04	1.09
CFA Franc	655.96	655.96	655.96	655.96

NOTE 3 - CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and business trend

The effects of the sharp rise in energy costs seen in 2022 represent a high basis for comparison for the first half of 2023. However, they have been largely contained thanks to the Group's ability to raise selling prices in all the regions in which it operates. Demand is down slightly due to the impact of inflation and rising interest rates, particularly in the residential sector.

In France, Group sales rose in the first half of 2023, underpinned by a significant increase in sales prices, which more than offset a slight downturn in demand.

Europe (excluding France): activity in Switzerland was stable over the first six months of the year on a like-for-like basis. Higher sales prices, to cover the effects of input inflation on margins, more than offset the decline in demand in Switzerland. Italy reported a good performance for the year, underpinned by a sharp rise in sales prices and growth in demand.

Americas: in the United States, in a buoyant market, the Group's business was significantly affected by very unfavorable weather conditions in California. The ramp-up of the new Ragland kiln over the half-year offset these non-recurring effects, with deliveries ending the half-year up. A solid rise in prices was also recorded over the period. In Brazil, volumes were down over the half-year, impacted by the macroeconomic slowdown, particularly in the Central-Western region. Against a backdrop of high inflation, price rises were significant.

Asia region: in India, despite a market where demand remains buoyant, competitive intensity has increased, limiting sales price increases despite the still high cost of inputs. Volumes nevertheless rose in the first half, thanks to public demand in the south of the country. In Kazakhstan, the Group's business suffered from logistical problems at the beginning of the year, severely restricting deliveries by all operators, in a slightly unfavorable price context.

Mediterranean region: in Turkey, sales rose sharply over the period. The macro-economic and sectoral situation is marked by hyperinflation. Given solid demand, sales volumes and prices were up. In Egypt, the sector environment remained favorable during the first half of 2023, marked by a slight drop in domestic demand, offset by clinker exports, and a sharp rise in sales prices.

In Africa, the Group's business was up, supported by a strong upturn in deliveries in Mali and price increases in Senegal.

Volatility of exchange rates and impact on the income statement

The income statement for the first half of 2023 was impacted by the depreciation of the Turkish pound and the Egyptian lira against the euro, and on a lesser extent the Indian rupee, partially offset by the depreciation of the euro against the US dollar and the Swiss franc. Over the period, this resulted in a negative currency effect of € (131) million on consolidated revenue and € (12) million on EBITDA.

Consolidated shareholders' equity included, for its part, net positive translation differences on the first semester of 2023 of € (50) million.

CONSOLIDATED INCOME STATEMENT

Definition of management indicators

EBITDA

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): this is calculated by adjusting revenue for the cost of goods sold, employees expenses, tax and duties and other ordinary income and expenses.

Recurring EBIT

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

NOTE 4 - REVENUE

Accounting policy

Revenue

In accordance with IFRS 15 accounting standard, revenue is recognized when control over the goods or services is transferred to the customer, which generally, based on the business model of the Group, 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, rebates and deduction of duties collected by the Group in 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, 2023	June 30, 2022
Sales of goods	1,770,531	1,607,821
Sales of services	141,763	146,699
Revenue	**1,912,294**	**1,754,520**

Change in revenue on a like-for-like basis

(in thousands of euros)	June 30, 2023	Changes in consolidation scope	Change in foreign exchange rate	June 30, 2023 At constant scope and exchange rates	June 30, 2022
Revenue	**1,912,294**	29	(131,366)	**2,043,631**	**1,754,520**

NOTE 5 - EMPLOYEE EXPENSES AND WORKFORCE

(in thousands of euros)	June 30, 2023	June 30, 2022
Wages and salaries	210,825	194,383
Payroll taxes	65,642	62,507
Employee profit sharing (French companies)	3,335	3,492
EMPLOYEES EXPENSES	**279,802**	**260,382**
Average number of employees of the consolidated companies	*9,877*	*9,639*

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 2023, € 837 thousand was recognized under employees' expenses in respect of this plan.

General meeting date	9 april 2021
Board of director date	9 april 2021
Total number of shares granted	**271,497**
Number of shares definitively granted as of June 30, 2023	69,754
Cumulative number of lapsed or canceled shares	0
Free shares remaining as of June 30, 2023	**201,743**

NOTE 6 - OTHER ORDINARY INCOME, EXPENSES, DEPRECIATION AND AMORTIZATION

Accounting policy

These are income and expense items that arise from the Group's operating activities, but that are not received or incurred as part of the direct production process or sales activity. These income and expense items mainly include insurance payments, patent royalties, sales of surplus CO_2 emission rights, the lease revenues and investment properties and certain charges relating to losses or claims as well as certain operating subsidies.

