



Aliaxis Holdings

Condensed Consolidated Interim Financial Statements 2023



Condensed consolidated financial statements

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Condensed consolidated statement of profit or loss and other comprehensive income

Condensed consolidated statement of profit or loss

For the six months ended (in € thousand)	Notes	June 2023	June 2022
Revenue	4, 3	2,098,638	2,232,364
Cost of sales		(1,464,962)	(1,560,171)
Gross profit		633,676	672,193
Commercial expenses		(157,572)	(136,979)
Administrative expenses		(189,645)	(166,578)
R&D expenses	3	(18,155)	(14,028)
Other operating income / (expenses)	6	(8,185)	(10,657)
Operating profit exclusive adjusted items	3	260,119	343,952
Adjusted items:			
Restructuring costs	3	(1,506)	(104)
Other income / (expenses)	7, 3	(6,655)	(9,668)
Operating profit	3	251,958	334,180
Finance income	9	109,079	3,938
Finance expenses	8	(43,581)	(16,834)
Profit before income taxes		317,456	321,284
Income tax expense	10	(97,042)	(98,833)
Profit for the period		220,414	222,451
<i>of which attributable to Group equity holders</i>		219,750	221,768
<i>of which attributable to non-controlling interests</i>		664	683
Earnings per share (in €):			
Basic earnings per share		2.32	2.34
Diluted earnings per share		2.32	2.34

Condensed consolidated statement of other comprehensive income

For the six months ended (in € thousand)	Notes	June 2023	June 2022
Profit for the period recognised in the income statement		220,414	222,451
<i>Items that will never be reclassified to profit and loss:</i>			
Remeasurements of defined benefit liability (asset) (net of taxes)	19	(2,797)	3
<i>Items that are or may be reclassified to profit and loss:</i>			
Foreign currency translation differences for foreign operations	17	(27,976)	136,848
Net profit/(loss) on hedge of net investment in foreign operations		362	(134)
Cost of hedging reserves - changes in FV		314	(56)
Effective portion of changes in fair value of cash flow hedges		(2,367)	8,126
Change in fair value of cash flow hedges transferred to profit or loss		2,235	(8,558)
Deferred taxes related to hedges		(184)	173
Other comprehensive income for the period, net of income tax		(30,412)	136,403
Total comprehensive income for the period		190,001	358,854
<i>of which attributable to Group equity holders</i>		189,758	357,908
<i>of which attributable to non-controlling interests</i>		243	946

The notes on pages 10 to 28 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of financial position

At the end of the period (in € thousand)	Notes	June 2023	Dec. 2022
Intangible assets and goodwill	11	1,053,135	872,601
Property, plant & equipment	12	1,299,783	1,202,016
Investment properties		3,191	3,173
Other assets	13	477,580	12,156
Derivative financial instruments with positive fair values	23	-	1,600
Deferred tax assets		18,405	16,947
Employee benefits	19	34,426	33,495
Non-current assets		2,886,521	2,141,989
Inventories	14	967,569	1,061,489
Current tax assets		25,526	28,978
Amounts receivable	15	664,283	529,592
Derivative financial instruments with positive fair values	23	33,625	29,846
Cash & cash equivalents	16	289,960	741,110
Assets held for sale		5,218	4,586
Current assets		1,986,180	2,395,601
TOTAL ASSETS	3	4,872,701	4,537,589
At the end of the period (in € thousand)	Notes	June 2023	Dec. 2022
Share capital		1,205,128	1,205,128
Retained earnings and reserves		1,067,534	962,776
Equity attributable to Group equity holders		2,272,662	2,167,904
Non-controlling interests		6,894	7,076
TOTAL EQUITY		2,279,556	2,174,980
Loans and borrowings	18	1,232,758	1,081,537
Lease liabilities	18	151,987	143,904
Employee benefits	19	62,756	59,746
Deferred tax liabilities		95,879	73,310
Provisions	20	40,069	34,003
Other amounts payable	22	3,779	3,574
Non-current liabilities		1,587,226	1,396,075
Loans and borrowings	18	224,293	244,736
Lease liabilities	18	25,901	26,132
Bank overdrafts	16	7,171	6,006
Provisions	20	26,798	38,694
Derivative financial instruments with negative fair values	23	668	5,259
Current tax liabilities	21	76,678	100,751
Amounts payable	22	556,930	543,078
Dividends payable	17	85,000	-
Liabilities held for sale		2,480	1,879
Current liabilities		1,005,919	966,534
TOTAL LIABILITIES	3	2,593,145	2,362,609
TOTAL EQUITY & LIABILITIES		4,872,701	4,537,589

The notes on pages 10 to 28 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of changes in equity

2022

(in € thousand)	Notes	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2022		1,205,128	310	(58,858)	730,720	1,877,299	7,350	1,884,649
Profit for the period					221,768	221,768	683	222,451
Other comprehensive income:								
Foreign currency translation differences	17		44	136,427	114	136,584	263	136,848
Net gain on hedge of net investment (net of tax)	17			(134)		(134)	-	(134)
Cash flow hedges (net of tax)	23		(315)			(315)	-	(315)
Remeasurement IAS19 & other	19				3	3	-	3
Dividends to shareholders	17				(80,000)	(80,000)	-	(80,000)
Scope changes					-	-	-	-
As at 30 June 2022		1,205,128	39	77,435	872,604	2,155,206	8,296	2,163,502

