ANNUAL FINANCIAL REPORT

SCHOELLER PACKAGING B.V. 2021

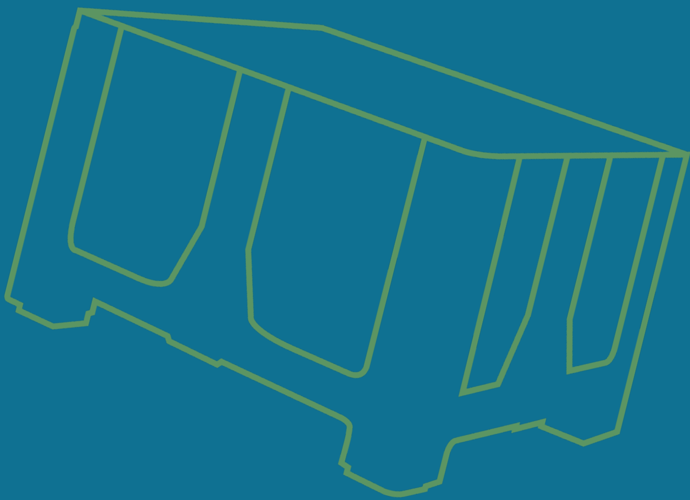
Making plastic packaging
too good to waste

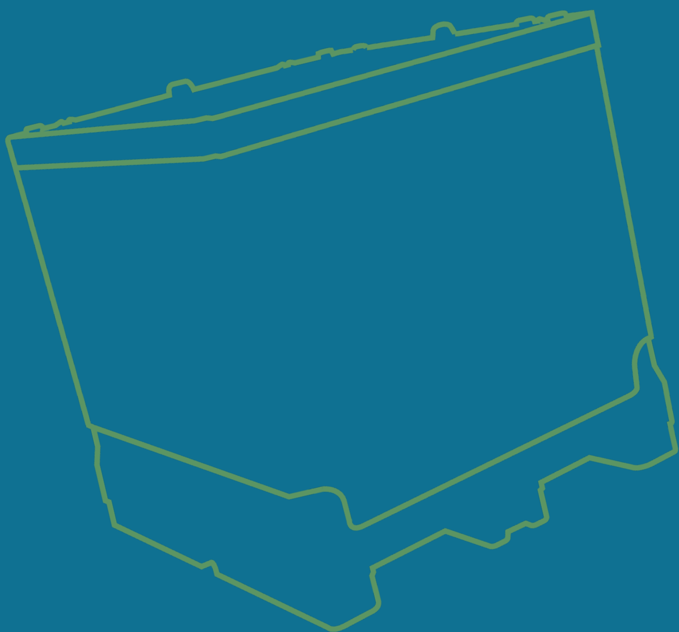
Schoeller Allibert

INTRODUCTION

The Board of Directors hereby presents its Annual report for the financial year ended 31 December 2021.

Schoeller Allibert is one of the world's largest manufacturers of returnable plastic packaging for material handling.