(in thousands of euros)	June 30, 2023	June 30, 2022
Net income from disposal of assets	2,559	1,871
Income from investments properties	1,896	1,901
Others	8,471	9,445
Other operating income (expense)	**12,926**	**13,217**

(in thousands of euros)	June 30, 2023	June 30, 2022
Net depreciation and amortization charges	(118,590)	(108,271)
Net depreciation and amortization charges for right of use relate to leases	(25,112)	(26,413)
Net provision expenses	(4,525)	(5,705)
Net charges to operating depreciation, amortization and provisions	**(148,227)**	**(140,389)**

NOTE 7 - OTHER NON-ORDINARY INCOME, EXPENSES, DEPRECIATION AND AMORTIZATION

Accounting policy

These are income and expenses generated by non-recurring events in the performance of the Group. For example, among these income and expenses are capital gains or losses on the sale of significant and unusual assets, impairment as well as certain restructuring expenses.

(in thousands of euros)	**June 30, 2023**	**June 30, 2022**
Other non-operating income and expenses	(4,842)	116
Other net charges to non-operating depreciation, amortization and provisions	(352)	(540)
Total	**(5,194)**	**(423)**

NOTE 8 - FINANCIAL INCOME (EXPENSES)

(in thousands of euros)	**June 30, 2023**	**June 30, 2022**
Interest income from financing and cash management activities	21,861	13,160
Interest expense from financing and cash management activities	(39,528)	(28,255)
Interest expense from lease liabilities	(4,880)	(4,753)
Change in fair value of derivatives	(1,976)	17,514
Cost of net financial debt	**(24,523)**	**(2,333)**
Dividends	299	784
Foreign exchange gains	16,691	12,667
Write-back of impairment of financial assets	45	47
Net expense from disposal of financial assets		88
Other income	3,881	3,091
Other financial income	**20,916**	**16,677**
Foreign exchange losses	(23,399)	(10,886)
Fair value adjustments to financial assets and liabilities		(4,852)
Impairment on financial assets	(7,291)	(1,967)
Discounting expenses	(2,030)	(1,190)
Net monetary gain and (losses) - IAS 29	(3,066)	(4,398)
Other expenses	(2,269)	(782)
Other financial expenses	**(38,055)**	**(24,074)**
Financial income (expenses)	**(41,662)**	**(9,730)**

The decrease of € (32) million of financial income (expenses) compared to the first semester of 2022, is mainly due to cash flow hedge qualification of the CAP instruments starting from December 31, 2022, € (7) million of exchange rate results (€ (4) million compared to December 2022) linked to the depreciation of Egyptian pound and Turkish lira, and an increase of financial expenses of € (9) million.

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, 2023	June 30, 2022
Current taxes	(42,087)	(33,656)
Deferred taxes	27,316	(1,315)
TOTAL	**(14,771)**	**(34,971)**

Following the merger between one of the Brazilian holdings of the Group and Ciplan, the fair value of the allocated price to tangible and intangible Ciplan assets, based on the 2019 acquisition, can be deductible for corporate income tax purposes for the surviving entity (Ciplan). As a result, initially deferred tax liabilities were written off on the P&L for an amount of 137 million of Brazilian reals.

Deferred tax assets not recognized in the financial statements

Unrecognized deferred tax assets amounted to € 22 million as at June 30, 2023 (€ 22 million as at June 30,2022).

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 production facilities. Such forecasts include the impact of foreseeable developments in cement consumption based on the latest macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process (stemming in part from the integration of climate risks as part of Group strategy) as well as expected changes in the cost of the main production factors contributing to the cost price of the products. 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 per 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 in question 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 coherent 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 perpetual growth rate.

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, 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, enabling to understand the volatility of certain components of cost price, which are, particularly sensitive 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, 2023	December 31, 2022
Opening balance	**1,204,814**	**1,157,232**
Changes in consolidation scope		37,587
Impairment		(380)
Change in translation effect	(1,303)	9,727
Other movements	(6,045)	649
Closing balance	**1,197,466**	**1,204,814**

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

	June 30, 2023	December 31, 2022
India CGU	210,612	212,964
West Africa Cement CGU	152,667	151,193
France-Italy CGU	234,353	234,380
Switzerland CGU	145,368	145,011
Brazil CGU	169,583	158,762
United States CGU	130,478	132,861
Other CGUs cumulated	154,406	169,643
TOTAL	**1,197,466**	**1,204,814**

After analysis, the Group did not notice triggering events that would have led to impairment tests, and accordingly did not carry out impairment tests for its goodwills as at June 30, 2023.

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, 2022	**126,382**	**71,302**	**87,757**	**17,628**	**303,069**
Acquisitions	602	2,330	1,479	7,140	11,552
Disposals		(1,550)		(133)	(1,684)
Changes in consolidation scope		(0)	4		4
Change in translation effect	1,601	501	3,238	261	5,601
Other movements	262	11,300	13,975	(10,700)	14,836
At December 31, 2022	**128,847**	**83,882**	**106,453**	**14,195**	**333,378**
Acquisitions	1,316	236	115	2,143	3,810
Disposals		(1)			(1)
Changes in consolidation scope					
Change in translation effect	1,369	147	(1,650)	28	(106)
Other movements (1)	(4)	1,381	1,353	(3,300)	(569)
At June 30, 2023	**131,528**	**85,646**	**106,271**	**13,065**	**336,512**

