

THIRD QUARTER 2023

SCHOELLER PACKAGING B.V.



Schoeller Allibert

TABLE OF CONTENTS

Schoeller Packaging B.V.

Third quarter ended 30 September 2023

Unaudited condensed consolidated interim financial statements

Principal Activities	3
Key Financial Results	4
Operating and Financial Review	4
Unaudited Condensed Consolidated Income Statement	9
Unaudited Condensed Consolidated Statement of Comprehensive Income	10
Unaudited Condensed Consolidated Balance Sheet	11
Unaudited Condensed Consolidated Statement of Changes in Equity	12
Unaudited Condensed Consolidated Statement of Cash Flows	13
Notes to the Unaudited Interim Condensed Consolidated Financial Statements	14

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 nine months ended 30 September 2023 and 2022:

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Revenue	125,730	137,764	421,934	443,568
Revenue growth /(decline)	(8.7%)	(18.8%)	(4.9%)	0.6%
Operating profit/(loss)	(3,304)	(5,895)	(1,978)	8
Operating profit as % revenue	(2.6%)	(4.3%)	(0.5%)	0.0%
Adjusted EBITDA	12,582	8,298	46,386	38,947
EBITDA as a % of revenue	10.0%	6.0%	11.0%	8.8%
Profit (loss) before income taxes	(11,286)	(13,703)	(26,774)	(20,724)
Net capital expenditure	5,311	7,538	11,995	25,940
Net capital expenditure as a % of revenue	4.2%	5.5%	2.8%	5.8%
Cash generated from operations	13,116	7,735	26,692	(3,195)

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

EUR'000	AS AT 30 SEPTEMBER 2023	AS AT 31 DECEMBER 2022
Net working capital	(16,395)	(16,308)
Cash and cash equivalents	(1,596)	20,594
Total net loans and borrowings	387,775	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 from external customers for the three months and nine months ended 30 September 2023 and 2022.

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.

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Northern Europe	27,011	24,493	80,887	91,751
Central Europe	41,698	47,599	149,173	162,600
Southern Europe	24,356	27,407	92,118	77,817
United States of America	13,084	21,034	47,441	61,315
All Other Segments	19,581	17,231	52,315	50,085
Revenue	125,730	137,764	421,934	443,568

* 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 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. The rental revenue in Germany, Switzerland and Poland* is 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. The rental revenue in France*, Spain and Italy is 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 increased by EUR 2.5 million, or 10.3%, to EUR 27.0 million for the three months ended 30 September 2023 from EUR 24.5 million for the three months ended 30 September 2022. This increase was primarily attributable to higher volumes in retail and industrial manufacturing offset by lower volumes in agriculture and food & food processing.

Revenue in Central Europe decreased by EUR 5.9 million, or 12.4%, to EUR 41.7 million for the three months ended 30 September 2023 from EUR 47.6 million for the three months ended 30 September 2022. This decrease was attributable to lower volumes in industrial manufacturing and agriculture offset by higher volumes from pooling and beverages.

Revenue in Southern Europe decreased by EUR 3.0 million, or 11.1%, to EUR 24.4 million for the three months ended 30 September 2023 from EUR 27.4 million for the three months ended 30 September 2022. This decrease was primarily attributable to lower volumes in retail, traders and pooling partially offset by higher volumes in industrial manufacturing and automotive.

Revenue in the USA decreased by EUR 8.0 million, or 37.8%, to EUR 13.0 million for the three months ended 30 September 2023 from EUR 21.0 million for the three months ended 30 September 2022. This decrease was attributable to lower revenues from pooling offset by higher industrial manufacturing volumes.

Revenue in all Other Segments increased by EUR 2.4 million, or 13.6%, to EUR 19.6 million for the three months ended 30 September 2023 from EUR 17.2 million for the three months ended 30 September 2022. This increase is attributable to higher turnover from the Services and International business.



OPERATING RESULT

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Operating profit	(3,304)	(5,895)	(1,978)	8

Operating loss decreased by EUR 2.6 million to EUR -3.3 million for the three months ended 30 September 2023 compared to EUR -5.9 million for the three months ended 30 September 2022. The increase resulted from:

- higher adjusted EBITDA (+EUR 4.3m)
- higher adjusting items (-EUR 3.9m), offset by one-off operational improvements last year (+EUR 2.3m)
- an increase in depreciation and amortization (-EUR 0.1m) due to investments in capex

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 and nine months ended 30 September 2023 and 2022.