KEY FIGURES

Over 2,000 employees

Over 50 countries served

Over 10,000
customers worldwide

12 factories

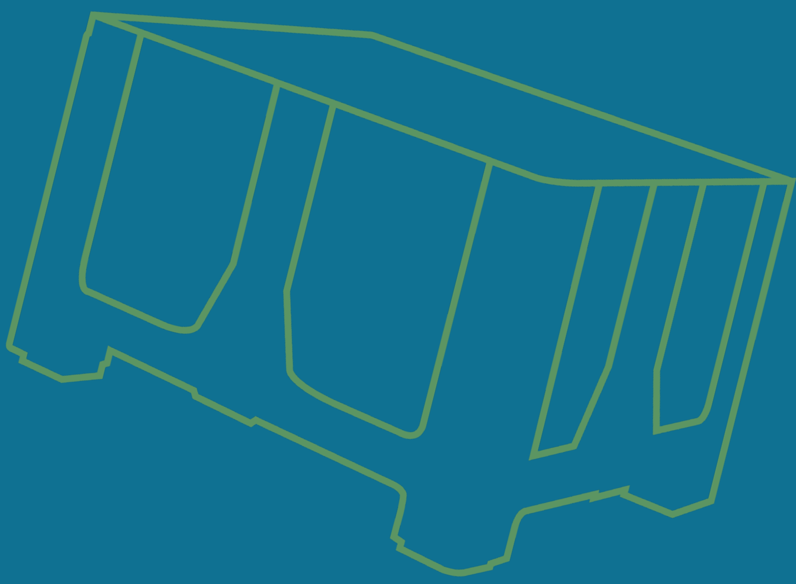
Turnover over € 600 million

Adjusted EBITDA over € 68 million &
Operating Profit over € 23 million

ANNUAL FINANCIAL REPORT

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the 'Board', the 'Management Board' or the 'Management') of Schoeller Packaging B.V. ('Schoeller Allibert', the 'Group' or the 'Company') hereby presents its Annual Report for the financial year ended 31 December 2021.



1. COMPANY PROFILE

Schoeller Allibert has been inventing, developing, designing, and manufacturing returnable transport packaging for more than 65 years. Today, we are a global market player and the European market leader.

Transport and logistics are fundamental to the global economy, and we as Schoeller Allibert are leading the way to a more sustainable sector. By providing intelligent and innovative returnable transport packaging to rent or buy, we support our customers to move away from single-use solutions and towards a low-carbon, circular supply chain.

MISSION STATEMENT

OUR MISSION

Schoeller Allibert has the power and the ingenuity to transform supply chain into the future. Together we provide our customers with smart and innovative returnable packaging solutions. Our aim is to lead by setting the standard in our industry: we support and enrich the circular supply chain of our customers.

Through this ambition, we make it easy to waive single use products, which contributes to a more sustainable world. Furthermore, we will make a difference by adding smart services.

OUR VISION

Our vision is a future where single-use packaging has been replaced with circular, reusable packaging to create a more sustainable world.

MARKETS AND PRODUCTS

We offer a comprehensive product range of standard and tailor-made RTP packaging across several key markets.

MARKETS

- AGRICULTURE
- AUTOMOTIVE
- BEVERAGE
- CHEMICALS
- SYSTEM INTEGRATORS
- COSMETICS & PHARMA
- FOOD AND FOOD PROCESSING
- INDUSTRIAL MANUFACTURING
- POOLING
- RETAIL

