

# SECOND QUARTER 2023

SCHOELLER PACKAGING B.V.



Schoeller Allibert

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Schoeller Packaging B.V.

Second quarter ended 30 June 2023

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## CAUTIONARY STATEMENT

The operating and financial review and certain other sections of this document contain forward looking statements which are subject to risk factors associated with, amongst others, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables, which could cause actual results to differ materially from those currently anticipated.

# PRINCIPAL ACTIVITIES

Schoeller Packaging B.V. (the "Company") and its subsidiaries (collectively, the "Group" or "Schoeller Allibert") is Europe's largest manufacturer of plastic containers and returnable transit packaging (RTP). Schoeller Allibert offers a wide range of products to meet the storage, handling and distribution needs of large and medium sized companies on a local, regional and global level. Schoeller Allibert employs over 1,800 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

Schoeller Allibert's products include foldable small containers, rigid stacking containers, beverage crates, pails, rigid pallet containers (RPCs) for secure distribution, Intermediate bulk containers, rotationally moulded products, heavy-duty rigid and foldable large containers (FLCs), pallets and dollies which have been designed to protect small, large or unusually shaped components; to timely deliver goods and, thanks to foldable or nestable units to save valuable space on return journeys. Manufactured to precise dimensions, to fit and function seamlessly with all handling equipment, Schoeller Allibert's containers are the ideal handling medium for automated

warehouses and distribution centers. They promote a reliable and consistent flow, withstanding heavy unit loads and allow fast movement through automated storage and retrieval systems, thereby helping customers to speed handling operations, reduce logistics costs and eliminate packaging waste.

Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, chemicals, system integrators, cosmetics and pharma, retail, industrial manufacturing and pooling. With more than 65 years of experience in developing industrial reusable packaging, Schoeller Allibert has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customized industrial reusable packaging solutions that address industry specific handling, logistics, storage and retrieval requirements.

## KEY FINANCIAL RESULTS

The table below shows the Group's key consolidated financial results for the three months and six months ended 30 June 2023 and 2022:

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Revenue	152,602	166,250	296,203	305,804
Revenue growth/ (decline)	(8.2%)	16.5%	(3.1%)	12.8%
Operating profit	492	4,562	1,325	5,904
Operating profit as % revenue	0.3%	2.7%	0.4%	1.9%
Adjusted EBITDA	18,983	17,613	33,804	30,650
EBITDA as a % of revenue	12.4%	10.6%	11.4%	10.0%
Profit (loss) before income taxes	(7,553)	(2,359)	(15,488)	(7,020)
Net capital expenditure	3,795	6,928	6,683	18,402
Net capital expenditure as a % of revenue	2.5%	4.2%	2.3%	6.0%
Cash generated from operations	14,285	(8,392)	13,575	(10,929)

The table below shows the Group's key other financial metrics as at 30 June 2023 and 31 December 2022.

EUR'000	AS AT 30 JUNE	AS AT 31 DECEMBER
	2023	2022
Net working capital	(9,966)	(16,308)
Cash and cash equivalents	1,905	20,594
Total net loans and borrowings	383,862	363,143

Net working capital is defined as current assets (excluding cash and cash equivalents and receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and payables due from related parties).

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts.

Net loans and borrowings are defined as total current and non-current loans and borrowings less cash and cash equivalents.

## OPERATING AND FINANCIAL REVIEW

### Revenue

The table below shows the Group's operating segment revenue for the three months and six months ended 30 June 2023 and 2022:

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Northern Europe	29,028	37,266	53,875	67,265
Central Europe	51,450	60,384	107,475	115,001
Southern Europe	36,856	29,503	67,763	50,410
United States of America	18,685	20,960	34,357	40,281
All Other Segments	16,583	18,137	32,733	32,847
<b>Revenue</b>	<b>152,602</b>	<b>166,250</b>	<b>296,203</b>	<b>305,804</b>

Operating segments are aggregated to the following reportable segments which include:

- Northern Europe includes the manufacturing and the sale of RTP products, as well as shipping and sale of parts, in the Netherlands, Belgium, UK, Sweden, Finland and Latvia.
- Central Europe includes the manufacturing and the sale of RTP products, as well as shipping and sale of parts, in Germany, Austria, Switzerland, Czech Republic, Hungary and Poland. Also the rental revenue in Germany, Switzerland and Poland\* are included as well.
- Southern Europe includes the manufacturing and the sale of RTP products, as well as shipping and sale of parts, in France, Italy, Spain and Portugal. Also the rental revenue in France\*, Spain and Italy are included as well.
- United States of America includes the manufacturing of RTP products and the sale thereof in the United States of America.



- All Other Segments includes pooling services and sale of products, as well as shipping and sale of parts, and technical support in Asia and South America.

Revenue in Northern Europe decreased by EUR 8.2 million, or 22%, to EUR 29 million for the three months ended 30 June 2023 from EUR 37.3 million for the three months ended 30 June 2022. This decrease in revenue was primarily attributable to lower volumes in pooling, industrial manufacturing and food & food processing in the quarter partially offset by higher volumes in retail.

Revenue in Central Europe decreased by EUR 8.9 million, or 14.8%, to EUR 51.5 million for the three months ended 30 June 2023 from EUR 60.4 million for the three months ended 30 June 2022. This decrease in revenue was driven primarily by lower volumes in beverages, industrial manufacturing, automotive and retail offset by higher volumes in food & food processing.

Revenue in Southern Europe increased by EUR 7.4 million, or 24.9%, to EUR 36.9 million for the three months ended 30 June 2023 from EUR 29.5 million for the three months ended 30 June 2022. This increase was primarily attributable to higher volumes mainly from automotive, beverages, agriculture sector and industrial manufacturing offset by lower volumes in retail.

Revenue in the USA decreased by EUR 2.3 million, or 10.9%, to EUR 18.7 million for the three months ended 30 June 2023 from EUR 21.0 million for the three months ended 30 June 2022. This decrease was attributable to lower volumes in pooling and retail offset by higher volumes in industrial manufacturing.