Refer to Note 9.

THREE MONTHS ENDED 30 SEPTEMBER				
EUR'000	Operating Profit 2023	Operating Profit 2022	Adjusted EBITDA 2023	Adjusted EBITDA 2022
Northern Europe	(1,287)	(1,278)	4,244	1,678
Central Europe	(1,315)	(5,788)	6,453	2,797
Southern Europe	(984)	(2,374)	3,026	1,509
United States of America	(903)	(318)	1,652	2,017
All Other Segments	1,185	3,227	(2,793)	(1,984)
Subtotal	(3,304)	(5,895)	12,582	6,017
Operational improvements			-	2,281
Total			12,582	8,298

NINE MONTHS ENDED 30 SEPTEMBER				
EUR'000	Operating Profit 2023	Operating Profit 2022	Adjusted EBITDA 2023	Adjusted EBITDA 2022
Northern Europe	(5,879)	1,260	10,635	11,336
Central Europe	(279)	(4,370)	23,248	19,111
Southern Europe	687	(3,625)	15,205	7,965
United States of America	(301)	(2,060)	7,056	4,704
All Other Segments	3,794	8,803	(9,758)	(6,450)
Subtotal	(1,978)	8	46,386	36,666
Operational improvements			-	2,281
Total			46,386	38,947



Northern Europe

Operating profit remains stable for the Third Quarter.

Central Europe

Operating profit in Central Europe improved by EUR 4.5 million mainly as a result of higher production and sales volumes leading to better cost absorption and margin.

Southern Europe

Operating profit in Southern Europe improved by EUR 1.4 million mainly as a result of higher production and sales volumes leading to better cost absorption and margin.

USA

Decrease in operating profit is attributable to lower volumes in the pooling segment.

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

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 and impairment, adjusting items and shareholder management fees. 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:

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Operating profit	(3,304)	(5,895)	(1,978)	8
Adjusting items	4,259	415	14,005	2,585
Operational improvements	-	2,281	-	2,281
Depreciation and impairment expense	10,545	10,238	31,124	30,869
Amortisation and impairment expense	1,082	1,259	3,235	3,204
Adjusted EBITDA	12,582	8,298	46,386	38,947

material; non-recurring and requiring 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 3.9 million from EUR 0.4 million for three months ended 30 September 2022 to EUR 4.3 million for three months ended 30 September 2023.

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

- Transformation costs consisting of;
 - EUR 2.2 million of employee severance costs
 - EUR 0.5 of program costs which support the Transformation project
 - EUR 1.2 million of production site closure costs
- EUR 0.4 million of legal fees and settlement cost.

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

- EUR 0.3 million of legal fees and settlement costs;
- EUR 1.2 million of site closure costs;
- EUR -0.7 million of result due to land sale;
- EUR -0.4 million of other items.

Operational improvements 2022 include certain key areas where we can quickly reduce costs hence, this has been included in the Adjusted EBITDA.

Net finance expense

Net finance expense for the three months ended 30 September 2023 was EUR 7.9 million (expense for the three months ended 30 September 2022: EUR 7.8 million).

Profit (loss) before income taxes

The loss before income taxes was EUR 11.3 million for the three months ended 30 September 2023 (the three months ended 30 September 2022: loss of EUR 13.7 million).

Cash generated from operations

Cash generated from operations during the three months ended 30 September 2023 amounted to a EUR 13.5 million inflow (the three months ended 30 September 2022 EUR 7.7 million inflow).

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 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Proceeds from sale of property, plant and equipment	482	1,168	523	1,440
Acquisition of property, plant and equipment	(5,586)	(8,163)	(11,625)	(25,270)
Acquisition of intangible assets	(207)	(543)	(893)	(2,110)
Net Capital Expenditure	(5,311)	(7,538)	(11,995)	(25,940)

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).

EUR'000	AS AT 30 SEPTEMBER 2023	AS AT 31 DECEMBER 2022
Total current assets	133,591	140,514
Cash and cash equivalents	(21,988)	(20,594)
Current receivable from related parties	(25)	226
Total current working capital assets	111,578	120,146
Total current liabilities	176,951	156,313
Bank overdrafts	(23,584)	-
Current portion of loans and borrowings	22,751	(19,624)
Current payable to related parties	(2,643)	(235)
Total current working capital liabilities	127,973	136,454
Net Working Capital	(16,395)	(16,308)

As of 30 September 2023, the Group had a negative net working capital of EUR 16.4 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 -1.6 million as of 30 September 2023 (31 December 2022: EUR 20.6 million) on its balance sheet.