PRODUCT GROUPS

Handheld

- FOLDABLE SMALL CONTAINERS
- STACKABLE CONTAINERS
- STACKABLE/NESTABLE CONTAINERS
- DOLLIES
- BEVERAGE CRATES
- PAILS

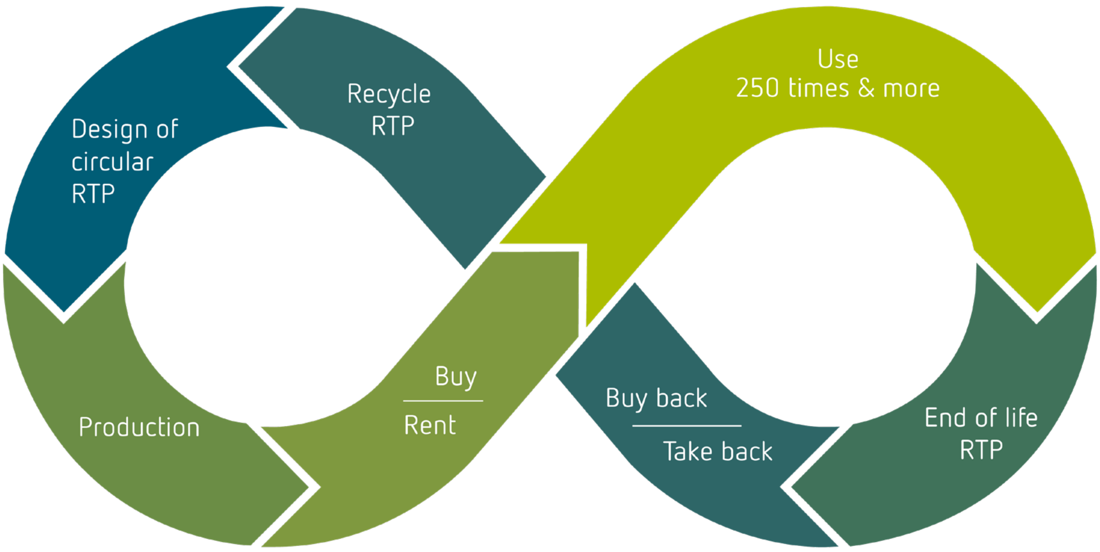
Bulk

- FOLDABLE LARGE CONTAINERS
- RIGID PALLET CONTAINERS
- PALLETS
- INTERMEDIATE BULK CONTAINERS
- ROTATIONALLY MOULDED PRODUCTS

RENTAL BUSINESS

Closing the loop with our intelligent new rental model

Since 2020 we have a rental programme, offering an entry point for customers who wish to make a shift to returnable transport packaging with no down payment. This option is even more sustainable as it allows us to guarantee the return and recycling of the crates at the end of their life cycle. Customers also benefit from greater control and insight in their supply chain thanks to Internet of Things (IoT)-technology, as well as a smooth maintenance service that takes care of repairs. At the end of a rental period the fleets can easily be continued or the same asset is made available to other customers, essentially creating a shared pool to further reduce the carbon footprints of shared supply chains.



Sustainability

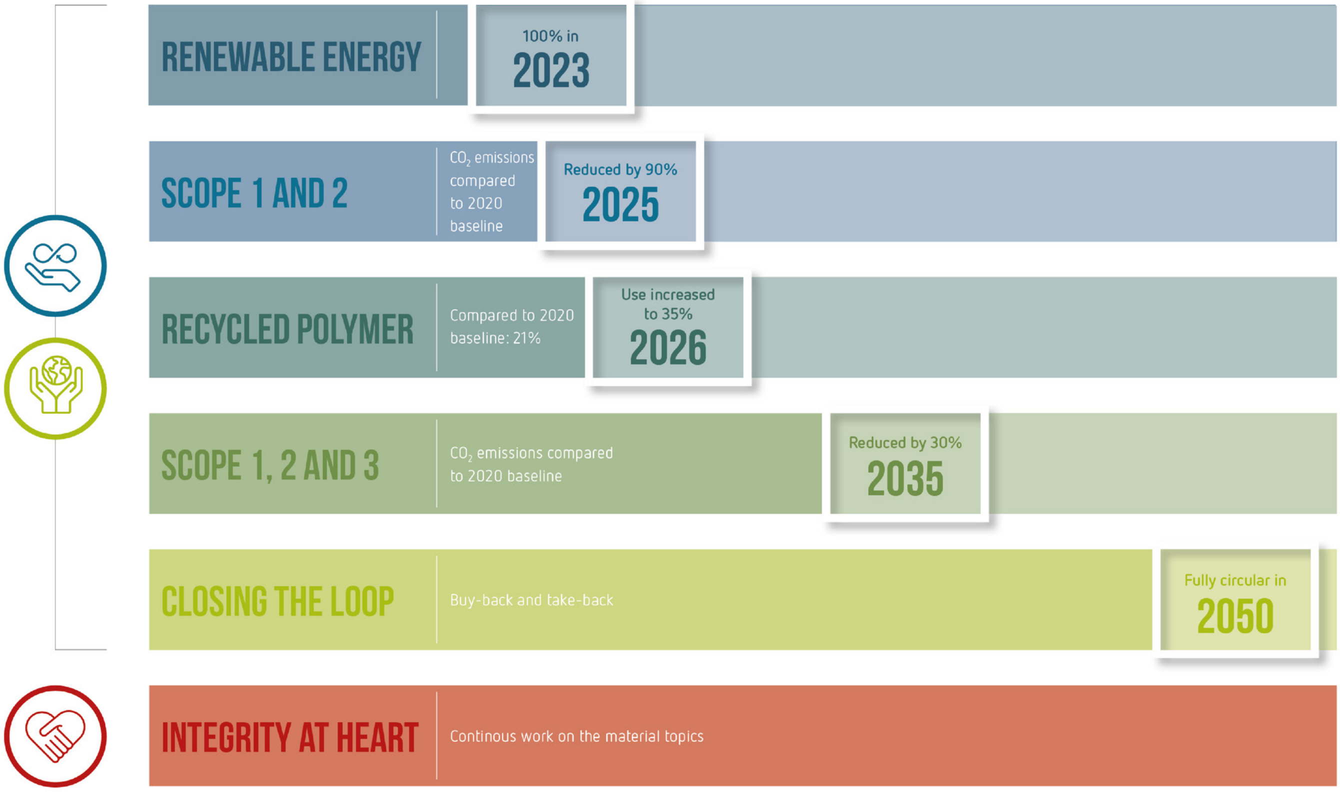
We are delighted to present Schoeller Allibert's sustainability strategy, which comes at a crucial time for our world. The UN's Intergovernmental Panel on Climate Change set out the urgency in its 2021 report, stating that we need to see rapid and drastic reductions in emissions in this decade. We all have a role to play and Schoeller Allibert is committed to playing its part.