2023

(in € thousand)	Notes	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2023		1,205,128	289	(55,279)	1,017,766	2,167,904	7,076	2,174,980
Profit for the period					219,750	219,750	664	220,414
Other comprehensive income:								
Foreign currency translation differences	17		(24)	(27,470)	(61)	(27,555)	(421)	(27,976)
Net gain on hedge of net investment (net of tax)	17			362		362	-	362
Cash flow hedges (net of tax)	23		(1)			(1)	-	(1)
Remeasurement IAS19 & other (net of tax)	19				(2,797)	(2,797)	-	(2,797)
Dividends to shareholders	17				(85,000)	(85,000)	(425)	(85,425)
As at 30 June 2023		1,205,128	263	(82,387)	1,149,657	2,272,662	6,894	2,279,556

The notes on pages 10 to 28 are an integral part of these condensed consolidated financial statements.

Condensed consolidated statement of cash flows

At the end of the period (in € thousand)	Notes	June 2023	June 2022
OPERATING ACTIVITIES			
Profit after income tax		220,414	222,451
Depreciation	12	69,422	63,911
Amortisation	11	11,422	9,806
Impairment losses on PP&E, intangible assets and assets held-for-sale	12, 11	80	144
Impairment losses on working capital and others		7,370	13,316
Increase / (decrease) in provisions in profit and loss	20	13,220	21,513
Financial instruments - fair value adjustment through profit or loss	23	(349)	(319)
Net interest (income) / expenses		13,911	7,900
Dividend income		(243)	-
Loss / (gain) on sale of property, plant and equipment	6	(519)	(241)
Loss / (gain) on the FV measurement inv securities	9	(84,411)	-
Income tax expense	10	97,042	98,833
Other - miscellaneous - mainly FX		(8,629)	(2,208)
Gross cash flows from operating activities		338,730	435,105
Decrease / (increase) in inventories		107,114	(248,698)
Decrease / (increase) in amounts receivable		(207,669)	(271,349)
Increase / (decrease) in amounts payable		27,280	33,807
Increase / (decrease) in provisions	20	(19,347)	(22,358)
Changes in working capital and provisions		(92,621)	(508,598)
Cash generated from operations		246,109	(73,492)
Income tax paid	10	(93,859)	(134,717)
Net cash flows from operating activities		152,250	(208,209)
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		805	304
Proceeds from sale of investments		(54)	-
Loans granted	18	(1,185)	(10,977)
Repayment of loans granted	18	317	600
Acquisition of businesses, net of cash acquired	5	(233,998)	(152,421)
Acquisition of property, plant and equipment	12	(135,070)	(89,353)
Acquisition of intangible assets	11	(18,222)	(18,124)
Acquisition of other investments	13	(293,364)	(33)
Dividends received		243	-
Interest received		15,120	3,824
Net cash flows used in investing activities		(665,408)	(266,180)

The notes on pages 10 to 28 are an integral part of these condensed consolidated financial statements.

At the end of the period (in € thousand)	Notes	June 2023	June 2022
FINANCING ACTIVITIES			
Proceeds from obtaining borrowings	18	338,857	235,284
Repayment of borrowings	18	(224,469)	(10,061)
Repayment of leasing		(19,884)	(15,548)
Dividends paid		(783)	-
Interest paid		(21,944)	(5,427)
Other - miscellaneous		182	-
Cash flows from financing activities		71,959	204,249
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(441,199)	(270,139)

Cash and cash equivalents

At the end of the period (in € thousand)	Notes	June 2023	June 2022
As at 1 January	16	735,104	1,106,232
Net (decrease) / increase in cash and cash equivalents		(441,199)	(270,139)
Cash and cash equivalents resulting from scope changes		(1,159)	892
Effect of exchange rate fluctuations on cash held		(9,957)	51,720
As at 30 June	16	282,789	888,705

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1. Corporate information

Aliaxis Holdings S.A. ("the Company") is a company domiciled in Belgium. The address of the Company's registered office is Avenue Arnaud Fraiteur, 15/23, 1050 Brussels. The condensed consolidated financial statements of the Company as at and for the period ended 30 June 2023 comprise the Company, its subsidiaries and interest in equity accounted investees (together referred to as the "Group" or "Aliaxis").

Aliaxis employed around 15,800 people, is present in more than 40 countries throughout the world, and is represented in the marketplace through more than 75 manufacturing and selling companies, many of which trade using their individual brand identities. The Group is primarily engaged in the manufacture and sale of plastic pipe systems and related building and sanitary products which are used in residential and commercial construction and renovation as well as in a wide range of industrial and public utility applications.

The interim financial statements for the six months ended 30 June 2023 have been authorized for issue by the Company on 28 September 2023.

2. Basis of preparation

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

(a) Significant accounting policies

Except for the changes explained below, the accounting policies adopted are consistent with those of the Group's last annual consolidated financial statements.

As of 1 January 2023, Aliaxis adopted the following new and amended IFRS standards and interpretations and considered that it did not result in significant changes in the consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, issued on 12 February 2021, include narrow-scope amendments to improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, issued on 12 February 2021, clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, issued on 7 May 2021, clarifies how companies should account for deferred tax on transactions such as leases and decommissioning obligations. IAS 12 Income Taxes specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognizing deferred tax when they recognize assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognize both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognize deferred

tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The following amendments are effective for annual periods beginning on or after 1 January 2024 with early application permitted. These amendments have not been endorsed by the EU. These amendments are not expected to have a material impact on the Group's consolidated statements.

Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current, issued on 23 January 2020, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period;
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement;
- clarify how lending conditions affect classification; and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

On July 15, 2020, the IASB issued Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1) deferring the effective date of the January 2020 amendments.

On October 31, 2022, the IASB issued Non-current liabilities with Covenants, which amends IAS 1 and specifies that covenants (i.e. conditions specified in a loan arrangement) to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, issued on 22 September 2022, introduce a new accounting model which will impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction.

Under this new accounting model for variable payments, a seller-lessee will:

- include estimated variable lease payments when it initially measures a lease liability arising from a sale-and-leaseback transaction; and
- after initial recognition, apply the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules, issued 23 May 2023, provide a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief. The relief is effective immediately and applies retrospectively. It will apply until the IASB decides either to remove it or to make it permanent.

The amendments also require new disclosures once tax law is enacted but before top-up tax is effective and after top-up tax is effective. These new disclosures apply from 31 December 2023. The amendments do not introduce new disclosure requirements in the financial statement in interim periods ending on or before 31 December 2023.

These amendments have not yet been endorsed by the EU.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements, issued on 25 May 2023, introduce additional disclosure requirements for companies that enter into supplier finance arrangements. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available. These amendments have not yet been endorsed by the EU.

(b) Use of estimates and judgments

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

3. Operating Segments

The Group has the following four strategic divisions, which are its reportable segments:

- Americas
- Pacific
- EMEA
- Asia

These divisions are managed separately because they require different marketing strategies. The Group's chief operating decision maker reviews the internal management reports of each division at least quarterly.

Other segments include minor business in China and South Africa. None of these segments met the quantitative thresholds for reportable segments in 2022 or 2023.

There are few intersegment relationships which are limited to some transfers of raw materials and shared distribution services. Information related to each reportable segment is set out below. Segment Adjusted EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(in € thousand)	Americas		Pacific		EMEA		Asia		Other segments		Not allocated to operating segments		TOTAL GROUP	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenues	1,015,496	1,091,261	247,109	270,877	515,457	526,062	300,894	321,833	19,683	22,331	-	-	2,098,638	2,232,364
Adjusted EBIT	216,972	264,117	15,391	16,813	35,091	48,228	7,637	29,420	(2,588)	146	(12,385)	(14,771)	260,119	343,952
Depreciation and amortisation	32,800	29,143	13,588	13,934	19,500	17,035	11,698	11,026	977	682	2,179	2,040	80,742	73,860
Adjusted EBITDA	249,772	293,260	28,979	30,747	54,591	65,263	19,336	40,445	(1,611)	827	(10,206)	(12,731)	340,861	417,811
Restructuring costs	(1,506)	(82)				16				(38)			(1,506)	(104)
Other income / (expenses)	(2,370)				1,514	(6,495)					(5,800)	(3,173)	(6,655)	(9,668)
Segment result (EBIT)	213,096	264,035	15,391	16,813	36,606	41,749	7,637	29,420	(2,588)	108	(18,185)	(17,944)	251,958	334,180
Segment assets*	2,308,242	2,137,870	411,093	422,426	794,418	768,899	485,309	512,756	55,643	56,696	817,996	638,942	4,872,701	4,537,589
Segment liabilities*	464,478	497,416	112,559	119,722	265,891	245,914	121,662	146,840	16,969	12,345	1,611,586	1,340,372	2,593,145	2,362,609
Capital expenditures	83,870	62,915	24,872	8,867	21,579	12,327	13,079	14,346	87	340	9,806	8,682	153,292	107,477
Capital employed	1,841,517	1,453,724	336,888	343,323	672,573	611,268	430,002	448,043	34,802	8,715	(47,418)	(41,920)	3,268,363	2,823,152
R&D expenses	3,489	2,295	1,219	886	4,773	4,735	1,290	1,008	1,070	-	6,314	5,104	18,155	14,028
Average number of employees (FTE)	6,590	5,818	1,326	1,287	4,496	4,517	2,601	2,469	562	599	248	191	15,822	14,881

* Comparative period is December 2022

Unallocated assets mainly relate to financial intercompany transactions, cash and cash equivalent, derivatives, intangible fixed assets and receivables

Unallocated liabilities mainly relate to financial debts, current and deferred tax liabilities and payables.

4. Revenue

The Group reported a solid performance in 2023 first-half results despite challenging market conditions. Revenue was down compared with the outstanding results in the first-half of 2022.

(a) Revenue from external customers by activity

(in € thousand)	June 2023	June 2022
Building	921,073	952,516
Industry	332,400	333,899
Infrastructure	705,423	747,215
Agriculture	123,761	154,558
Other	15,981	44,176
Total revenue	2,098,638	2,232,364

(b) Revenue from external customers by geographical area

(in € thousand)	June 2023	June 2022
North America	837,549	886,094
India	295,259	312,728
Australia	181,279	188,231
France	155,433	154,197
United Kingdom	82,210	102,979
Germany	72,800	78,107
New Zealand	63,851	78,120
Italy	52,664	18,643
Spain	36,727	37,814
Peru	33,227	44,667
Chile	23,491	29,330
Rest of the world	264,148	301,453
Total revenue	2,098,638	2,232,364

5. Acquisitions and disposals of subsidiaries and non-controlling interests

(a) Valencia

In May 2023, the Group announced an agreement to acquire the Valencia Pipe Company's plastic pipe and fittings manufacturing division. Valencia's plastic pipe and fittings manufacturing division provides a highly complementary geographic and product fit with IPEX, our leading brand in North America and will further strengthening the company's position in the USA.