Depreciation and impairment *(in thousands of euros)*	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	***Total***
At January 1st, 2022	**(32,037)**	**(52,065)**	**(45,314)**	**0**	**(129,416)**
Increase	(1,910)	(7,539)	(4,432)		(13,881)
Decrease		331			331
Changes in consolidation scope		0	(2)		(2)
Change in translation effect	827	(228)	(1,005)		(406)
Other movements		(422)	(6,516)		(6,938)
At December 31, 2022	**(33,120)**	**(59,923)**	**(57,269)**	**0**	**(150,312)**
Increase	(748)	(3,753)	(1,986)		(6,487)
Decrease		2			2
Changes in consolidation scope	(0)		(0)		(0)
Change in translation effect	421	(81)	1,886		2,226
Other movements	2	(37)	(987)		(1,022)
At June 30, 2023	**(33,445)**	**(63,792)**	**(58,357)**	**0**	**(155,594)**

Net Book Value as of December 31, 2022	95,727	23,959	49,185	14,195	**183,066**
Net Book Value as of June 30, 2023	**98,083**	**21,854**	**47,914**	**13,065**	**180,917**

No development costs were capitalized during the first semester 2023 (€ 0.3 million as at December 31, 2022).

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 because 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.

Useful lives of the main Property, plant and equipment of the Group are:

	Cement assets	Concrete & Aggregates
Civil engineering	15 to 30 years	15 years
Large equipments	15 to 30 years	10 to 15 years
Other industrial equipments	8 years	5 to 10 years
Electricity	15 years	5 to 10 years
Automated equipment and varoius tools	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/ down payments*	*Total*
At January 1st, 2022	**1,318,783**	**3,250,156**	**127,505**	**448,328**	**5,144,772**
Acquisitions	19,170	65,035	6,104	324,388	414,697
Disposals	(1,927)	(41,499)	(2,674)	(369)	(46,469)
Changes in consolidation scope	2,370	1,779	7	0	4,156
Change in translation effect	(1,140)	(64,799)	(376)	19,572	(46,743)
Reclassification	76,630	401,824	(6,396)	(478,178)	(6,120)
Other movements	100,610	362,776	7,358	(82)	470,662
At December 31, 2022	**1,514,496**	**3,975,272**	**131,529**	**313,658**	**5,934,956**
Acquisitions	4,165	15,930	1,442	117,480	139,016
Disposals	(773)	(10,217)	(116)		(11,105)
Changes in consolidation scope		0			0
Change in translation effect	(32,088)	(147,021)	(2,608)	(3,583)	(185,299)
Reclassification	8,412	44,901	655	(54,059)	(90)
Other movements	16,339	60,490	1,721	2	78,553
At June 30, 2023	**1,510,552**	**3,939,355**	**132,624**	**373,498**	**5,956,030**

Depreciation and impairment *(in thousands of euros)*	*Lands & Buildings*	*Industrial sites or facilities*	*Other property, plant and equipment*	*Assets in progress and advances/ down payments*	***Total***
At January 1st, 2022	**(658,003)**	**(2,226,916)**	**(90,812)**	**0**	**(2,975,731)**
Increase	(52,263)	(152,317)	(6,839)		(211,420)
Decrease	1,214	39,720	2,370		43,304
Changes in consolidation scope	(159)	(231)	2		(387)
Change in translation effect	(57)	42,407	873		43,224
Reclassification	(3,930)	(3,633)	8,689		1,125
Other movements	(39,412)	(284,008)	(6,724)		(330,144)
At December 31, 2022	**(752,611)**	**(2,584,977)**	**(92,442)**	**0**	**(3,430,029)**
Increase	(23,059)	(85,314)	(3,540)		(111,913)
Decrease	726	9,528	104		10,358
Changes in consolidation scope		0			0
Change in translation effect	14,532	106,336	2,462		123,330
Reclassification	1	(461)	22		(439)
Other movements	(5,688)	(40,457)	(1,066)		(47,211)
At June 30, 2023	**(766,098)**	**(2,595,345)**	**(94,460)**	**0**	**(3,455,904)**
Net Book Value as of December 31, 2022	761,885	1,390,295	39,087	313,658	**2,504,926**
Net Book Value as of June 30, 2023	**744,454**	**1,344,010**	**38,164**	**373,498**	**2,500,127**

Property, plant and equipment under construction amounted to € 352 million as at June 30, 2023 (€ 285 million as at December 31, 2022) and advances payments on property, plant and equipment represented € 21 million as at June 30, 2023 (€ 29 million as at December 31, 2022). Contractual commitments to acquire property, plant and equipment and intangible assets amounted to € 210 million as at June 30, 2023 (€ 243 million as December 31, 2022).

Capitalized interest amounted to € 2.3 million as at June 30, 2023 (€ 7.2 million as at December 31, 2022).

10.4. Rights of use relating to leases

Accounting policy

Leases, except for 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 those 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.

IFRS 16 application raise to the recognition at inception of a deferred tax impact on right of use and on the associated lease liability.