Sustainability and a commitment to the circular economy are deeply embedded in our DNA at Schoeller Allibert. With our focus on returnable transport packaging, we already provide thousands of companies with a significantly more sustainable option for their supply chain logistics compared to single-use products that go to waste or have to be recycled after each use. Our sustainability strategy outlines our plans to go even further to create a better world while meeting the evolving sustainability needs of our customers and society.

The sustainability strategy is organized under three pillars.

By **Innovating for a Circular Economy**, we will contribute to protecting the world's natural resources and reducing waste. By working for a **Future Proof Planet**, we will make a real contribution to reducing emissions and take responsibility in the fight against climate change. And by putting **Integrity at the heart** of what we do, we will meet the highest standards of governance whilste protecting the business's most important asset: our people.

TIMELINE OUR MAIN TARGETS: INCREASING SUSTAINBILITY STEP BY STEP



Our innovative spirit will be key – improving the way we make our products, and the way we do business. For instance, this strategy introduces our plans to create energy efficiencies and shift to green energy, thereby reducing scope 1 and 2 emissions by 90% by 2025. It also sets out an unprecedented increase in our use of recycled materials to 35% by 2026, pushing the boundaries further towards 100% circularity in 2050.

Our move into the rental market is an exciting shift that will further close the loop and allow customers to create their own intelligent supply chains with a smaller carbon footprint, less damage, and low upfront costs.

The sustainability strategy was developed based on a materiality assessment carried out together with KPMG Advisory N.V., including extensive stakeholder consultation. Our performance on carefully selected KPIs measuring progress towards these targets will be disclosed in our comprehensive sustainability report in 2022.

Our ambition is to make plastic packaging waste-free, climate-responsible, and fully circular. The targets in our strategy are ambitious, and we know there will be challenges ahead. But making these changes is possible, and it is necessary – and it will contribute to a better future for our business, our customers, our children, and the planet.

LEADING IN INNOVATION

Continuous innovation is at the heart of our business. We see it as our task to ensure our clients are prepared for future challenges. We believe we have the largest R&D department in the industry and as a result this helps us retain our position as market leader.

In our central innovation function, we have the capability to design, develop, test and implement new products and we employ recognised experts in these activities that use leading technology and software to achieve this. In today's competitive markets, advantages resulting from smart design will rapidly translate into improved performance and considerable benefits.