Revenue in all Other Segments decreased by EUR 1.5 million, or 8.6%, to EUR 16.6 million for the three months ended 30 June 2023 from EUR 18.1 million for the three months ended 30 June 2022. This decrease is attributable due to lower turnover from from the Services and International business.

\* As a result of the transaction concluded in December 2022, Rental boxes and contracts were transferred to other segments, refer to Note 34 of the Annual Financial Report of Schoeller Packaging B.V. for the year ended 31 December 2022.

# OPERATING RESULT

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Operating profit	492	4,562	1,325	5,904

Operating profit decreased by EUR 4.1 million to EUR 0.5 million for the three months ended 30 June 2023 compared to EUR 4.6 million for the three months ended 30 June 2022. The decline resulted from:

- higher adjusting items (-EUR 5.7m) as result of the Transformation project, partly offset by
- a decrease in depreciation and amortisation (+EUR 0.2m) due to lower investments in capex
- higher adjusted EBITDA (+EUR 1.4m) especially due to higher revenue

## Transformation

We announced a Transformation project in January 2023. The purpose of this initiative is to transform our company to a centralised operating model with a lower cost base, making the company more efficient. The initiative is scheduled to be completed in 2024. The Transformation project focusses on efficiencies within our supporting functions as well as our operational efficiencies and footprint. We are optimizing our factory footprint by closing down our factory in Beringen by Q1 2024 (production stopped per July 2023). Our Sales & Marketing teams are moving into a sector led organization in order to drive growth through sector specific strategies. We are centralizing transactional activities of our support functions and set up business partnering activities of Finance, HR and IT to drive process excellence.

The following table shows a breakdown of operating result by geographic segment for the three months and six months ended 30 June 2023 and 2022:

THREE MONTHS ENDED 30 JUNE				
EUR'000	Operating Profit 2023	Operating Profit 2022	Adjusted EBITDA 2023	Adjusted EBITDA 2022
Northern Europe	(2,471)	1,827	3,911	5,316
Central Europe	699	1,670	8,564	7,215
Southern Europe	1,368	20	6,983	3,840
United States of America	(193)	(2,618)	2,569	12
All Other Segments	1,089	3,663	(3,044)	1,230
<b>Total</b>	<b>492</b>	<b>4,562</b>	<b>18,983</b>	<b>17,613</b>

SIX MONTHS ENDED 30 JUNE				
EUR'000	Operating Profit 2023	Operating Profit 2022	Adjusted EBITDA 2023	Adjusted EBITDA 2022
Northern Europe	(4,248)	2,538	6,736	9,659
Central Europe	1,037	1,417	16,795	14,117
Southern Europe	1,671	(1,250)	12,179	6,456
United States of America	602	(2,378)	5,403	2,687
All Other Segments	2,263	5,577	(7,309)	(2,269)
<b>Total</b>	<b>1,325</b>	<b>5,904</b>	<b>33,804</b>	<b>30,650</b>



### **Northern Europe**

Operating profit decreased by EUR 4.3 million for the Second Quarter mainly as a result of lower production and sales volumes leading to lower cost absorption and margin and one off cost relating to accruals for severance due to the Transformation project.

### **Central Europe**

Operating profit in Central Europe was impacted by the lower production and sales volumes.

### **Southern Europe**

Operating profit in Southern Europe increased by EUR 1.3 million mainly as a result of higher production and sales volumes leading to better cost absorption and margin.

### **USA**

Increase in operating profit is attributable to one off release of accruals for expenses.

### **All other segments**

Operating profit in All Other Segments was mainly impacted by one off cost relating to the program cost for the Transformation project.

# ADJUSTED EBITDA—RECONCILIATION

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Operating profit	492	4,562	1,325	5,904
Adjusting items	7,271	1,607	9,747	2,171
Depreciation and impairment expense	10,166	10,363	20,579	20,631
Amortisation and impairment expense	1,054	1,081	2,153	1,945
<b>Adjusted EBITDA</b>	<b>18,983</b>	<b>17,613</b>	<b>33,804</b>	<b>30,650</b>

The Company discloses Adjusted EBITDA as a non-IFRS performance measure. The Group defines Adjusted EBITDA as the operating result for the year excluding depreciation, amortisation, impairment and adjusting items. Items are disclosed as adjusting where it is necessary to do so to provide further understanding of the financial performance of the Group. As such, items are presented as adjusting if management finds these to meet the following criteria: material non-recurring and require separate disclosure due to the significance of their nature or amount.

Adjusting items relate to material non-recurring items of income and expense arising from circumstances or events such as: business combinations; closure of manufacturing locations; transformation projects; litigation settlements and certain shareholder exit fees.

Adjusting items increased by EUR 5.7 million from EUR 1.6 million for three months ended 30 June 2022 to EUR 7.3 million for three months ended 30 June 2023.

Adjusting items for three months ended 30 June 2023 relate to non-recurring items arising from:

- Transformation costs consisting of;
  - EUR 3.8 million of employee severance costs
  - EUR 2.8 million of program costs which support the Transformation project
  - EUR 1.0 million of production site closure
- EUR -0.3 million other.

Adjusting items for three months ended 30 June 2022 relate to non-recurring items arising from:

- EUR 1.6 million of employee severance costs;

## Net finance expense

Net finance expense for the three months ended 30 June 2023 was EUR 8.0 million (expense for the three months ended 30 June 2022: EUR 7.0 million).

## Profit (loss) before income taxes

The loss before income taxes was EUR 7.5 million for the three months ended 30 June 2023 (the three months ended 30 June 2022: loss of EUR 2.4 million).

## Cash generated from operations

Cash generated from operations during the three months ended 30 June 2023 amounted to EUR 14.3 million inflow (the three months ended 30 June 2022 EUR 8.4 million outflow).