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 put option, if its exercise is considered reasonably certain. The discount rate used to calculate the lease liability is based on the interest rate implicit in the lease or, failing that, the lessee's incremental borrowing rate at the date of signature of the lease. This marginal borrowing rate considers several elements 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 into account the structure of lease payments and the typology of the available interest rates.

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, 2022	**92,337**	**82,711**	**146,473**	**57,850**	**379,371**
Acquisitions/Additions	7,384	4,327	31,339	12,734	55,783
Decreases	(5,775)	(601)	(37,987)	(10,705)	(55,068)
Changes in consolidation scope					
Change in translation effect	1,118	637	657	405	2,817
Other movements	572	249	(2,289)	(945)	(2,412)
At December 31, 2022	**95,635**	**87,322**	**138,193**	**59,340**	**380,491**
Acquisitions/Additions	1,134	2,384	13,911	1,952	19,381
Decreases	(398)	(268)	(11,412)	(1,592)	(13,670)
Changes in consolidation scope					
Change in translation effect	(822)	(365)	(1,783)	528	(2,442)
Other movements	51	163	(220)	(43)	(49)
At June 30, 2023	**95,599**	**89,237**	**138,688**	**60,185**	**383,709**

Depreciation and impairment *(in thousands of euros)*	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1st, 2022	**(33,429)**	**(47,207)**	**(80,313)**	**(23,310)**	**(184,259)**
Increase	(6,752)	(7,769)	(27,624)	(12,223)	(54,368)
Decrease	5,570	1,009	32,877	10,705	50,161
Changes in consolidation scope					
Change in translation effect	(81)	(348)	(1,272)	(231)	(1,931)
Other movements	(316)	(220)	3,151	413	3,029
At December 31, 2022	**(35,008)**	**(54,534)**	**(73,182)**	**(24,645)**	**(187,368)**
Increase	(3,067)	(3,169)	(12,695)	(6,578)	(25,509)
Decrease	298	572	9,540	1,568	11,979
Changes in consolidation scope					
Change in translation effect	411	243	1,006	(259)	1,401
Other movements	3	(108)	741		636
At June 30, 2023	**(37,362)**	**(56,995)**	**(74,590)**	**(29,914)**	**(198,862)**
Net Book Value as of December 31, 2022	60,627	32,788	65,012	34,695	**193,122**
Net Book Value as of June 30, 2023	**58,237**	**32,242**	**64,098**	**30,271**	**184,848**

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, 2022	**252,171**	**(32,930)**	**219,241**
Acquisitions/Additions	28,010	(1,060)	26,950
Disposals/Decreases	(3,260)	21	(3,240)
Changes in consolidation scope	(1)		(1)
Change in translation effect	5,535	(1,486)	4,050
Changes of other items in other comprehensive income	(12,443)	(9,701)	(22,144)
Other	44,796	1	44,795
At December 31, 2022	**314,806**	**(45,155)**	**269,651**
Acquisitions/Additions	20,185	(5,048)	15,137
Disposals/Decreases	(521)		(521)
Changes in consolidation scope	(0)		(0)
Change in translation effect	3,478	(215)	3,263
Changes of other items in other comprehensive income	418		418
Other	(23,436)	(0)	(23,436)
At June 30, 2023	**314,929**	**(50,418)**	**264,512**
Of which investments in subsidiaries & affiliated companies	63,340	(12,248)	51,091
Of which loans and receivables (1) (2)	221,148	(38,169)	182,979
Of which financial instruments (see note 16.1.1)	30,441		30,441
At June 30, 2023	**314,929**	**(50,418)**	**264,512**

(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 € 42.9 million at end-June 2022 (€ 40.8 million at end-December 2022) (see note 15.2).

(2) <u>Bharathi Cement</u> :

On June 30, 2023, € 33.5 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 consider any probable losses identified at year-end.

Emission allowances

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As of 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), to reflect the allowances economic model, eliminating the impacts associated with the volatility of the prices of allowances.

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

- allowances 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 an allowance shortfall.

Since the Group today has mainly the allowances allocated free of charge by the French State under National Allowance 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, 2023			December 31, 2022		
	Gross value	Provisions	Net	Gross value	Provisions	Net
Raw materials and consumables	432,072	(28,470)	403,602	448,837	(28,659)	420,178
Work-in-progress, finished goods and goods for resale	143,704	(4,754)	138,950	145,247	(4,630)	140,617
Total	**575,776**	**(33,224)**	**542,553**	**594,084**	**(33,289)**	**560,795**

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).
Trade 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, 2022	**462,526**	**(26,307)**	**436,219**
Increase		(3,475)	(3,475)
Reversal of provisions used		4,887	4,887
Change in translation effect	(5,766)	(14)	(5,780)
Changes in consolidation scope	744	0	744
Changes	31,813	(192)	31,622
At December 31, 2022	**489,317**	**(25,101)**	**464,216**
Increase		(2,941)	(2,941)
Reversal of provisions used		2,927	2,927
Change in translation effect	(21,739)	366	(21,373)
Changes in consolidation scope	23		23
Changes	124,228	(74)	124,154
At June 30, 2023	**591,829**	**(24,822)**	**567,007**

The Group is not dependent on any of its major customers, and no receivables initially held by the French companies in the Group single customer account for more than 10% of revenue.