Foldable containers that are stronger but weigh less will result in less fuel consumption during transport. Containers with 10% more transport volume and 30% less return volume when folded can make the difference in highly competitive markets like the automotive industry or agriculture.

Many of the major innovations in plastic packaging systems were developed by Schoeller Allibert. We invented products like foldable large containers, such as the Magnum Optimum®, and bottle crates with in-mould labels. In addition, we invented or optimised production techniques like injection moulding and mirror welding, each time resulting in lighter, stronger and cleaner crates and containers. We take care of all the necessary steps, creating a sustainable packaging cycle.

Recognising its commitment to innovation, in 2021 the Company won several awards, including the world star award for Combo Excelsior Hybrid®, UK Packaging Award 20201 for Supply Chain Solution of the Year and 2021 Excellence in Reusable Packaging Award for the Combo Excelsior Hybrid®.

QUALITY POLICY

Schoeller Allibert is proud to be an ISO certified company with all our sites covered by the ISO 9001 certification for Quality Management Systems and many of our sites conforming to the following ISO standards:

- **ISO 14001: Environment**
- **ISO 22000: Food Safety**
- **ISO 50001: Energy**

Schoeller Allibert strives to continuously improve its products, services and processes. Customer satisfaction is Schoeller Allibert's number one priority and we measure it with relevant metrics and KPIs. Results are discussed and reported to senior management during the Board Meetings and improvement actions are scheduled, implemented and evaluated during Management reviews.

Our aim in relation to quality control is to:

- Create lean operations, which deliver high value products to the market on time and in full.
- Work to a continuous improvement process conforming to the PDCA (Plan-Do-Check-Act) principle.
- Check our processes by means of internal, corporate and external audits. Customers audit our QESH management system including quality of manufactured products for them conforming to the agreed specifications.

GOVERNANCE AND MANAGEMENT STRUCTURE

The Management Board of the Company is responsible for the management of Schoeller Allibert. The Management Board provides leadership to the Group and focuses on long-term development and important strategic decisions.

The Management Board of the Company consists of:

Mr Ludo Gielen

Chief Executive Officer
(appointed 17 October 2018)

Mr Hans Kerkhoven

Chief Financial Officer
(appointed 18 February 2020)

Management Board members are appointed by the General Meeting of Shareholders. The Articles of Association provide that the General Meeting of Shareholders may suspend or dismiss Management Board members at any time. The General Meeting of Shareholders determines the remuneration and other terms of employment of each Management Board member.

The Dutch Management and Supervision (Public and Private Companies) Act took effect on 1 January 2013. One of the provisions of this Act lays down a target participation rate of at least 30% for both men and women on the Management Board. Although Schoeller Allibert values diversity, the Management Board currently has no female Board members. The Company does not set a policy on the desirable gender split in the Board but instead focuses on the competencies of new Board members bearing in mind the value of diversity. Schoeller Allibert is committed to considering diversity (including gender diversity) for succession planning, training and development.

PEOPLE

Schoeller Allibert employs over 2,000 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

We believe that human resources are one of the keys to our success. We strive to create an inclusive environment where all employees have the tools they need to perform to their best ability, are recognised and valued, are encouraged to learn and grow such that they contribute to continuously improving our performance. Further to this goal, we have adopted policies and procedures that are designed to support effective recruitment and retention and provide incentives to skilled employees and managers. Our performance measurement system, which is one factor in our incentive programs, is designed to provide managers and employees with regular feedback on their performance and to encourage high quality work.

The Group established a Code of Conduct that sets out the basic principles that underlie all the actions of the companies of the Schoeller Allibert Group. It includes a Whistle-blower scheme, a Do's and Don'ts paragraph and a Social Media instruction. This code came into force on 1 January 2015. It is approved by the Works Council and is reviewed on a regular basis.