The asset deal was completed on 27 June 2023 for an amount of €215 million and the assets are in the process of being fully integrated in the North America business.

The values of assets recognised on acquisition are their estimated fair values amounting to €156 million and are still subject to change.

Goodwill of €59 million is attributable to the profitability and the growth potential of the acquired assets and is still subject to change.

The Group incurred acquisition-related costs of € 2 million.

(in € thousand)	Notes	Valencia		Recognised values on acquisition
		Pre-acquisition carrying amounts	Fair-value adjustments	
Intangible assets	11		114,669	114,669
Property, plant and equipment	12	15,592	2,064	17,656
Inventories	14	16,941	6,798	23,739
Amounts receivable	15	51	-	51
Amounts payable	22	(443)	-	(443)
Net identifiable assets and liabilities		32,141	123,531	155,672
Goodwill on acquisition	11			58,858
Total acquired net assets		32,141	123,531	214,530

Consisting of :

consideration paid, satisfied in cash	214,530
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Consideration paid, satisfied in cash	214,530
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(b) Zypho

On 31 May 2023 the Group announced the acquisition of Zypho, a Portuguese tech company that has been at the forefront of drain water heat recovery solutions in buildings for over a decade. The solutions brought by Zypho focus on lowering carbon emissions while cutting energy bills, which perfectly aligns with the Groups' commitment to sustainability and water preservation.

This acquisition will enable the Group to use its global presence and experience in fluid management solutions to further expand the reach of Zypho's products. In addition, the Group will benefit from Zypho's expertise on innovative drain water.

As of June 2023 onwards, the accounts of Zypho are fully integrated in the consolidated financial statements of the Group. Aliaxis holds 100% of the shares of this new entity.

The consideration paid, satisfied in cash amounted to €9.2 million. The fair values of the assets and the liabilities recognised on the acquisition are still being assessed.

(c) Lareter SPA

The purchase price allocation of Lareter SPA, acquired in December last year, has been finalised and did not result in any material adjustments.

(d) Other acquisitions

In May 2023, the Group announced the acquisition of the recycling expert Compounding Specialists Ltd (Comspec). Comspec processes polypropylene and high-density polyethylene into pellets. The high-quality recycled resins are then used by the plastic manufacturers around the country as raw material in their production.

Comspec's expertise in recycling plastic materials allows the Group to provide the operations with recycled material, reduce the Groups' own carbon footprint and further work by the side of the customers to achieve their own sustainability goals.

The plastic recycler located in Christchurch, New Zealand (NZ) has been purchased by Plastics Recycling NZ, a joint venture between Aliaxis and Waste Management NZ. Plastics Recycling NZ joint venture was formed in 2022 by Aliaxis and Waste Management NZ to invest in plastic recycling solutions to reduce plastic construction and demolition waste and transformed it into recycled raw material.

The impact of Comspec via the Plastics Recycling NZ joint venture will not be material.

In May 2023, the Groups undertook the acquisition of Aliaxis Ventures and its subsidiaries, The total net contribution paid amounted to €9.3 million. The integration mainly results in the increase of other assets for €40 million (see note 13).

6. Other operating income and expenses

Expenses included in other operating income and expenses mainly relate to amortisation intangibles related to merger and acquisition (mainly in Ashirvad and Vinidex).

7. Other income and expenses

In 2023, total other income and expense amounted to €6.7 million and related mainly to merger and acquisition costs.

In 2022, total other income and expense amounted to €9.7 million mainly related to the liquidation of our activity in Russia for €6.5 million and merger and acquisition costs.

8. Finance expenses

The finance expenses were mainly composed of interest expenses on financial borrowings and on leases for a total amount of €28.3 million, and of bank fees charges of €6.6 million.

9. Finance income

Finance income related mainly to the accounting gain of €84.4 million on shares in Uponor and interest income of €14.4 million.

10. Income taxes

Per June 30, 2023, income taxes, consisting of current and deferred taxes, amounted to € 97 million (per June 30, 2022: € 99 million), representing an effective income tax rate of 30.6% (per June 30, 2022: 30.1%).