Assignment of receivables in France and in Switzerland:
During the second quarter 2023, the Group carried out an assignment without recourse of €85 million of its receivables. This cession relates to receivables initially held by the French companies in the Group and, to a lesser extent, by Swiss subsidiaries. In accordance with IFRS 9, the related receivables are derecognized to the extent that the conditions contract highlight the transfer of the cash flow to the factor and transfer almost all of the risks and rewards related to these receivables.

NOTE 13 - CASH EQUIVALENTS AND NET CASH BALANCES

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, 2023	December 31, 2022
Cash	121,054	111,376
Marketable securities and term deposits < 3 months	341,669	392,221
CASH AND CASH EQUIVALENTS	**462,723**	**503,597**
Bank overdraft	(26,747)	(32,251)
NET CASH	**435,977**	**471,347**

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 514,880 treasury shares as at June 30, 2023 (642,739 as at December 31, 2022). 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 2023 in respect of 2022 amounted to € 1.65 per share, totaling € 74,085 thousand, equal to € 1.65 per share paid in 2022 in respect of 2021.
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 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, 2023, the liquidity account was composed of: 31,769 Vicat shares and € 913 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 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, rotation, 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 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. 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.

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.

In terms of the 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.

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 year-end, 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.

Net liability recognized *(in thousands of euros)*	**June 30, 2023** Pension plans and TB	Other benefits	**Total**	**December 31, 2022** Pension plans and TB	Other benefits	**Total**
Present value of funded liabilities	368,413	50,552	418,965	362,448	48,812	**411,260**
Fair value of plan assets	(392,346)		(392,346)	(388,168)		**(388,168)**
Net liability before asset limit	**(23,933)**	**50,552**	**26,619**	**(25,720)**	**48,812**	**23,092**
Limit on recognition of plan assets (asset ceiling)	61,147		61,147	63,263		63,263
Net Liability	**37,214**	**50,552**	**87,766**	**37,543**	**48,812**	**86,355**

As of June 30, 2023, the asset ceiling recognized by the Group amounted to €61.1 million (€63.3 million as of December 31, 2022).

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, 2022	**61,210**	**476**	**46,678**	**6,992**	**115,355**
Increase	4,629		24,257	4,369	33,255
Reversal of provisions used	(3,506)		(11,027)	(545)	(15,078)
Reversal of unused provisions				(786)	(786)
Change in translation effect	1,835	23	2,122	(1,166)	2,815
Other movements	340		102	(21)	422
At December 31, 2022	**64,508**	**500**	**62,132**	**8,844**	**135,983**
Increase	1,586		5,720	1,704	9,010
Reversal of provisions used	(551)	(64)	(3,324)	(646)	(4,585)
Reversal of unused provisions				(338)	(338)
Change in translation effect	231	3	1,800	(605)	1,428
Other movements	61	(0)	(1,180)	562	(558)
At June 30, 2023	**65,835**	**438**	**65,147**	**9,520**	**140,940**
of which less than one year	*31*		*5,329*	*6,749*	*12,108*
of which more than one year	*65,804*	*438*	*59,818*	*2,771*	*128,832*

Impact (net of expenses incurred) *On the income statement of June 30, 2023*	*Additional expense*	*Reversals unused*
Operating income (expense):	7,322	
Non-operating income (expense):	1,688	(338)

(1) As at June 30, 2023, other risks included:

- *The provisions recognized in Ciplan's (Brazil) financial statements for a total amount of € 38.9 million (€ 35.2 million as at December 31, 2022) 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 (€ 24.1 million),*
  - *Industrial relations and labor tribunal disputes following the departure of former employees (€ 2.1 million),*
  - *Civil litigation involving fines and claims challenged by the company (€ 0.5 million).*
  - *Mining dispute (€ 12.2 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 € 42.9 million (see note 11), on one hand in respect of indemnifiable claims accounted for as a provision for an amount of € 36.9 million (€ 34.1 million as at December 31, 2022) and on the other hand, in respect of a tax recorded as tax debts at more than one year for an amount of € 6.0 million (€ 6.7 as at December 31, 2022).

- *An amount of € 14.8 million (€ 13.9 million as at December 31, 2022) 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 € 11 million as at June 30, 2023 (€13.1 million as at December 31, 2022) 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, 2023 break down as follows:

(in thousands of euros)	**June 30, 2023**	**December 31, 2022**
Financial liabilities at more than one year	1,548,551	1,658,657
Put options at more than one year	14,969	14,116
Lease liabilities at more than one year	155,296	161,045
Financial liabilities and put options at more than one year	**1,718,815**	**1,833,817**
Financial instrument assets at more than one year - see note 11 (1)	(30,441)	(37,571)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS AT MORE THAN ONE YEAR	**1,688,374**	**1,796,246**
Financial liabilities at less than one year	342,258	242,161
Lease liabilities at less than one year	45,135	47,537
Financial liabilities and put options at less than one year	**387,393**	**289,698**
Financial instrument assets at less than one year (1)	(5,921)	(1,527)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS AT LESS THAN ONE YEAR	**381,472**	**288,171**
Total financial liabilities net of financial instruments assets	2,054,878	2,070,302
Total put options	14,969	14,116
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENTS ASSETS	**2,069,847**	**2,084,417**

(1) As at June,30, 2023, financial instrument assets amounting to € 36 million (€ 39 million as at December 31, 2022) are either under non-current assets (see note 11.) for the portion that is more than one year (€ 30 million as at June 30, 2023) or under other receivables, for the portion that is less than one year (€ 6 million as at June 30, 2023).