As at 30 September 2023, the Group had one revolving credit facility of EUR 30 million (31 December 2022: EUR 30 million). As at 30 September 2023 we have drawn EUR 23.6 million (31 December 2022: EUR nil) in cash drawing and EUR 2.5 million from this credit facility for bank guarantees (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 387.8 million as at 30 September 2023 (31 December 2022 EUR 363.1 million).

EUR'000	AS AT 30 SEPTEMBER 2023	AS AT 31 DECEMBER 2022
Senior Secured Notes	250,000	250,000
Lease liabilities	44,139	38,568
Other credit institutions	30,727	36,998
Total debt excl shareholder credit facility	324,866	325,566
Shareholder credit facility (incl accrued interest)	61,313	58,171
Total debt incl shareholder credit facility	386,179	383,737
Total deferred financing costs	(4,437)	(2,198)
Total loans and borrowings as per Note 12	381,742	381,539

EUR'000	2023	2022
Total loans and borrowings as per Note 12	381,742	381,539
Less: Total deferred financing costs	(4,437)	(2,198)
Cash and cash equivalents	(1,596)	20,594
Net loans and borrowings	387,775	363,143



UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

		THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	Note	2023	2022	2023	2022
Revenue	8	125,730	137,764	421,934	443,568
Other income (loss)		(73)	1,095	(206)	1,208
Total revenue		125,657	138,859	421,728	444,776
Raw materials and consumables used		(56,942)	(73,279)	(193,095)	(224,952)
Costs for subcontracting		(2,159)	(730)	(4,649)	(4,216)
Employee benefit expense		(34,770)	(31,787)	(110,816)	(102,049)
Other operating costs		(23,463)	(27,461)	(80,787)	(79,478)
Depreciation and impairment expense		(10,545)	(10,238)	(31,124)	(30,869)
Amortisation and impairment expense		(1,082)	(1,259)	(3,235)	(3,204)
Total operating expenses		(128,961)	(144,754)	(423,706)	(444,768)
Operating profit		(3,304)	(5,895)	(1,978)	8
Finance income	10	91	146	189	297
Finance expense	10	(8,026)	(7,954)	(24,938)	(21,029)
Net Finance Expense	10	(7,935)	(7,808)	(24,749)	(20,732)
Share in result of equity accounted investments		(47)		(47)	
Profit (loss) before income taxes		(11,286)	(13,703)	(26,774)	(20,724)
Income tax	11	74	(1,293)	(418)	(3,200)
Profit (loss) for the period		(11,212)	(14,996)	(27,192)	(23,924)
Attributable to:					
Owners of the Company		(11,098)	(14,551)	(26,790)	(23,226)
Non-controlling interests		(114)	(445)	(402)	(698)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Profit (loss) for the period	(11,212)	(14,996)	(27,192)	(23,924)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations, net of tax	(65)	576	978	455
Total comprehensive loss for the period, net of income tax	(11,277)	(14,420)	(26,214)	(23,469)
Attributable to:				
Owners of the Company	(11,100)	(13,958)	(25,752)	(22,741)
Non-controlling interests	(177)	(462)	(462)	(728)
Total comprehensive loss for the period	(11,277)	(14,420)	(26,214)	(23,469)



UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

EUR'000	Note	AS AT 30 SEPTEMBER 2023	AS AT 31 DECEMBER 2022
ASSETS			
Non-current assets			
Property, plant and equipment		149,347	159,421
Right of use assets		54,043	44,099
Intangible assets		11,455	13,782
Equity accounted investments		958	958
Other financial assets		26,606	26,416
Deferred income tax assets		9,661	8,562
Total non-current assets		252,070	253,238
Current assets			
Inventories		47,927	45,237
Trade and other receivables		55,802	65,091
Current income tax assets		516	750
Prepayments		7,358	8,842
Cash and cash equivalents		21,988	20,594
Total current assets		133,591	140,514
TOTAL ASSETS		385,661	393,752
EQUITY			
Share capital		-	-
Share premium		106,979	106,979
Other reserves		(141,480)	(142,518)
Accumulated deficit		(127,937)	(101,147)
Equity attributable to owners of the Company		(162,438)	(136,686)
Non-controlling interests		673	1,135
Total equity		(161,765)	(135,551)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	358,991	361,915
Employee benefits		5,599	5,702
Provisions	13	1,276	882
Deferred income tax liabilities		4,609	4,491
Total non-current liabilities		370,475	372,990
Current liabilities			
Loans and borrowings	12	22,751	19,624
Bank Overdraft		23,584	-
Provisions	13	1,548	54
Current income tax liabilities		2,771	1,645
Trade and other payables		126,297	134,990
Total current liabilities		176,951	156,313
Total liabilities		547,426	529,303
TOTAL EQUITY AND LIABILITIES		385,661	393,752