11. Intangible assets and goodwill

			June 2023	Dec. 2022
	Goodwill	Intangible assets (finite life)	Total Intangible assets and goodwill	Total Intangible assets and goodwill
(in € thousand)				
Cost				
As at 1 January	710,397	459,569	1,169,966	988,696
Changes in the consolidation scope & Asset deals	69,554	117,020	186,575	132,347
- Acquisitions	69,554	117,020	186,575	132,347
Acquisitions	-	18,222	18,222	42,786
Disposals & retirements	-	(34)	(34)	(1,018)
Transfers	(0)	893	893	1,580
Exchange difference	(8,130)	(6,020)	(14,150)	5,575
At the end of the period	771,821	589,651	1,361,472	1,169,966
Amortisation and impairment losses				
As at 1 January	(81,027)	(216,338)	(297,365)	(267,412)
Changes in the consolidation scope	-	(858)	(858)	(2,119)
- Acquisitions	-	(858)	(858)	(2,119)
Charge for the period	-	(11,440)	(11,440)	(21,531)
- Amortisation	-	(11,422)	(11,422)	(21,519)
- Impairment (recognised) / reversed	-	(18)	(18)	(11)
Disposals & retirements	-	34	34	1,032
Transfers	-	(106)	(106)	(781)
Exchange difference	672	726	1,398	(6,555)
At the end of the period	(80,356)	(227,981)	(308,337)	(297,364)
Carrying amount at the end of the period	691,465	361,670	1,053,135	872,601
Carrying amount at the end of the previous period	629,369	243,232	872,601	721,284

The changes in the consolidation scope & Asset deals relate to the acquisition of Zyphe and Valencia.

18 Aliaxis Holdings – Condensed interim financial statements

The carrying amounts of goodwill allocated to each CGU at 30 June is as follows:

(in € thousand)		June 2023	Dec. 2022
CGU	Country		
Aliaxis North America and subsidiaries	Canada and USA	395,296	339,387
FIP	Italy	61,887	61,887
New Zealand and subsidiaries	New Zealand	34,642	36,730
Ashirvad	India	34,053	34,564
Nicoll	France	32,701	32,701
Aliaxis Deutschland GmbH Technical Plastics	Germany	31,712	31,712
Philmac	Australia	26,007	27,128
Marley Deutschland GmbH	Germany	19,402	19,402
Aquarius	Israel	13,503	14,540
Jimten	Spain	9,429	9,429
Zypho	Portugal	8,936	-
Nicoll Perù SA	Peru	8,758	8,519
Lareter SPA	Italy	7,724	8,005
Other (1)	Other	7,414	5,364
Goodwill		691,465	629,369

(1) Carrying amount of goodwill for various CGUs of which none is individually significant.

For the purpose of impairment testing, goodwill is allocated to the Group's operating units which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

No goodwill impairment indicators have been identified during the 6-month period ended 30 June 2023.

12. Property, plant and equipment

					June 2023	Dec. 2022
	Land & buildings	Plant, machinery & equipment	Other	Under construction & advance payments	Total	Total
(in € thousand)						
Cost or deemed cost						
As at 1 January	852,989	1,561,308	133,751	247,493	2,795,540	2,420,911
Changes in the consolidation scope & Asset deals	2,165	14,570	19	-	16,754	56,808
- Acquisitions	2,165	14,570	19	-	16,754	56,808
Acquisitions	38,792	60,293	11,235	51,826	162,146	347,787
Disposals & retirements	(2,010)	(6,068)	(4,351)	(330)	(12,759)	(28,969)
Transfers	48,551	112,399	6,970	(169,773)	(1,853)	3,669
Exchange difference	(5,214)	(7,110)	(402)	(1,847)	(14,572)	(4,663)
At the end of the period	935,272	1,735,392	147,222	127,368	2,945,255	2,795,540
Depreciation and impairment losses						
As at 1 January	(311,389)	(1,185,526)	(96,015)	(593)	(1,593,524)	(1,480,676)
Changes in the consolidation scope	-	(59)	(18)	-	(77)	(11,547)
- Acquisitions	-	(59)	(18)	-	(77)	(11,547)
Charge for the period	(20,449)	(41,971)	(7,051)	42	(69,429)	(133,368)
- Depreciation	(20,443)	(41,906)	(7,017)	0	(69,366)	(132,535)
- Impairment (recognised) / reversed	(7)	(64)	(33)	42	(63)	(833)
Disposals & retirements	1,719	6,021	4,092	1	11,834	25,953
Transfers	833	(287)	498	-	1,043	933
Exchange difference	635	3,882	178	(14)	4,681	5,180
At the end of the period	(328,651)	(1,217,940)	(98,317)	(565)	(1,645,472)	(1,593,524)
Carrying amount at the end of the period	606,622	517,452	48,906	126,803	1,299,783	1,202,016
Carrying amount at the end of the previous period	541,600	375,782	37,735	246,899	1,202,016	940,235
Of which:						
Right-of-use assets at the end of the period	148,729	9,550	14,721	(0)	173,000	161,916
Right-of-use assets at the end of the previous period	141,012	10,033	10,872	(0)	161,916	125,678

Management considers that residual values of depreciable property, plant and equipment are insignificant.

The total acquisition of property, plant and equipment excluding leasing amounts to € 135.1 million as at June 30, 2023 and is mainly attributable to the capital expenditures in the Americas.

The disposal and retirement flows include the reversals of the fully depreciated property, plant and equipment both at the level of the gross book values and of the impairment values when assets are no longer being used.

The changes in the consolidation scope & Asset deals relate to the acquisition of and Valencia.

13. Other assets

The increase in Other assets in June 2023 in comparison with December 2022 is mainly explained by the investment in Uponor shares measured at fair-value for approximately €420 million and in adjacent businesses for approximately €40 million.

The group owns 20.05% of the equity interests in Uponor but determined that it has no significant influence as at June 30, 2023 bearing in mind that there is no representation in the board of directors of Uponor and there has been and there is no participation from Aliaxis in policy-making processes. The cash movement during the first half of the year amounted to approximately €280 million.