## Net capital expenditure

Net capital expenditure is defined as total acquisition of property, plant and equipment, and intangible assets less proceeds from sale of property, plant and equipment less proceeds from new leases.



EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Proceeds from sale of property, plant and equipment	(53)	101	41	272
Acquisition of property, plant and equipment	(3,316)	(6,222)	(6,038)	(17,107)
Acquisition of intangible assets	(426)	(807)	(686)	(1,567)
<b>Net Capital Expenditure</b>	<b>(3,795)</b>	<b>(6,927)</b>	<b>(6,683)</b>	<b>(18,402)</b>

## Net working capital

Net working capital is defined as current assets (excluding cash and cash equivalents and current receivables from related parties) less current liabilities (excluding current portion of loans and borrowings, bank overdrafts and current payables due from related parties).

As of 30 June 2023, the current receivables from related parties were equal to EUR 0.3 million (31 December 2022: EUR 0.2 million) and the payables due to related parties were equal to EUR nil (31 December 2022: EUR 0.2 million).

EUR'000	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Total current assets	134,947	140,514
Cash and cash equivalents	(11,904)	(20,594)
Current receivable from related parties	339	226
<b>Total current working capital assets</b>	<b>123,382</b>	<b>120,146</b>
Total current liabilities	165,406	156,313
Bank overdrafts	(9,999)	-
Current portion of loans and borrowings	(22,059)	(19,624)
Current payable to related parties	-	(235)
<b>Total current working capital liabilities</b>	<b>133,348</b>	<b>136,454</b>
<b>Net Working Capital</b>	<b>(9,966)</b>	<b>(16,308)</b>

As of 30 June 2023, the Group had a negative net working capital of EUR 10.0 million (31 December 2022 negative net working capital of EUR 16.3 million).

## Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. The group had a net cash and cash equivalents of EUR 1.9 million as of 30 June 2023 (31 December 2022: EUR 20.6 million) on its balance sheet.

As at 30 June 2023, the Group had one revolving credit facility of EUR 30 million (31 December 2022: EUR 30 million). As 30 June 2023 we have drawn EUR 2.3 million against this credit facility for bank guarantee (31 December 2022: EUR 1.6 million).

## Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings excluding deferred financing costs less cash and cash equivalents, which increased to EUR 383.8 million as at 30 June 2023 (31 December 2022: EUR 363.1 million).

EUR'000	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
Senior Secured Notes	250,000	250,000
Lease liabilities	42,950	38,568
Other credit institutions	32,599	36,998
<b>Total debt excl shareholder credit facility</b>	<b>325,549</b>	<b>325,566</b>
Shareholder credit facility (incl accrued interest)	60,218	58,171
<b>Total debt incl shareholder credit facility</b>	<b>385,767</b>	<b>383,737</b>
Total deferred financing costs	(1,802)	(2,198)
<b>Total loans and borrowings as per note 12</b>	<b>383,965</b>	<b>381,539</b>

EUR'000	2023	2022
Total loans and borrowings as per note 12	383,965	381,539
Less: Total deferred financing costs	(1,802)	(2,198)
Cash and cash equivalents	1,905	20,594
<b>Net loans and borrowings</b>	<b>383,862</b>	<b>363,143</b>

# UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

EUR'000	Note	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
		2023	2022	2023	2022
Revenue	8	152,602	166,250	296,203	305,804
Other income		25	(2)	(133)	114
<b>Total revenue</b>		<b>152,627</b>	<b>166,248</b>	<b>296,070</b>	<b>305,918</b>
Raw materials and consumables used		(72,916)	(89,630)	(136,153)	(151,673)
Costs for subcontracting		(1,755)	(1,205)	(2,489)	(3,486)
Employee benefit expense		(39,532)	(34,436)	(76,047)	(70,262)
Other operating costs		(26,712)	(24,971)	(57,324)	(52,017)
Depreciation and impairment expense		(10,166)	(10,363)	(20,579)	(20,631)
Amortisation and impairment expense		(1,054)	(1,081)	(2,153)	(1,945)
<b>Total operating expenses</b>		<b>(152,135)</b>	<b>(161,686)</b>	<b>(294,745)</b>	<b>(300,014)</b>
<b>Operating profit</b>		<b>492</b>	<b>4,562</b>	<b>1,325</b>	<b>5,904</b>
Finance income	10	184	70	98	164
Finance expense	10	(8,229)	(7,037)	(16,912)	(13,088)
<b>Net Finance Expense</b>	<b>10</b>	<b>(8,045)</b>	<b>(6,967)</b>	<b>(16,814)</b>	<b>(12,924)</b>
Share in result of equity accounted investments		-	46	1	-
<b>Profit (loss) before income taxes</b>		<b>(7,553)</b>	<b>(2,359)</b>	<b>(15,488)</b>	<b>(7,020)</b>
Income tax	11	(447)	(1,385)	(492)	(1,907)
<b>Profit (loss) for the period</b>		<b>(8,000)</b>	<b>(3,744)</b>	<b>(15,980)</b>	<b>(8,927)</b>
Attributable to:					
Owners of the Company		(7,831)	(3,586)	(15,693)	(8,674)
Non-controlling interests		(169)	(158)	(287)	(253)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
<b>Profit (loss) for the period</b>	<b>(8,000)</b>	<b>(3,744)</b>	<b>(15,980)</b>	<b>(8,927)</b>
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations, net of tax	647	620	1,043	(121)
<b>Total comprehensive loss for the period, net of income tax</b>	<b>(7,353)</b>	<b>(3,124)</b>	<b>(14,937)</b>	<b>(9,048)</b>
Attributable to:				
Owners of the Company	(7,184)	(3,049)	(14,652)	(8,782)
Non-controlling interests	(169)	(76)	(285)	(266)
<b>Total comprehensive loss for the period</b>	<b>(7,353)</b>	<b>(3,124)</b>	<b>(14,937)</b>	<b>(9,048)</b>