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, 2022	**1,291,434**	**(0)**	**159,883**	**371,119**	**(15,892)**	**55,502**	**1,862,046**
Issues	419,811		48,390	42,387		7,394	517,981
Repayments	(9,624)		(13,743)	(128,703)		(44,671)	(196,741)
Change in translation effect	5,332	0	1,520	(25,282)	601	(437)	(18,265)
Changes in consolidation sc(			(0)				(0)
Other movements	(34,180)	(37,571)	(35,005)	(17,360)	13,764	29,749	(80,603)
At December 31, 2022	**1,672,772**	**(37,571)**	**161,045**	**242,161**	**(1,527)**	**47,537**	**2,084,417**
Issues	175,175		17,522	7,550		1,857	202,104
Repayments	(109,642)		(8,991)	(47,232)		(18,053)	(183,918)
Change in translation effect	2,528	0	(700)	(21,279)	(1)	(432)	(19,885)
Changes in consolidation sc(							
Other movements	(177,313)	7,130	(13,581)	161,059	(4,394)	14,226	(12,872)
At June 30, 2023	**1,563,520**	**(30,441)**	**155,296**	**342,258**	**(5,921)**	**45,135**	**2,069,847**

(in thousands of euros)	**June 30, 2023**	**December 31, 2022**
Gross debt	2,054,878	2,070,302
Cash and cash equivalents (see note 13.1)	(462,723)	(503,597)
Net debt	**1,592,155**	**1,566,705**

16.1.1. Financial liabilities

Analysis of financial liabilities by category and maturity

At June 30, 2023 ***(in thousands of euros)***	**Total**	**June 30, 2024**	**June 30, 2025**	**June 30, 2026**	**June 30, 2027**	**June 30, 2028**	**More than 5 years**
Bank borrowings and financial liabilities	1,782,649	268,518	565,217	379,062	30,784	8,097	530,971
Of which financial instrument assets	*(36,362)*	*(5,921)*	*(2,887)*	*(2,118)*	*(2,194)*	*(20,933)*	*(2,309)*
Of which financial instrument liabilities	*33*	*33*					
Miscellaneous borrowings and financial liabilities	20,585	16,605	698	789	918	970	606
Lease liabilities	200,430	45,135	28,864	21,681	15,786	12,046	76,919
Current bank lines and overdrafts	51,214	51,214					
FINANCIAL LIABILITIES	**2,054,878**	**381,471**	**594,779**	**401,531**	**47,488**	**21,113**	**608,496**
of which commercial paper	*550,000*		*550,000*				

At December 31, 2022 ***(in thousands of euros)***	**Total**	**December 31, 2023**	**December 31, 2024**	**December 31, 2025**	**December 31, 2026**	**December 31, 2027**	**More than 5 years**
Bank borrowings and financial liabilities	1,783,092	167,717	241,008	700,896	146,297	1,383	525,790
Of which financial instrument assets	*(39,098)*	*(1,527)*	*(7,703)*		*(5,665)*	*(21,843)*	*(2,360)*
Of which financial instrument liabilities	*675*	*316*	*71*		*55*	*211*	*22*
Miscellaneous borrowings and financial liabilities	25,644	19,933	3,308	564	773	773	295
Lease liabilities	208,580	47,537	33,136	23,589	17,762	12,220	74,337
Current bank lines and overdrafts	52,986	52,986					
FINANCIAL LIABILITIES	**2,070,302**	**288,172**	**277,452**	**725,049**	**164,832**	**14,375**	**600,422**
of which commercial paper	*438,500*			*438,500*			

Financial liabilities due in less than one year are mainly composed of a part of the Schuldschein loan, bilateral lines of Sococim Industries in Senegal, IFRS 16 debts and bank credit balances.

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

By currency (net of currency swaps) (in thousands of euros)	June 30, 2023	December 31, 2022
Euro	1,495,171	1,624,715
US dollar	37,903	38,201
Turkish lira	29,874	58,426
CFA Franc	159,910	124,571
Swiss franc	219,663	103,943
Mauritanian ouguiya	1,347	5,274
Egyptian pound	25,664	30,364
Indian rupee	33,259	34,288
Kazakh tenge	236	288
Brazilian real	51,851	50,231
TOTAL	**2,054,878**	**2,070,302**

By interest rate (in thousands of euros)	June 30, 2023	December 31, 2022
Fixed rate	922,647	1,020,965
Floating rate	1,132,231	1,049,336
TOTAL	**2,054,878**	**2,070,302**

The average interest rate on gross debt as at June 30, 2023 was 3.58 % which is stable in comparison to December 31, 2022.