The investment in Uponor shares were measured at FVTPL at the end of June 2023 and resulted in a financial income of €84.4 million (See Note 9).

14. Inventories

At the end of the period (in € thousand)	June 2023	Dec. 2022
Stock in transit	23,803	14,634
Raw materials, packaging materials and consumables	251,428	351,319
Components	48,538	44,767
Work in progress	23,159	22,037
Finished goods	546,136	554,869
Goods purchased for resale	74,506	73,863
Inventories, net of write-down	967,569	1,061,489

In 2022 we experienced exceptionally high inventory levels as a result of supply chain challenges and high resin costs. Since then we have many actions across all regions to bring inventory levels down. Compared to December 2022, the Americas and India were the main contributors to the decrease mainly due to a reduction in raw material inventory.

15. Amounts receivable

The increase in the amounts receivable in June 2023 compared with December 2022 is mainly due to the usual seasonal pattern.

16. Cash and cash equivalents

As the end of the period (in € thousand)	June 2023	Dec. 2022
Short term bank deposits	20,497	48,739
Bank balances	261,578	684,146
Cash	7,885	8,225
Cash & cash equivalents	289,960	741,109
Bank overdrafts	(7,171)	(6,006)
Cash & cash equivalents in the statement of cash flows	282,789	735,104

Short-term deposits are held with counterparties which have a robust credit rating, with maturities of 3 months or less, and remunerated at money market rates.
Most significant amounts are denominated in CAD, USD, and EUR.

17. Equity

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign entities of the Group as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation and the translation impacts resulting from net investment hedges. The negative change in the translation reserve during 2023 amounts to € 27.1 million, mainly due to the weakening of some major trading currencies against the EUR at June end rate, such as the United States dollar (2%), Pound Sterling (3%), Indian Rupee (2%), the Australian dollar (4%) and the New Zealand dollar (6%) partly offset by the strengthening of the Costa Rican Colones (-7%).

In 2022, the positive change in the translation reserve amounted to € 136.3 million, mainly due to the strengthening of some major trading currencies against the EUR at June end rate, such as the Canadian dollar (7%), the United States dollar (8%) and Indian Rupee (3%).

Dividends

In June 2023, a total amount of € 85.0 million was declared as dividends by Aliaxis Holdings S.A. (a gross dividend of € 0.8983 per share). The dividend has been accrued for in these condensed financial statements and has been paid early July 2023.

In June 2022, a total amount of € 80.0 million was declared as dividends by Aliaxis Holdings S.A. (a gross dividend of € 0.8455 per share). The dividend was accrued for as at June 30, 2022 and was paid early July 2022.

18. Loans and borrowings

At the end of the period (in € thousand)	June 2023	Dec. 2022
Non-current		
Secured bank loans	1,945	1,865
Unsecured bank loans, Schuldschein & other	441,587	290,139
US private placements	50,135	50,865
Bond	745,503	745,081
Deferred arrangement fees	(6,412)	(6,412)
Non-current loans and borrowings	1,232,758	1,081,537
Current		
Secured bank loans	482	1,160
Unsecured bank loans, Schuldschein & other	79,013	124,051
US private placements	102,670	105,007
Deferred arrangement fees	(833)	(1,666)
Other (loans) and borrowings	42,961	16,184
Current loans and borrowings	224,293	244,736
Loans and borrowings	1,457,051	1,326,273

The breakdown of the changes of loans and borrowings into cash flows and non-cash changes can be detailed as follows:

At the end of the period (in € thousand)	Cash Flows			Non-cash changes			
	Dec. 2022	In	Out	Transfer / Scope changes	FX impact	Amortisation	June 2023
Non-current							
Secured bank loans	1,865	562	-	(482)	-	-	1,945
Unsecured bank loans, Schuldschein & other	290,139	308,375	(150,013)	461	(7,374)	-	441,587
US private placements	50,865	-	-	-	(730)	-	50,135
Bond	745,081	-	-	-	-	422	745,503
Deferred arrangement fees	(6,412)	-	-	-	-	-	(6,412)
Non-current financial debt	1,081,537	308,937	(150,013)	(22)	(8,104)	422	1,232,758
Current							
Secured bank loans	1,160	-	(1,160)	482	-	-	482
Unsecured bank loans, Schuldschein & other	124,051	19,177	(65,199)	-	983	-	79,013
US private placements	105,007	-	-	(0)	(2,336)	-	102,670
Deferred arrangement fees	(1,666)	-	-	-	-	833	(833)
Other loans and borrowings	16,185	11,060	(9,283)	24,999	-	-	42,961
Current loans and borrowings	244,736	30,238	(75,642)	25,481	(1,353)	833	224,293
Loans and borrowings	1,326,274	339,175	(225,655)	25,459	(9,457)	1,254	1,457,051

At the end of the period (in € thousand)	Cash Flows			Non-cash changes			
	Dec. 2022	In	Out	Transfer	FX impact	Other *	June 2023
Non-current finance lease liabilities	143,904	-	(19,475)	(360)	(2,631)	30,549	151,987
Current finance lease liabilities	26,132	-	(410)	360	(321)	140	25,901
Finance lease liabilities	170,036	-	(19,884)	0	(2,952)	30,689	177,888

* Other includes lease additions, accretion of interest and scope-in

In July 2011, the Group tapped into the US Private Placement (USPP) market by issuing notes for a total amount of USD 260 million in 3 tranches, of which are still outstanding:

- USD 112 million at 5.09% maturing in 2023

In July 2015, the Group entered again the USPP market by issuing notes for approximately USD 55 million in 2 tranches:

- USD 35 million at 4.26% maturing in 2025
- EUR 18 million at 2.64% maturing in 2027

Subsequently, the Group contracted several cross-currency swaps to maintain a diversified source of funding in terms of maturities, currencies and interest rates, of which are still outstanding USD 147 million.