SAFE WORKPLACE

Schoeller Allibert values creating a safe and healthy working environment for employees and we realise that safety is a matter of appropriate behaviour in the first place. Training and safety investigations are used as tools to increase safety awareness and ensure improvements in safety measures. To safeguard and monitor this we have a Group ISO certificate for all our operations. Internal audits for quality assurance and safety are carried out by our own trained inspectors and result in meeting the ISO and safety standards.

2. KEY DEVELOPMENTS

2021 has been a good but also a challenging year. Schoeller Allibert has invested, as in previous years, in the development and introduction of new products. Such product launches require complicated project planning and execution and because of this we have enhanced our planning and supply chain team.

We have made progress with our rental programme. This programme was launched in 2020 and the first contracts were signed during the course of 2021, which will contribute to recurring revenue, adjusted EBITDA and cash flow in 2022 and beyond. We believe the rental programme to be a valuable addition to our commercial proposition, providing more flexibility and a more sustainable business. We focus with our Rental business on product groups and market segments where our customers are least active.

We have invested in new factory assets for our key Pooling customers, facilitating both their and our growth in the coming years.

Also, we have invested in automation and process improvement in our factories to drive even better quality of our products and efficiency optimization.

We have invested in our France factory in Gaillon to replace some older machines and to modernise the facility, in order to make it better equipped for the future.

We also invested in moulds especially related to e-commerce and other growth areas.

In terms of market segment development, we have seen growth especially in Pooling, Industrial Manufacturing (e-commerce) and Automotive, whereby we have experienced declines in Agriculture and Food (processing).

2021 has also been a challenging year, with several (exceptional) developments impacting our business. The second year of Covid-19 resulted in a substantial number of people contracting the virus and being home for several days, impacting shifts in the factories and operations. Fortunately we were able to manage through this period without major production disruptions.

As global demand for materials increased, Schoeller Allibert has faced increases of material costs of up to 90%. Schoeller Allibert has been able to pass on most of the cost increases (with a one to two months delay) to our customers.

Another effect of the increase of global demand of materials has been a shortage of PP materials, limiting production and sales especially in Quarter 2 and Quarter 3 of 2021.

We also faced shortages of transport including containers, as well as substantial increases in transport costs. 2021 was also affected by shortages of labour and higher salaries in factories and functions.

We have achieved overall good results taking into account the challenging and exceptional developments as described above. We have invested in future growth and profitability especially in Pooling, e-commerce and Rental.

3. KEY FINANCIAL RESULTS

Introduction

We aim to enhance shareholder value and provide the required returns in the long term. In the first half of 2021, market prices of resin materials have shown an unprecedented increase of approximately 90% and remained at that level for the remainder of 2021. We have been successful in passing on these raw material price increases to our customers although sometimes with some delay. This has had upward effect on revenues in comparison to 2020 and impacts metrics that are determined as a percentage of revenues. Volumes sold has been stable versus 2021.

These and other developments (as described on page 14) have impacted our business performance in 2021.

The table below shows the Group's key consolidated financial results for the year ended 31 December 2021 and 2020:

EUR'000	2021	2020
Revenue	**609,004**	**520,084**
Revenue growth	17.1%	-2.0%
Operating profit	23,931	28,796
Operating profit as % revenue	3.9%	5.5%
Adjusted EBITDA	68,205	70,043
EBITDA as a % of revenue	11.2%	13.5%
Net finance expense	(26,324)	(25,212)
Profit for the period	1,908	665
Net capital expenditure	52,640	29,579
Net capital expenditure as a % of revenue	8.6%	5.7%
Cash generated from operations	79,991	71,864

The table below shows the Group's key other financial metrics as at 31 December 2021 and 2020:

EUR'000	2021	2020
Net working capital	(37,664)	(17,620)
Cash and cash equivalents	38,676	33,500
Total net loans and borrowings	**314,330**	**299,688**

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).

Movement in net working capital is mainly attributable to increase in trade and other payables due to longer payment terms and some other optimizations.

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.