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2023	-	106,979	(142,518)	(101,147)	(136,686)	1,135	(135,551)
Profit/(loss) for the period	-	-	-	(26,790)	(26,790)	(402)	(27,192)
Foreign currency translation differences – foreign operations; net of income tax	-	-	1,038	-	1,038	(60)	978
Total comprehensive loss for the period	-	-	1,038	(26,790)	(25,752)	(462)	(26,214)
Balance as at 30 September 2023	-	106,979	(141,480)	(127,937)	(162,438)	673	(161,765)

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2022	-	106,979	(141,987)	(70,270)	(105,278)	1,481	(103,797)
Profit/(loss) for the period	-	-	-	(23,226)	(23,226)	(698)	(23,924)
Foreign currency translation differences – foreign operations; net of income tax	-	-	485	-	485	(30)	455
Total comprehensive loss for the period	-	-	485	(23,226)	(22,741)	(728)	(23,469)
Balance as at 30 September 2022	-	106,979	(141,502)	(93,496)	(128,019)	753	(127,266)



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Operating result for the period	(3,304)	(5,895)	(1,978)	8
Adjustments for:				
Depreciation of property, plant and equipment and ROUA	10,545	10,238	31,124	30,869
Amortisation of intangible assets	1,082	1,259	3,235	3,204
Gain on sale of property, plant and equipment	73	(1,095)	206	(1,208)
Other non-cash items	(229)	393	(1,169)	(724)
Change in:				
Inventories	4,195	8,203	(2,489)	(9,389)
Trade and other receivables	7,634	13,739	9,512	1,175
Prepayments and accrued income	(180)	650	1,531	(1,271)
Trade and other payables	(7,057)	(19,609)	(15,159)	(25,250)
Provisions and employee benefits	357	(148)	1,879	(609)
Cash generated from operations	13,116	7,735	26,692	(3,195)
Interest recieved	466	146	564	297
Interest paid	(1,968)	(1,340)	(13,398)	(11,267)
Income tax paid	(28)	(737)	(53)	(1,742)
Net cash inflow (outflow) from investing activities	11,586	5,804	13,805	(15,907)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	482	1,168	523	1,440
New long term loans receivable granted	233	(363)	(548)	(2,738)
Acquisition of property, plant and equipment	(5,586)	(8,163)	(11,625)	(25,270)
Acquisition of intangible assets	(207)	(543)	(893)	(2,110)
Net cash (outflow) from investing activities	(5,078)	(7,901)	(12,543)	(28,678)
Cash flows from financing activities				
Payment of transaction costs related to loans and borrowings	(3,076)	-	(4,032)	-
Proceeds from borrowings	(247)	9,993	1,503	20,172
Repayment of borrowings	(2,085)	(820)	(6,346)	(2,044)
Payment of lease liabilities	(4,579)	(4,463)	(14,562)	(14,688)
Net cash (outflow) from financing activities	(9,987)	4,710	(23,437)	3,440
Cash and cash equivalents at beginning of period	1,905	(4,862)	20,594	38,676
Net change in cash and cash equivalents	(3,479)	2,613	(22,175)	(41,145)
Effect of exchange rate fluctuations on cash and cash equivalents	(22)	(282)	(15)	(62)
Cash and cash equivalents at end of period	(1,596)	(2,531)	(1,596)	(2,531)

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 30 September 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 third quarter ended 30 September 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 Financial

Report of Schoeller Packaging B.V. for the year ended 31 December 2022, which has 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 2.5 million was drawn as guarantee and EUR 23.6 million as cash as at 30 September 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 61 million including capitalized and accrued interest was drawn as per 30 September 2023.

The Group has a negative equity of EUR 161.8 million as well as loans and borrowings of EUR 381.7 million. This financial position has been carefully considered by management in the going concern assessment. Management concluded in the 2022 Annual Financial Report 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.