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR'000	Note	AS AT 30 JUNE 2023	AS AT 31 DECEMBER 2022
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		152,639	159,421
Right of use assets		50,776	44,099
Intangible assets		12,332	13,782
Equity accounted investments		958	958
Other financial assets		26,962	26,416
Deferred income tax assets		9,351	8,562
<b>Total non-current assets</b>		<b>253,018</b>	<b>253,238</b>
<b>Current assets</b>			
Inventories		51,959	45,237
Trade and other receivables		63,433	65,091
Current income tax assets		480	750
Prepayments		7,171	8,842
Cash and cash equivalents		11,904	20,594
<b>Total current assets</b>		<b>134,947</b>	<b>140,514</b>
<b>TOTAL ASSETS</b>		<b>387,965</b>	<b>393,752</b>
<b>EQUITY</b>			
Share capital		-	-
Share premium		106,979	106,979
Other reserves		(141,477)	(142,518)
Accumulated deficit		(116,840)	(101,147)
<b>Equity attributable to owners of the Company</b>		<b>(151,338)</b>	<b>(136,686)</b>
Non-controlling interests		850	1,135
<b>Total equity</b>		<b>(150,488)</b>	<b>(135,551)</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	12	361,906	361,915
Employee benefits		5,640	5,702
Provisions	13	902	882
Deferred income tax liabilities		4,599	4,491
<b>Total non-current liabilities</b>		<b>373,047</b>	<b>372,990</b>
<b>Current liabilities</b>			
Loans and borrowings	12	22,059	19,624
Bank Overdraft	12	9,999	-
Provisions	13	1,524	54
Current income tax liabilities		2,558	1,645
Trade and other payables		129,266	134,990
<b>Total current liabilities</b>		<b>165,406</b>	<b>156,313</b>
<b>Total liabilities</b>		<b>538,453</b>	<b>529,303</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>387,965</b>	<b>393,752</b>

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

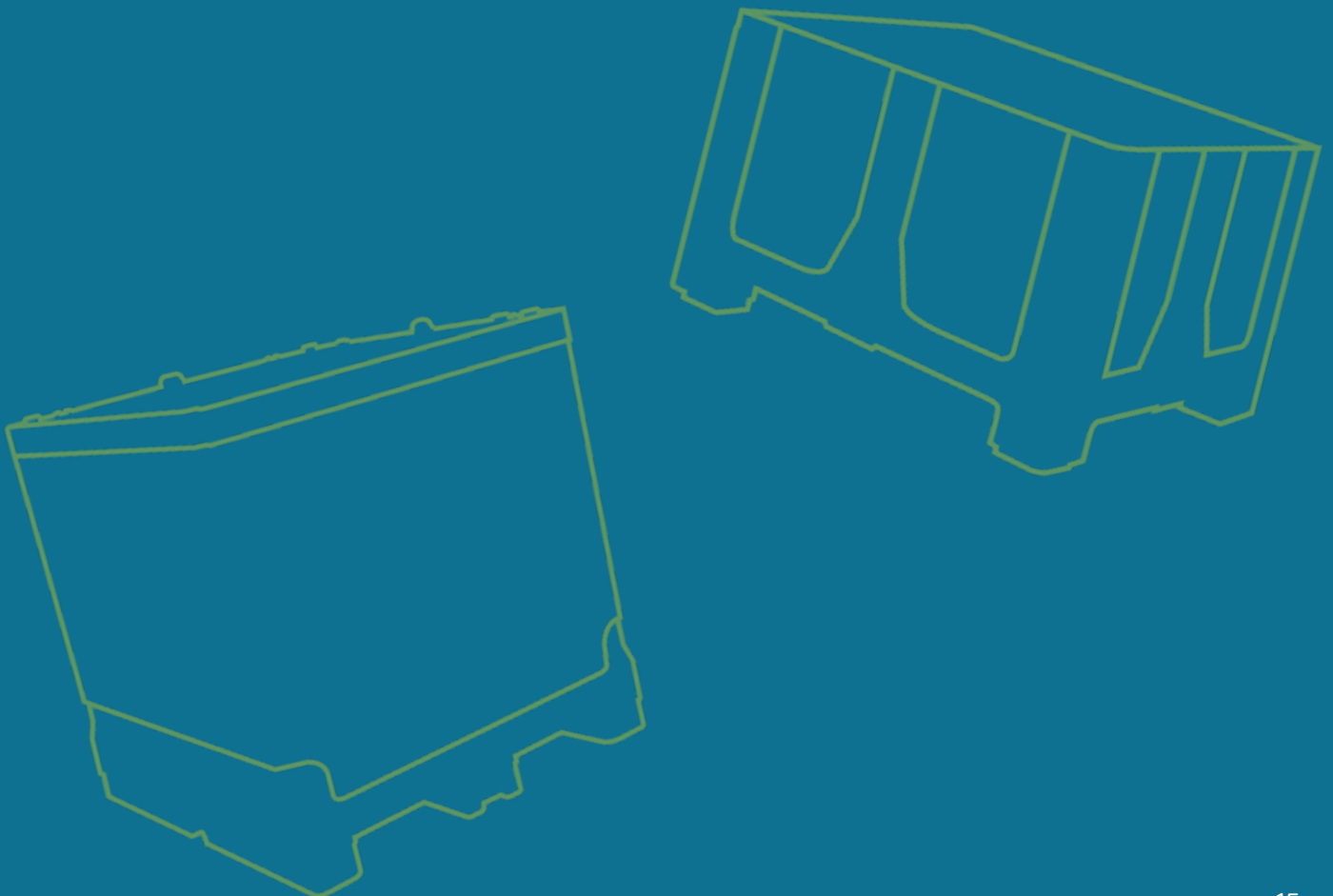
EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2023</b>	-	106,979	(142,518)	(101,147)	(136,686)	1,135	(135,551)
Loss for the period	-	-	-	(15,693)	(15,693)	(287)	(15,980)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(1,041)	-	(1,041)	(2)	(1,043)
<b>Total comprehensive loss for the period</b>	-	-	(1,041)	(15,693)	(14,652)	(285)	(14,937)
<b>Balance as at 30 June 2023</b>	-	106,979	(141,477)	(116,840)	(151,338)	850	(150,488)