On 22 October 2021, the Group refinanced its syndicated bank debt and its Club deal multi-currency bank facility, both initially maturing in 2022, by a 5-year (with one-year option having been fully extended in 2022 and another one-year option to be extended in 2023) committed multicurrency revolving credit facility of € 850 million between Aliaxis Finance/Aliaxis North America/Glynwed USA Inc and a syndicate of banks.

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On 30 June 2023, € 441 million of the syndicated facility was drawn (Dec 2022: € 290 million). These additional drawings are mainly due to the Valencia Pipe Company acquisition, the Uponor shares purchases and the removal of Aliaxis Holding Australia as borrower and guarantor in the Revolving Credit Facility which mainly explained the cash out of the non-current unsecured bank loans.

Simultaneously, on November 4, 2021, the Group placed a 7-year € 750M bond with a coupon of 0.875% per annum (issue price of 99.213%).

These USPP together with the Syndicated loan are unsecured, subject to covenants (including, inter alia, financial covenants based on interest cover and leverage ratios) and undertakings standard for this type of financing and were not subject to any breach of covenants as of 30 June 2023.

Other facilities of Aliaxis Finance S.A. and other subsidiaries of the Group include few additional bilateral and multilateral credit facilities.

The terms and conditions of significant loans and borrowings were as follows:

As at end of (in € thousand)	Curr.	Nominal interest rate	Year of maturity	June 2023		Dec. 2022	
				Face value	Carrying amount	Face value	Carrying amount
Secured bank facility							
	EUR	Euribor + margins	2023-2026	2,427	2,427	3,024	3,024
Unsecured syndication bank facility							
	EUR	Euribor + 0.45%	2027	140,000	140,000		
	USD	Libor + 0.65%	2027	301,136	301,136	160,791	160,791
	AUD	Interbank + 0.65%	2027			129,357	129,357
Other unsecured bank facility							
	CLP	10.74%	2023			2,727	2,727
	HNL	8.50%	2023	2,739	2,739		
	PEN	7.38% - 9.27%	2023-2024	21,333	21,333	17,690	17,690
	INR	7.95% - 9.27%	2023-2024	44,545	44,545	80,852	80,852
	USD	3.75%	2023			3,750	3,750
	CRC	10.50% - 17%	2023-2024	11,140	11,140	17,264	17,264
	EUR	Euribor + margins	2023-2024	502	502	2,497	2,497
Bond							
	EUR	0.875%	2028	750,000	750,000	750,000	750,000
US private placements							
	USD	5.09%	2023	102,670	102,670	105,007	105,007
	USD	4.26%	2025	32,085	32,085	32,815	32,815
	EUR	2.64%	2027	18,051	18,051	18,051	18,051
Others (*)				30,422	30,422	2,449	2,449
Total loans and borrowings				1,457,051	1,457,051	1,326,273	1,326,273

(*) Other including loans, deferred arrangement fees and bond premium

19. Employee benefits

Aliaxis maintains benefit plans such as retirement and medical care plans, termination plans and other long-term benefit plans in several countries in which the Group operates. In addition, the Group also has a long-term incentive scheme.

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the company. Aliaxis maintains funded and unfunded pension plans.

During the first half year of 2023, the net defined benefit liability has increased by € 2 million from € 26 million to € 28 million, mainly due to an asset performance loss in the UK, partially offset by an increase in discount rate.

20. Provisions

(in € thousand)	June 2023			Dec. 2022	
	Product liability	Restructuring	Other	TOTAL	TOTAL
As at 1 January	12,001	4,052	56,645	72,697	62,814
Change in consolidation scope	-	-	-	-	187
Provisions created	1,251	-	12,536	13,787	35,847
Provisions used	(582)	(1,206)	(16,229)	(18,017)	(22,556)
Provisions reversed	(993)	(77)	(657)	(1,727)	(4,254)
Transfer and other movements	-	-	8	8	(406)
Exchange difference	(76)	220	(26)	118	1,064
At the end of the period	11,601	2,989	52,276	66,866	72,697
Non-current balance at the end of the period	1,729	-	38,339	40,069	34,003
Current balance at the end of the period	9,872	2,989	13,937	26,798	38,694

The product liability provision provides a warranty for the products that the company sells or for the services it delivers. The provision has been estimated based on historical product liability associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

Provisions included in restructuring mainly relate to programs that are planned and controlled by Management and that generate material changes either in the scope of the business or in the manner of conducting the business. The restructuring costs were expensed as incurred and included in other operating income and expenses and adjusted items.

Other provisions mainly include long term incentive schemes obligations.

21. Current tax liabilities

The decrease in current tax payables is mainly due to corporate tax paid during the first six months of the year.