Revenue

Revenue has increased by 17.1% primarily driven by price increases and product mix effects, with stable sales volumes.

The table below shows the Group's operating segment revenue for the year ended 31 December 2021 and 2020:

EUR'000	2021	2020
Northern Europe	124,354	112,345
Central Europe	227,208	200,373
Southern Europe	101,469	102,087
United States of America	98,397	58,207
All Other Segments	57,576	47,072
Total revenue	**609,004**	**520,084**

Revenue in Northern Europe increased by 10.7%, from EUR 112.3 million for 2020 to EUR 124.3 million for 2021. This increase in revenue was primarily attributable to turnover from industrial manufacturing and higher pooling volumes partially offset by lower turnover in food processing and retail and increased pricing across all markets.

Revenue in Central Europe increased by 13.4%, from EUR 200.4 million for 2020 to EUR 227.2 million for 2021. This increase in revenue was driven by positive price development and higher turnover in automotive and industrial manufacturing, partially offset by lower revenue in beverage.

Revenue in Southern Europe decreased by 0.6%, from EUR 102.1 million for 2020 to EUR 101.5 million for 2021. This decrease was primarily attributable to lower orders in agriculture and retail markets, partially offset by higher turnover with automotive and positive price development.

Revenue in the USA increased by 69.0%, from EUR 58.2 million for 2020 to EUR 98.4 million for 2021 due to higher pooling volumes and increased sales price related to pass through of higher resin prices.

"All other segments" includes our International revenue (outside Europe and USA), Services including Rental income and central corporate functions.

Revenue in all Other Segments increased by 22.3%, from EUR 47.1 million for 2020 to EUR 57.6 million for 2021. This increase is attributable to higher revenues from sale of products and technical support in Asia and South America and due to some growth in Services revenue.

Operating profit

EUR'000	2021	2020
Operating profit	**23,931**	**28,796**

Operating profit decreased by EUR 4.9 million, to EUR 23.9 million for 2021 compared to EUR 28.8 million for 2020. The decline resulted from:

- An increase in depreciation (+ EUR 3.2m) due to higher capex, especially in growth (see capex)
- Lower adjusted EBITDA (- EUR 1.8m) especially due to higher production costs (caused by external challenges posed by raw material shortages, transport delays, a higher Covid 19 illness rate and some internal operational issues)
- Higher adjusting items (EUR +0.3m)

The following table shows a breakdown of operating profit and EBITDA by geographic segment for the year ended 31 December 2021 and 2020:

	Operating profit		Adjusted EBITDA	
EUR'000	2021	2020	2021	2020
Northern Europe	4,392	9,510	20,502	22,376
Central Europe	9,156	9,302	39,117	35,936
Southern Europe	(5,780)	2,349	10,228	15,651
USA	(2,227)	(4,200)	9,957	9,675
All Other Segments	18,390	11,835	(11,599)	(13,594)
Total	**23,931**	**28,796**	**68,205**	**70,045**

The Group has embarked on a journey to standardize and centralize processes throughout the organization. As part of this journey, more functions are performed in the group's center and reimbursed by the segments through a management fee. The management fee income resides in all other segments, which positively contributes to the operating profit of this operating segment. Adjusted EBITDA per segment in the table above is before management fees are taken into account.

Northern Europe

Operating profit decreased by EUR 5.1m mainly as a result of lower sales volumes and impact of resin supply shortages on operational performance. In addition, increased depreciation and amortization and a higher management fee from more centralized functions also lowered operating profit.

Central Europe

Operating profit decreased as a result of slightly higher depreciation and amortisation.

Southern Europe

Operating profit in Southern Europe decreased primarily due to lower sales volumes and operational performance, higher management fee and positive adjusting items in 2020.

USA

Increase in operating profit is driven by lower equipment lease charges from the center (included in all other segments) offset by higher management fees.Higher revenue level did not significantly contribute to profit due to the fact that revenue increased as a result of resin price pass through and higher pooling volumes with, relatively, lower margins.