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2022</b>	-	106,979	(141,987)	(70,270)	(105,278)	1,481	(103,797)
Loss for the period	-	-	-	(8,674)	(8,674)	(253)	(8,927)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(108)	-	(108)	(13)	(121)
<b>Total comprehensive loss for the period</b>	-	-	(108)	(8,674)	(8,782)	(267)	(9,048)
<b>Balance as at 30 June 2022</b>	-	106,979	(142,095)	(78,944)	(114,060)	1,214	(112,845)

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
<b>Operating result for the period</b>	<b>492</b>	<b>4,562</b>	<b>1,325</b>	<b>5,903</b>
Adjustments for:				
Depreciation of property, plant and equipment and ROUA	10,166	10,363	20,579	20,631
Amortisation of intangible assets	1,054	1,081	2,153	1,945
Gain on sale of property, plant and equipment	(25)	1	133	(114)
Other non-cash items	(531)	(1,034)	(938)	(1,115)
Change in:				
Inventories	5,202	1,022	(6,684)	(17,592)
Trade and other receivables	4,870	(12,325)	1,877	(12,564)
Prepayments	592	(1,640)	1,711	(1,921)
Trade and other payables	(8,152)	(10,236)	(8,102)	(5,641)
Provisions and employee benefits	617	(186)	1,521	(461)
<b>Cash generated from operations</b>	<b>14,285</b>	<b>(8,392)</b>	<b>13,575</b>	<b>(10,929)</b>
Interest received	14	70	98	151
Interest paid	(9,947)	(8,976)	(11,431)	(9,927)
Income tax paid	(460)	(407)	(25)	(1,005)
<b>Net cash inflow from operating activities</b>	<b>3,892</b>	<b>(17,706)</b>	<b>2,217</b>	<b>(21,711)</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	(53)	101	41	272
New long term loans receivable granted	347	(513)	(781)	(2,375)
Acquisition of property, plant and equipment	(3,316)	(6,222)	(6,038)	(17,107)
Acquisition of intangible assets	(426)	(806)	(686)	(1,567)
<b>Net cash (outflow) from investing activities</b>	<b>(3,448)</b>	<b>(7,441)</b>	<b>(7,464)</b>	<b>(20,777)</b>
<b>Cash flows from financing activities</b>				
Payment of transaction costs related to loans and borrowings	(796)	-	(956)	-
Proceeds from borrowings	2,260	9,940	1,751	10,179
Repayment of borrowings	(2,060)	(662)	(4,260)	(1,224)
Payment of lease liabilities	(5,333)	(4,707)	(9,983)	(10,225)
<b>Net cash (outflow) from financing activities</b>	<b>(5,929)</b>	<b>4,571</b>	<b>(13,448)</b>	<b>(1,270)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,409</b>	<b>15,123</b>	<b>20,594</b>	<b>38,676</b>
Net change in cash and cash equivalents	(5,485)	(20,575)	(18,695)	(43,758)
Net effect of exchange rate fluctuations on cash and cash equivalents	(19)	591	6	220
<b>Cash and cash equivalents at end of period</b>	<b>1,905</b>	<b>(4,862)</b>	<b>1,905</b>	<b>(4,862)</b>

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



## 1. GENERAL INFORMATION

SCHOELLER PACKAGING B.V. ("SP" or "the Company") is a company limited by shares incorporated and domiciled in the Netherlands, having its statutory seat in Amsterdam. The address of the Company's registered office is Taurusavenue 35, 2132 LS, Hoofddorp. Schoeller Packaging B.V. was incorporated on 25 October 2019.

SP was established on 30 September 2019 and is registered with the Dutch Commercial Register under number 75962357. The Company received the shares in Schoeller Allibert Group B.V. as part of a share premium contribution from Schoeller Packaging B.V. After this transaction, Schoeller Allibert Group B.V. is a wholly owned subsidiary of the Company.

SP is a wholly owned subsidiary of Schoeller Packaging Holding B.V., a company incorporated in the Netherlands that is owned 70% by BCP IV RTP Holdings Ltd., held by funds ultimately controlled by Brookfield Corporation, and 30% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems.

The Company and its direct and indirect subsidiaries are collectively referred to as the "Group", and individually as "Group entities". The Group is primarily involved in developing, producing and selling plastic returnable transport packaging solutions.

## 2. BASIS OF PREPARATION

The interim financial information for the second quarter ended 30 June 2023 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim condensed consolidated financial statements are presented in euros and rounded to the nearest thousand, unless otherwise stated. The interim condensed consolidated financial statements do not include all the information and disclosures required in the complete set of annual financial statements and should be

read in conjunction with the audited Annual Report of Schoeller Packaging B.V. for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

## 3. GOING CONCERN

The Group issued Senior Secured Notes of EUR 250 million with a coupon of 6.375% and a maturity date of 1 November 2024 and has a committed revolving credit facility of EUR 30 million (of which EUR 2.3 million was drawn as guarantee and EUR 10.0 million as cash as at 30 June 2023) with a maturity of 1 May 2024. The Group will need to refinance the revolving credit facility and the Senior Secured Notes before their respective maturity dates in 2024. Furthermore, the Group has access to a credit facility of up to EUR 100 million from its shareholder, subject to shareholder consent, of which EUR 60 million including capitalized and accrued interest was drawn as per 30 June 2023.

The Group has a negative equity of EUR 150.5 million as well as loans and borrowings of EUR 384.0 million. This financial position has been carefully considered by management in the going concern assessment. Management concludes that there is a material uncertainty around the refinancing of the Senior Secured Notes before November of 2024 that may cast significant doubt on the entity's ability to continue as a going concern.