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.

Subsequent to the interim financial information for the third quarter ended 30 September 2023 the Company has secured binding commitments to facilitate the refinancing of the EUR 250 million Senior Secured Notes and provide for a comprehensive recapitalization of the business, refer to Note 18 Events after the balance sheet date.

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 Financial 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 third quarter condensed consolidated interim financial statements, the significant judgments made by the 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 Financial 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 Financial 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:

2023				2022		
EUR'000	September Closing	Three Month Average	Nine Month Average	September Closing	Three Month Average	Nine Month Average
British pound	0.8668	0.8675	0.8689	0.8830	0.8495	0.8492
US dollar	1.0570	1.0842	1.0811	0.9748	1.0545	1.0537
Swiss franc	0.9674	0.9783	0.9795	0.9561	1.0155	1.0056

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 nine months ended 30 September 2023, approximately 61% 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.

	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
EUR'000	2023	2022	2023	2022
Sales of goods	108,092	117,497	369,823	390,589
Services rendered	17,638	20,267	52,111	52,979
Revenue	125,730	137,764	421,934	443,568

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 third quarter condensed consolidated interim financial statements.

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

THREE MONTHS ENDED 30 SEPTEMBER 2023							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	34,839	51,549	31,175	13,094	21,073	(26,000)	125,730
Inter-segment revenue	(7,828)	(9,851)	(6,819)	(10)	(1,492)	26,000	-
Total revenue from external customers	27,011	41,698	24,356	13,084	19,581	-	125,730
Operating result	(1,287)	(1,315)	(984)	(903)	1,185	-	(3,304)
Other							(47)
Net finance cost							(7,935)
Income tax benefit							74
Profit (loss) for the period							(11,212)

THREE MONTHS ENDED 30 SEPTEMBER 2022							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	38,096	56,341	36,871	21,034	20,569	(35,147)	137,764
Inter-segment revenue	(13,603)	(8,742)	(9,464)	-	(3,338)	35,147	-
Total revenue from external customers	24,493	47,599	27,407	21,034	17,231	-	137,764
Operating result	(1,278)	(5,788)	(2,374)	318	3,227		(5,895)
Other							-
Net finance cost							(7,808)
Income tax expense							(1,293)
Profit (loss) for the period							(14,996)

The segment results for the nine months ended 30 September 2023 and 2022 are as follows:

NINE MONTHS ENDED 30 SEPTEMBER 2023							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	113,090	181,813	112,383	47,452	55,737	(88,541)	421,934
Inter-segment revenue	(32,203)	(32,640)	(20,265)	(11)	(3,422)	88,541	-
Total revenue from external customers	80,887	149,173	92,118	47,441	52,315	-	421,934
Operating result	(5,879)	(279)	687	(301)	3,794	-	(1,978)
Other							(47)
Net finance cost							(24,749)
Income tax expense							(418)
Profit (loss) for the period							(27,192)

NINE MONTHS ENDED 30 SEPTEMBER 2022							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	130,639	195,321	118,171	61,341	57,015	(118,919)	443,568
Inter-segment revenue	(38,888)	(32,721)	(40,354)	(26)	(6,930)	118,919	-
Total revenue from external customers	91,751	162,600	77,817	61,315	50,085	-	443,568
Operating result	1,260	(4,370)	(3,625)	(2,060)	8,803	-	8
Other							-
Net finance cost							(20,732)
Income tax expense							(3,200)
Profit (loss) for the period							(23,924)

10. NET FINANCE COST

EUR'000	THREE MONTHS ENDED 30 SEPTEMBER		NINE MONTHS ENDED 30 SEPTEMBER	
	2023	2022	2023	2022
Interest income on loans and receivables	466	146	564	297
Net foreign exchange gain	-	-	-	-
Finance income	466	146	564	297
Interest expense on borrowings	(5,779)	(4,942)	(17,389)	(14,529)
Amortisation deferred financing fees	(590)	(591)	(1,794)	(1,772)
Net foreign exchange loss	(228)	(436)	(1,264)	(423)
Other financial expenses	(1,804)	(1,985)	(4,866)	(4,305)
Finance expense	(8,401)	(7,954)	(25,313)	(21,029)
Net finance expense	(7,935)	(7,808)	(24,749)	(20,732)

Net finance expense for the three months ended 30 September 2023 was EUR 7.9 million (expense for the three months ended 30 September 2022: EUR 7.8 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/benefit is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax benefit for the three months ended 30 September 2023 amounted EUR 0.1 million (three months ended 30 September 2022 income tax expense: EUR 1.3 million).