22. Amounts payable

(a) Non-current other amounts payable

As the end of the period (in € thousand)	June 2023	Dec. 2022
Other	3,779	3,574
Other amounts payable	3,779	3,574

(b) Current amounts payable

As the end of the period (in € thousand)	June 2023	Dec. 2022
Trade payables	369,630	360,005
Payroll and social security payable	129,878	148,245
Taxes (other than income tax) payables	30,590	16,341
Interest payable	10,045	7,149
Other payables	16,787	11,338
Amounts payable	556,930	543,078

23. Financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

(in € thousand)	June 2023			Dec. 2022				
	Carrying amount	Fair value			Carrying amount	Fair value		
		level 1	level 2	level 3		level 1	level 2	level 3
Cash and cash equivalent	289,960	289,960	-	741,110	741,110	-		
Trade and other receivables	664,283	664,283	-	529,592	529,592	-		
Other assets	477,580	477,580	-	12,156	12,156	-		
Secured bank facilities	(2,427)	(2,427)	-	(3,024)	(3,024)	-		
Unsecured bank facilities and others	(520,600)	(520,600)	-	(414,190)	(414,190)	-		
US private placement	(152,805)	(149,826)	-	(155,872)	(152,422)	-		
Bond	(750,000)	(599,153)	-	(750,000)	(561,735)	-		
Other loans and borrowings	(42,961)	(42,960)	-	(16,184)	(16,184)	-		
Trade and other payables	(558,985)	(558,985)	-	(543,779)	(543,779)	-		
Dividend payable	(85,000)	(85,000)	-	-	-	-		
Bank overdraft	(7,171)	(7,171)	-	(6,006)	(6,006)	-		
Forward exchange derivatives used for hedging - positive value	8,492	8,492	-	3,132	3,132	-		
Forward exchange derivatives used for hedging - negative value	(1,403)	(1,403)	-	(5,339)	(5,339)	-		
Interest rate swaps or options used for hedging	(1)	(1)	-	(69)	(69)	-		
CCRS - outflows	-	-	-	-	-	-		
CCRS - inflows	25,872	25,872	-	28,314	28,314	-		
	(655,166)	(501,339)	-	(580,159)	(388,445)	-		

All derivatives are carried at fair value and as per the valuation method being used to determine such fair value, the inputs are based on data observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). As such, the level in the hierarchy into which the fair value measurements are categorised, is level 2.

Non derivatives assets and liabilities are recognised at amortised cost.

The fair value is assessed using common discounted cash-flow method based on market conditions existing at the balance sheet date. Therefore, the fair value of the fixed interest-bearing liabilities is within level 2 of the fair value hierarchy.

24. Contractual commitments

The contractual commitments to acquire assets at 30 June 2023 amount to € 151.1 million and relate mainly to property, plant and equipment in the Americas and Asia (India).

25. Contingencies

In the first quarter of 2015, a Group company in Costa Rica received a provisional tax assessment from the tax authorities relating to the tax year 2009. The total claim including penalties and interest as per the tax notice amounted to €29 million in 2019. The same year, taking advantage of a temporary tax amnesty to limit the exposure, the company opted to pay an amount of € 14 million to the tax authorities in Costa Rica. The company continues to challenge the decision on the merits in the judicial courts with the objective to recover all amounts paid.

26. Related parties

Key management compensation

The total remuneration costs of the Board of Directors and Executive Committee (Exco) during the first half of 2023 amounted to € 13.1 million (2022: € 12.1 million). For members of the Board of Directors, this predominantly related to directors' fees while for members of Executive Committee this comprised fixed base salaries, variable remuneration, termination payments and pension service costs.

(in € thousand)	June 2023	June 2022
Salaries (fixed and variable)	12,787	11,779
Retirement benefits	296	281
Total	13,083	12,060

27. Subsequent events

No subsequent events have occurred that warrant a modification of the value of the assets and liabilities or any additional disclosure.

Auditor's report



Independent auditor's report to the board of directors of Aliaxis Holdings SA on the review of the condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aliaxis Holdings SA as at 30 June 2023, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 International Standards on Auditing 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 28 September 2023

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Independent Auditor
represented by

Jeroen Trumpener
Bedrijfsrevisor / Réviseur d'Entreprises

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Glossary

Revenue (Sales)

Amounts invoiced to customers for goods and services provided by the Group, less credits for returns, rebates and allowances and discounts for cash payments

EBITDA

EBIT before charging depreciation, amortisation and impairment

Adjusted EBITDA

Adjusted EBIT plus depreciation, amortisation and impairment (other than goodwill impairment)

Adjusted EBIT

Operating profit exclusive adjusted items

EBIT

Operating income

Net profit (group share)

Profit of the year attributable to equity holders of the Group

Capital expenditure

Expenditure on the acquisition of property plant and equipment, investment properties and intangible assets

Net financial debt

The aggregate of (I) non-current and current interest-bearing loans and borrowings and (II) bank overdrafts, less (III) cash and cash equivalents

Capital employed

The aggregate of (I) intangible assets, (II) property, plant & equipment, (III) investment properties, (IV) inventories and (V) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

Non-cash working capital

The aggregate of (I) inventories and (II) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

Effective Income tax rate (%)

Income taxes / profit before income taxes x 100