The Group is progressing with the refinancing process of the revolving credit facility and the Senior Secured Notes. It has prepared a long term plan (2023-2027), it has engaged advisors to perform financial and commercial due diligences on the historical and forward looking financial information and perform a market study. The Group has appointed a financial advisor and has prepared to commence discussions with potential lenders soon. The Group expects the refinancing process to be finalized in advance of maturity.



For a detailed analysis, reference is made to Note 2 of the Annual Financial Report of Schoeller Packaging B.V. for the year ended 31 December 2022, describing the basis for the application of going concern assumption and the conclusion that this is appropriate.

#### **4. AUDITOR INVOLVEMENT**

The content of this interim financial report has not been audited by our external auditor Deloitte.

#### **5. ACCOUNTING POLICIES**

The accounting policies applied are consistent with those applied in the audited Annual Report 2022 of Schoeller Packaging B.V., except for the adoption of new and amended standards.

##### **Other standards and interpretations**

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### **6. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of condensed consolidated interim financial statements in accordance with generally accepted accounting principles under IAS 34 requires the Group to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities in the condensed consolidated interim financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, rarely equal the related actual results. Actual results may differ significantly from these estimates, the effect of which is recognized in the period in which the facts that give rise to the revision become known.

In preparing these Second Quarter condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of uncertainty estimation, were the same as those that applied to the audited Annual Report 2022 of Schoeller Packaging B.V.

## 7. FINANCIAL RISK MANAGEMENT

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2022 of Schoeller Packaging B.V.

The Group operates internationally and generates foreign currency exchange risks arising from future commercial transactions, recognized assets and liabilities, investments and divestments in foreign currencies other than the Euro, the Group's reporting currency. The main exchange rates are shown below:

EUR'000	2023			2022		
	June Closing	Three Month Average	Six Month Average	June Closing	Three Month Average	Six Month Average
British pound	0.8583	0.8675	0.8732	0.8582	0.8487	0.8431
US dollar	1.0866	1.0842	1.0808	1.0387	1.0685	1.0917
Swiss franc	0.9788	0.9783	0.9882	0.9960	1.0184	1.0258

Revenues and expenses are translated to Euro at the average exchange rate for the applicable period for inclusion in the condensed consolidated interim financial statements. The business generates substantial revenues, expenses and liabilities in jurisdictions outside the Euro zone.

For the six months ended 30 June 2023, approximately 63% of revenue was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and British pound could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

The Group's companies are also exposed to foreign currency transactional risks on revenues and expenses that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group tries to mitigate the risks of transactional currency exposures by natural hedges. The Group may use forward exchange contracts or currency swaps to hedge forecasted foreign exchange cash flow transactions.

## 8. REVENUE

Sales of goods relates to revenue from the sale of plastic returnable transport packaging in the market.

Revenue from rendering of services comprises the revenue from leasing returnable transit packaging products to customers and revenue from logistical services; other sales represent sale of moulds and materials.

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Sales of goods	135,084	148,590	261,730	273,092
Services rendered and other sales	17,518	17,660	34,473	32,712
<b>Revenue</b>	<b>152,602</b>	<b>166,250</b>	<b>296,203</b>	<b>305,804</b>

## 9. SEGMENT INFORMATION

The Board of Directors ("BoD"), comprised of executive and non-executive directors, are responsible for allocating resources and assessing performance of the operating segments. This BoD has been identified as the chief operating decision-maker that makes strategic decisions. The operating segments are based on the information reviewed by the Board of Directors for the purposes of allocating resources and assessing performance.

As referred to on page 6, the Group announced Transformation project in January 2023, with the target to complete it in 2024. This change triggers revision of operating segments with a focus on customer segments rather than a geographical perspective to steer the business. The implementation of a new operating segments is ongoing and during the transition period the segment information in the unaudited condensed consolidated interim financial statements is continued to be presented from a geographic perspective, with the aim to finalize implementation of the new operating segments structure by end of 2023.

The production and sale of Returnable Transport Packaging ("RTP") products' performance per region, also called the Manufacturing business is key. Smaller segments that are not meeting the aggregation criteria or individual reporting thresholds are all reported in "All Other Segments".

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of profit or loss.

Due to the fact that no balance sheet measures per operating segment are included in the information regularly reviewed by the BoD, no measures on assets per segment are disclosed in Second Quarter condensed consolidated interim financial statements.

The segment results for the three months ended 30 June 2023 and 2022 are as follows:

THREE MONTHS ENDED 30 JUNE 2023							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	39,015	64,350	43,403	18,686	17,170	(30,021)	152,602
Inter-segment revenue	(9,987)	(12,900)	(6,547)	(1)	(587)	30,021	-
<b>Total revenue from external customers</b>	<b>29,028</b>	<b>51,450</b>	<b>36,856</b>	<b>18,685</b>	<b>16,583</b>	<b>-</b>	<b>152,602</b>
<b>Operating result</b>	<b>(2,471)</b>	<b>699</b>	<b>1,368</b>	<b>(193)</b>	<b>1,089</b>	<b>-</b>	<b>492</b>
Other							-
Net finance cost							(8,045)
Income tax expense							(447)
<b>Profit (loss) for the period</b>							<b>(8,000)</b>

THREE MONTHS ENDED 30 JUNE 2022							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	49,967	70,536	41,724	20,985	19,871	(36,833)	166,250
Inter-segment revenue	(12,701)	(10,153)	(12,221)	(25)	(1,733)	36,833	-
<b>Total revenue from external customers</b>	<b>37,266</b>	<b>60,384</b>	<b>29,503</b>	<b>20,960</b>	<b>18,138</b>	<b>-</b>	<b>166,250</b>
<b>Operating result</b>	<b>1,827</b>	<b>1,670</b>	<b>20</b>	<b>(2,618)</b>	<b>3,663</b>	<b>-</b>	<b>4,562</b>
Other							46
Net finance cost							(6,967)
Income tax expense							(1,385)
<b>Profit (loss) for the period</b>							<b>(3,744)</b>