The average maturity of the debt as at June 30, 2023 is 4.7 years, a slight decrease compared to December 31, 2022.

16.1.2. Put options granted to minority shareholders

Accounting policy

Under IAS 27 and IAS 32, put options granted to minority shareholders are reported among financial liabilities at the present value of their estimated price.

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 share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding 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 factor relevant to its valuation. Its value is reviewed at each year-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 1, 2010).

As at June 30, 2023, 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 € 15 million as at June 30, 2023, 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.

Impairment of receivables is based on the expected losses during the full lifetime of the asset and credit risk is assessed based on 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, etc. 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.

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

- the hedging relationship is formally designated and documented;

- 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.

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 flow.

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

Derivative financial instruments are valued at their balance sheet fair value and estimated using 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 based on the Black and Scholes model incorporating the market parameters as at year-end.

In accordance with IFRS 13, counterparty risks were considered. 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.

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, 2023, the Group had € 433 million of unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 370 million as at December 31, 2022).

The Group also has a € 550 million commercial paper issue program, entirely used as at June 30, 2023. 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. € 550 million as at June 30, 2023.

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 subsidiaries concerned. 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 (55.80%) and leverage (2.59) 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, 2023, 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 2023:

(in thousands of currency)		Nominal value (foreign currency)	Nominal value (euro)	Market value (euro)	RESIDUAL MATURITY		
					< 1 year (euro)	1-5 years (euro)	> 5 years (euro)
CASH FLOW HEDGES							
Interest rate instruments							
- Euro Caps	€	714,500	714,500	34,580	4,139	28,132	2,310
FOREIGN EXCHANGE INSTRUMENTS							
Hedging for foreign exchange risk on intra-group loans							
- VAT $	$	200,000	184,060	1,479	1,479		
- VAT TRY	TRY	150,000	5,297	304	304		
TOTAL			**903,857**	**36,363**	**5,922**	**28,132**	**2,310**

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, 2023:

(in millions of euros)	June 30, 2023
Level 1: instruments quoted on an active market	-
Level 2: valuation based on observable market information	36.4
Level 3: valuation based on non-observable market information (see note 11.2)	51.1

NOTE 17 – TRADE AND OTHER PAYABLES

(in thousands of euros)	June 30, 2023	December 31, 2022
Opening balance	**540,374**	**459,647**
Changes	8,784	89,571
Change in translation effect	(20,660)	(8,821)
Changes in consolidation scope	147	3
Other movements	(295)	(27)
Closing balance	**528,350**	**540,374**

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 2023 totaled € 215 million, compared to € (24) million as at June 30, 2022.

This increase in cash flow from operating activities between the first half of 2022 and 2023 is mainly due to the change in working capital requirement of € 218 million compared to same period of 2022, and to the increase of cash flows from operating activity of € 21 million.

(in thousands of euros)	**WCR January 1st, 2022**	Change WCR	Other changes	**WCR December 31, 2022**	Change WCR	Other changes	**WCR June 30, 2023**
Inventories	429,243	138,032	(6,482)	560,794	(1,069)	(17,172)	542,553
Trade and other accounts	642,510	70,338	15,738	728,586	78,412	(25,634)	781,365
Trade and other accounts payable	(730,002)	(104,238)	17,128	(817,112)	(53,258)	29,725	(840,645)
Net Working Capital	**341,752**	**104,132**	**26,384**	**472,268**	**24,086**	**(13,081)**	**483,273**

18.2 Net cash flows from investing activities

Net cash flows from investing activities of the Group in the 2023 first semester was € (154) million, compared to € (238) million in the first half 2022.

Acquisitions of property, plant and equipment and intangible assets

These reflect net outflows for industrial investments (€ 143.8 million during the 2023 first semester and € 178.5 million during the 2022 first semester) mainly corresponding to, in the 2023 first semester and in the 2022 first semester, 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 2023 resulted in a total cash inflow of € (0.3) million. The main outflows over the period related to acquisitions of majority interests in France.

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 geographical area is the means of assessing the financial nature and impact of economic environments in which the Group operates and reflects its matrix-based organization as well as the predominance of geographical aspects in the strategic analyses presented to the General 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: Operating revenue and consolidated revenue, EBITDA and recurring 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, 2023 (in thousands of euros except headcount)	France	Europe (excluding France)	Americas	Asia	Mediterranean	Africa	**Total**
Income statement							
Operating revenue	654,034	196,581	450,418	232,956	195,979	207,796	**1,937,764**
Inter-country eliminations	(23,887)	(1,324)		(53)		(206)	**(25,469)**
Consolidated revenue	630,147	195,257	450,418	232,903	195,979	207,591	**1,912,294**
EBITDA (see Definition of management indicators)	105,760	46,016	83,653	31,783	20,789	26,469	**314,469**
Recurring EBIT (see Definition of management indicators)	58,007	28,893	44,948	15,174	11,721	7,500	**166,243**
Balance sheet							
Total non-current assets	944,989	659,405	1,378,464	650,578	310,614	616,360	**4,560,411**
Net capital employed (1)	876,083	593,556	1,113,973	653,751	337,510	653,894	**4,228,765**
Other information							
Acquisitions of property, plant and equipment and intangible assets	52,890	8,053	48,360	4,962	8,154	39,818	**162,237**
Net depreciation and amortization charges	(47,640)	(17,525)	(35,607)	(16,058)	(8,952)	(17,919)	**(143,701)**
Average number of employees	3,305	702	2,267	1,225	1,411	967	**9,877**