12. LOANS AND BORROWINGS

The carrying amounts of loans and borrowings are as follows:

EUR'000	AS AT 30 SEPTEMBER			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	-	(131)	(131)	-	(1,604)	(1,604)
Senior Secured Notes at amortised cost	-	249,869	249,869	-	248,396	248,396
Other credit institutions	8,450	22,277	30,727	4,133	32,865	36,998
Shareholder credit facility (incl accrued interest)		61,313	61,313	-	58,171	58,171
Lease liabilities	14,722	29,417	44,139	15,893	22,675	38,568
Deferred financing costs	(421)	(3,885)	(4,306)	(402)	(192)	(594)
Total loans and borrowings	22,751	358,991	381,742	19,624	361,915	381,539

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.

As at 30 September 2023, the Group had one revolving credit facility of EUR 30 million (31 December 2022: EUR 30 million). The Group has drawn EUR 2.5 million from this credit facility for guarantees and EUR 23.6 million for cash as reported under bank overdraft.

13. PROVISIONS

EUR'000	Restructuring	Claims	Total
As at 1 January 2023	531	405	936
Provisions made during the year	1,517	672	2,189
Provisions used during the year	(101)	(40)	(141)
Provisions reversed during the year	(28)	(26)	(54)
Effect of movements in exchange rates	(99)	(7)	(106)
As at 30 September 2023	1,820	1,004	2,824
Non-current	292	984	1,276
Current	1,528	20	1,548
Total provisions	1,820	1,004	2,824

EUR'000	Restructuring	Claims	Total
As at 1 January 2022	522	829	1,351
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)
As at 31 December 2022	531	405	936
Non-current	497	385	882
Current	34	20	54
Total provisions	531	405	936

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 Q3 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 nine months ended 30 September 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 SEPTEMBER 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total Revenue	124,537	2,329	(1,209)	125,657
Total operating expenses	(128,290)	(1,425)	754	(128,961)
Operating profit	(3,753)	904	(455)	(3,304)
Net finance expense	(7,204)	(731)	-	(7,935)
Profit (Loss) before income taxes	(11,004)	173	(455)	(11,286)
Income tax	74	-	-	74
Profit (Loss) for the period	(10,930)	173	(455)	(11,212)

NINE MONTHS ENDED 30 SEPTEMBER 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total Revenue	418,993	6,117	(3,382)	421,728
Total operating expenses	(422,571)	(3,802)	2,667	(423,706)
Operating profit	(3,578)	2,315	(715)	(1,978)
Net finance expense	(22,535)	(2,214)	-	(24,749)
Profit (Loss) before income taxes	(26,160)	101	(715)	(26,774)
Income tax	(418)	-	-	(418)
Profit (Loss) for the period	(26,578)	101	(715)	(27,192)

AS AT 30 SEPTEMBER 2023				
EUR'000	Manufacturing	Rental	IC Elimination	Total
Total non-current assets	229,889	27,652	(5,471)	252,070
Total current assets	134,169	4,448	(5,026)	133,591
TOTAL ASSETS	364,058	32,100	(10,497)	385,661
Total equity	(155,447)	(623)	(5,695)	(161,765)
Total non-current liabilities	349,820	23,508	(2,853)	370,475
Total current liabilities	169,685	9,215	(1,949)	176,951
Total liabilities	519,505	32,723	(4,802)	547,426
TOTAL EQUITY AND LIABILITIES	364,058	32,100	(10,497)	385,661

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 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 September 2023 and 31 December 2022 are as follows.

	AS AT 30 SEPTEMBER 2023			AS AT 31 DECEMBER 2022		
EUR'000 Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior Secured Notes	250,000	223,505	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

On 23 October 2023, the Company announced that it has secured a EUR 154 million binding commitment from Brookfield, its ultimate majority shareholder, and Schoeller Industries, its ultimate minority shareholder, to facilitate a refinancing of the EUR 250 million Senior Secured Notes due November 2024, and provide for a comprehensive recapitalization of the business.

Strategic Value Partners has also committed to refinance the 2024 Notes with a new five-year senior secured term loan in the amount of EUR 125 million. The Company has drawn down the full amount available under the EUR 30 million liquidity facility provided by Brookfield.

Hoofddorp, 29 November 2023