The segment results for the six months ended 30 June 2023 and 2022 are as follows:

SIX MONTHS ENDED 30 JUNE 2023							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	78,250	130,265	81,208	34,358	34,664	(62,542)	296,203
Inter-segment revenue	(24,375)	(22,790)	(13,445)	(1)	(1,931)	62,542	-
<b>Total revenue from external customers</b>	<b>53,875</b>	<b>107,475</b>	<b>67,763</b>	<b>34,357</b>	<b>32,733</b>	<b>-</b>	<b>296,203</b>
<b>Operating result</b>	<b>(4,248)</b>	<b>1,037</b>	<b>1,671</b>	<b>602</b>	<b>2,263</b>	<b>-</b>	<b>1,325</b>
Other							1
Net finance cost							(16,814)
Income tax expense							(492)
<b>Profit (loss) for the period</b>							<b>(15,980)</b>

SIX MONTHS ENDED 30 JUNE 2022							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	92,543	138,981	81,300	40,307	34,446	(83,773)	305,804
Inter-segment revenue	(25,278)	(23,980)	(30,891)	(26)	(3,598)	83,773	-
<b>Total revenue from external customers</b>	<b>67,265</b>	<b>115,001</b>	<b>50,410</b>	<b>40,281</b>	<b>32,848</b>	<b>-</b>	<b>305,804</b>
<b>Operating result</b>	<b>2,538</b>	<b>1,417</b>	<b>(1,250)</b>	<b>(2,378)</b>	<b>5,577</b>	<b>-</b>	<b>5,904</b>
Other							-
Net finance cost							(12,924)
Income tax expense							(1,907)
<b>Profit (loss) for the period</b>							<b>(8,927)</b>

## 10. NET FINANCE COST

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2023	2022	2023	2022
Interest income on loans and receivables	14	70	98	151
Net foreign exchange gain	171	-	-	13
<b>Finance income</b>	<b>185</b>	<b>70</b>	<b>98</b>	<b>164</b>
Interest expense on borrowings	(5,961)	(4,770)	(11,610)	(9,586)
Amortisation deferred financing fees	(606)	(591)	(1,204)	(1,181)
Net foreign exchange (loss)	-	(566)	(1,036)	-
Other financial expenses	(1,663)	(1,110)	(3,062)	(2,320)
<b>Finance expense</b>	<b>(8,230)</b>	<b>(7,037)</b>	<b>(16,912)</b>	<b>(13,088)</b>
<b>Net finance expense</b>	<b>(8,045)</b>	<b>(6,967)</b>	<b>(16,814)</b>	<b>(12,924)</b>

Net finance expense for the three months ended 30 June 2023 was EUR 8.0 million (expense for the three months ended 30 June 2022: EUR 7.0 million). The net foreign exchange results are mainly attributable to the fluctuations of the Euro against the US dollar, British pound, Swiss franc and Swedish krona.

## 11. INCOME TAX EXPENSE

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the three months ended 30 June 2023 amounted EUR 0.5 million (three months ended 30 June 2022 income tax expense: EUR 1.4 million).

## 12. LOANS AND BORROWINGS

The carrying amounts of loans and borrowings are as follows:

EUR'000	AS AT 30 JUNE 2023			AS AT 31 DECEMBER		
	2023 Current	2023 Non-current	2023 Total	2022 Current	2022 Non-current	2022 Total
Senior Secured Notes	-	250,000	250,000	-	250,000	250,000
Deferred financing costs	-	(1,245)	(1,245)	-	(1,604)	(1,604)
<b>Senior Secured Notes at amortised cost</b>	<b>-</b>	<b>248,755</b>	<b>248,755</b>	<b>-</b>	<b>248,396</b>	<b>248,396</b>
Other credit institutions	9,488	23,111	32,599	4,133	32,865	36,998
Shareholder credit facility (incl accrued interest)		60,218	60,218	-	58,171	58,171
Lease liabilities	12,992	29,958	42,950	15,893	22,675	38,568
Deferred financing costs	(421)	(136)	(557)	(402)	(192)	(594)
<b>Total loans and borrowings</b>	<b>22,059</b>	<b>361,906</b>	<b>383,965</b>	<b>19,624</b>	<b>361,915</b>	<b>381,539</b>

### Movements during the period

#### Senior Secured Notes and the Guarantors

On 25 October 2019, the Group issued EUR 250 million 6.375% Senior Secured Notes due in 2024. Interest on the Notes is paid semi-annually in arrears on 1 May and 1 November of each year and accrues at a rate equal to 6.375% per annum. The maturity date of the notes is 1 November 2024. The Notes are listed and permitted to deal with on the Official List of The International Stock Exchange in Guernsey, Channel Islands.

The Notes are the Group's general senior obligations and rank pari passu in right of payment with any existing and future obligations that are not subordinated in right of payment to the Notes, including the revolving credit facility. No financial covenants apply to the Notes unless a change of control occurs.

The Notes are guaranteed on a senior secured basis by some of the Group subsidiaries located in the Netherlands, the United Kingdom, France, Germany, Spain, Belgium and the United States (Guarantors) and are secured by first-ranking security interest over the same assets that secure the Revolving Credit Facility (collateral).

We or our affiliates may, at any time and from time to time, seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity or debt, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will be upon such terms and at such prices as we may determine, and will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Total loans and borrowings increased by EUR 2.4 million to EUR 384.0 million, due to an increase in the shareholder credit facility and slightly higher lease liabilities.

As at 30 June 2023, the Group had one revolving credit facility of EUR 30 million (31 December 2022: EUR 30 million). The Group has drawn EUR 2.3 million from this credit facility for guarantees and EUR 10.0 million for cash as reported under bank overdraft.