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**
Recurring 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	891,323	658,171	1,319,115	712,906	386,981	550,942	**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**

(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, 2023 (in thousands of euros)	Cement	Concrete & Aggregates	Other Products and Services	**Total**
Income statement				
Operating revenue	1,235,638	707,793	231,962	**2,175,394**
Inter-segment eliminations	(177,691)	(16,468)	(68,941)	**(263,100)**
Consolidated revenue	1,057,947	691,326	163,021	**1,912,294**
EBITDA (see Definition of management indicators)	224,304	73,975	16,190	**314,469**
Recurring EBIT (see Definition of management indicators)	129,643	28,461	8,139	**166,243**
Balance sheet				
Net capital employed (1)	3,060,599	1,013,446	154,721	**4,228,765**

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**
Recurring 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**

(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 PARTY

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 2023 and 2022 is as follows, broken down by type of related party:

	June 30, 2023				June 30, 2022			
(in thousands of euros)	**Sales**	**Purchases**	**Receivables**	**Liabilities**	**Sales**	**Purchases**	**Receivables**	**Liabilities**
Associates	2,190	843	6,481	1,598	2,151	1,092	4,060	1,669
Other related parties		558				600		
TOTAL	**2,190**	**1,401**	**6,481**	**1,598**	**2,151**	**1,692**	**4,060**	**1,669**

NOTE 20 - POST-BALANCE SHEET EVENTS

No post-balance sheet events had a material impact on the consolidated financial statements as at June 30, 2023.

NOTE 21 - LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2023

Fully consolidated: France

			% INTEREST	
COMPANY	**Country**	**City**	**June 30, 2023**	**December 31, 2022**
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 VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
BETON TRAVAUX	FRANCE	L'ISLE D'ABEAU	99.98	99.98
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

Fully consolidated: Rest of the world

COMPANY	Country	City	% INTEREST June 30, 2023	% INTEREST December 31, 2022
CIPLAN	Brazil	Brasilia	76.18	76.18
VICAT BRASIL	Brazil	Brasilia	(1)	100.00
SINAI CEMENT COMPANY	Egypt	Cairo	67.18	67.18
JAMBYL CEMENT PRODUCTION COMPANY LLP	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 CALIFORNIA	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 SA AARETAL	Switzerland	Wimmis (Bern)	82.46	82.46
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 AG	Switzerland	Thoune (Bern)	53.48	53.48
KIESTAG KIESWERK STEINIGAND AG	Switzerland	Wimmis (Bern)	98.55	98.55
KIES NEUENDORF AG	Switzerland	Neuendorf (Soleure)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	Switzerland	Hauterive (Fribourg)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER WERK BLAUSEE MITHOLZ AG	Switzerland	Frutigen (Bern)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT AG	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 AG	Switzerland	Müntschemier (Bern)	100.00	100.00
VIGIER TRANSPORT AG	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	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	99.99	99.99

(1) Merged entity at June 30, 2023

Equity method: France

Company	Country	City	% INTEREST June 30, 2023	% INTEREST December 31, 2022
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, 2023	% INTEREST December 31, 2022
HYDROELECTRA	Switzerland	Au (St. Gallen)	50.00	50.00
GRAVIERE DE LA-CLAIE-AUX-MOINES	Switzerland	Savigny	35.00	35.00
PROBETON	Switzerland	Vernier	50.20	50.20
VACARBO AG	Switzerland	LUTERBACH	50.00	-
VITO RECYCLING SA	Switzerland	PERY-LA HEUTTE (BERN)	50.00	50.00
SILO TRANSPORT AG	Switzerland	Bern	50.00	50.00
SINAI WHITE CEMENT	Egypt	Cairo	17.06	17.06
PLANALTO	Brazil	Brasilia	37.33	37.33

III.

STATUTORY AUDITORS’REVIEW REPORT ON THE 2023 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.

4 rue Aristide Bergès - 38080 L'Isle d'Abeau

Statutory Auditors' Review Report on the Half-yearly Financial Information 2023

For the period from January 1 to June 30, 2023

To the Shareholders,

In compliance with the assignment entrusted to us by 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 January 1 to June 30, 2023
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of 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.

The Auditors,

Lyon, on the July 26, 2023
KPMG SA
Philippe Massonnat
Partner

Chamalières, on the July 26, 2023
Wolff et Associés S.A.S.
Grégory Wolff
Partner

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, 2023

Guy Sidos

Chairman and CEO

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