## 13. PROVISIONS

EUR'000	Restructuring	Claims	Total
<b>As at 1 January 2023</b>	<b>531</b>	<b>405</b>	<b>936</b>
Provisions made during the year	1,481	265	1,746
Provisions used during the year	(76)	(40)	(116)
Provisions reversed during the year	(17)	(26)	(43)
Effect of movements in exchange rates	(84)	(13)	(97)
<b>As at 30 June 2023</b>	<b>1,835</b>	<b>591</b>	<b>2,426</b>
Non-current	331	571	902
Current	1,504	20	1,524
<b>Total provisions</b>	<b>1,835</b>	<b>591</b>	<b>2,426</b>

EUR'000	Restructuring	Claims	Total
<b>As at 1 January 2022</b>	<b>522</b>	<b>829</b>	<b>1,351</b>
Provisions made during the year	588	210	798
Provisions used during the year	(167)	(593)	(760)
Provisions reversed during the year	(350)	(40)	(390)
Effect of movements in exchange rates	(62)	(1)	(63)
<b>As at 31 December 2022</b>	<b>531</b>	<b>405</b>	<b>936</b>
Non-current	497	385	882
Current	34	20	54
<b>Total provisions</b>	<b>531</b>	<b>405</b>	<b>936</b>

### Restructuring

The restructuring provision reflects the directors' best estimates of the cost to fulfill internally announced plans. These costs are directly related to the plans and include the cost of employee settlements. It does not include any amount for the future performance of the ongoing businesses concerned. The changes in 2023 relate to the Transformation project.

### Claims

In Q2 2023, the provision for claims included claims related to disputes with customers.

### Contingencies

Not applicable

### Dutch fiscal unity

The wholly owned subsidiaries established in The Netherlands, with the exception of entities that

are part of the internally rearranged Rental business, constitute a tax group for the purpose of corporate income tax together with the shareholder Schoeller Packaging Holding B.V. As a consequence, each Group in the tax group is jointly and severally liable for tax liabilities of the tax entity as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

### Warranties

The Group does not provide for warranties, since no major claims have been received or payments made in connection with product warranty issues in recent years. However, contingencies might exist for product warranties, with no material losses expected.

### Legal proceedings

The Group is involved in some legal proceedings and other claims. In the judgement of management, no losses in excess of provisions made, which would be material in relation to the Group's financial position, are likely to arise in respect of these matters, although their occurrence may have a significant effect on periodic results.

## 14. RELATED PARTY TRANSACTIONS

There have been no changes in the nature of the related party transactions in the three months ended 30 June 2023 as compared to the year ended 31 December 2022.

The Group, through its shareholder Schoeller Packaging Holding B.V., obtained a commitment for a EUR 75 million investor loan facility from entities affiliated with Brookfield (the "Lender") of which EUR 65 million originated in 2019 and EUR 10 million in 2022 relating to financing of the Rental company.

The Group has also obtained from its shareholder EUR 25 million loan in 2021 with a maturity date of 15 May 2025 which is subordinated and accrues an interest of 8.00%.

## 15. RECONCILIATION MANUFACTURING AND RENTAL BUSINESS

Per 28 December 2022 the consolidated group rearranged its Rental business internally. In order to report transparently, we have disclosed the following table.

Reconciliation Manufacturing and Rental business to Consolidated Statement of Profit or Loss and Balance Sheet:

THREE MONTHS ENDED 30 JUNE 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total Revenue	153,841	1,880	(3,094)	152,627
Total operating expenses	(153,819)	(1,150)	2,834	(152,135)
Operating profit	22	730	(260)	492
Net finance expense	(7,335)	(710)	-	(8,045)
Profit (Loss) before income taxes	(7,313)	20	(260)	(7,553)
Income tax	(447)	-	-	(447)
Profit (Loss) for the period	(7,760)	20	(260)	(8,000)

SIX MONTHS ENDED 30 JUNE 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total Revenue	295,376	3,788	(3,094)	296,070
Total operating expenses	295,202	(2,377)	2,834	(294,745)
Operating profit	174	1,411	(260)	1,325
Net finance expense	(15,331)	(1,483)	-	(16,814)
Profit (Loss) before income taxes	(15,156)	(72)	(260)	(15,488)
Income tax	(492)	-	-	(492)
Profit (Loss) for the period	(15,648)	(72)	(260)	(15,980)

AS AT 30 JUNE 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total non-current assets	230,410	25,976	(3,368)	253,018
Total current assets	133,909	5,696	(4,658)	134,947
<b>TOTAL ASSETS</b>	<b>364,319</b>	<b>31,672</b>	<b>(8,026)</b>	<b>387,965</b>
Total equity	(145,167)	(81)	(5,240)	(150,488)
Total non-current liabilities	352,225	23,366	(2,544)	373,047
Total current liabilities	157,261	8,387	(242)	165,406
Total liabilities	509,486	31,753	(2,786)	538,453
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>(364,319)</b>	<b>31,672</b>	<b>(8,026)</b>	<b>387,965</b>



## 16. SEASONALITY OF OPERATIONS

Historically, our business has not been subject to significant seasonality. Many of our end markets have differing periods of seasonal highs and lows and therefore any seasonal effects in specific end markets are counterbalanced by the divergent seasonal effects of other end markets. However, demand for our products tends to peak in the second quarter, late in the third quarter and in the fourth quarter with a comparative low period early in the first quarter.

## 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities as at 30 June 2023 and 31 December 2022 are as follows.

EUR'000 Financial liabilities	AS AT 30 JUNE			AS AT 31 DECEMBER		
	2023 Carrying amount	2023 Fair value	2023 Fair value hierarchy	2022 Carrying amount	2022 Fair value	2022 Fair value hierarchy
Senior Secured Notes	250,000	213,000	1	250,000	162,900	1

We have not added further disclosure on fair value as the carrying value of the other financial instruments are equal to their fair value.

## 18. EVENTS AFTER THE BALANCE SHEET DATE

In July 2023, as a part of the proposed closure, the production at the Beringen factory (Belgium) was stopped.

Hoofddorp, 29 August 2023