All other segments

Besides the increased management fee income, the operating profit is further increased by a higher operational performance of the business in this segment and offset by lower equipment lease income to the USA.

Adjusted EBITDA

We have achieved overall good adjusted EBITDA results taking into account the challenging and exceptional environment. Adjusted EBITDA is lower by EUR 1.8m especially due to higher production costs (caused by external challenges posed by raw material shortages, transport delays, a higher COVID 19 illness rate and some internal operational issues).

EUR'000	2021	2020
Operating profit	**23,931**	**28,796**
Adjusting items	4,069	3,752
Shareholder management fees	-	1,000
Depreciation	37,779	34,624
Amortisation	2,426	1,871
Adjusted EBITDA	**68,205**	**70,043**

The Company discloses adjusted EBITDA as a non-IFRS performance measure. The Group defines EBITDA as the operating result for the year excluding depreciation, amortisation, 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: 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; litigation settlements and certain shareholder exit fees.

Adjusting items increased by EUR 0.3 million from EUR 3.7 million for 2020 to EUR 4.1 million in 2021.

Adjusting items for 2021 relate to non-recurring items arising from:

- EUR 4.3 million of employee severance and restructuring costs;
- EUR 2.0 million mainly fees and due diligence activities;
- EUR 0.3 million other;
- EUR -2.5 million gain on the disposal of assets.

Adjusting items in 2020 relate to non-recurring items arising from:

- EUR 2.3 million of employee severance costs;
- EUR 1.1 million mainly fees and due diligence activities;
- EUR 0.6 million of bad debts write offs;
- EUR 0.3 million Covid-19 related costs;
- EUR -0.5 million of net defined benefit plan amendment.

Higher depreciation (+EUR 3.2m) due to higher capex, especially in growth (see capex).

Higher amortization due to investments in IT software.

Net finance expense

Net finance expense for 2021 was EUR 26.3 million (expense for 2020: EUR 25.1 million). This increase was primarily due to foreign exchange losses (refer to note 10).

Profit for the period

The profit for the period was EUR 1.9 million for 2021 (2020: profit of EUR 0.6 million), with the year-on-year change driven mainly by the higher profit for the period is due to recognition of deferred tax assets partially offset by lower operating profit, as described before."

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	2021	2020
Proceeds from sale of property, plant and equipment	3,668	207
Acquisition of property, plant and equipment	(53,090)	(29,235)
Acquisition of intangible assets	(4,080)	(5,003)
Gross Capital Expenditure	(53,502)	(34,031)
New leases	862	4,452
Net Capital Expenditure	**(52,640)**	**(29,579)**

Increase in acquisition of property, plant and equipment is caused by the choice we made to invest in further growth opportunities especially in Pooling, e-commerce and Big 3 production equipment as well as investment in rental assets with first rental revenues at the end of 2021.

We also invested in modernizing factory operations, especially in France, to drive quality improvements and cost efficiencies.

In some occasions, the Group acquires machinery and equipment which forms part of acquisitions of property, plant and equipment, for which financing is secured. In these cases, the machinery and equipment is transferred to Right-of-use assets. Once financing is secured, the financing company compensates the group for funds that have already been disbursed for the assets, these funds are recorded as New Leases and treated as a deduction to the cash outflow pertaining to acquisition of property, plant and equipment.

Cash generated from operations

Cash generated from operations during the year ended 31 December 2021 amounted to a EUR 80.0 million inflow (2020 EUR 71.9 million inflow).

Cash generation has been affected by our choice to invest in especially growth capital expenditure of which we expect good revenue and profit contributions in the future.

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).

There were no current receivables from related parties in 2021 and 2020 and current payables due from related parties were equal to EUR nil million in 2021 (2020: EUR 0.3 million).

EUR'000	2021	2020
Total current assets	162,931	141,104
Cash and cash equivalents	(38,676)	(33,500)
Current receivable from related parties	(9)	(17)
Total current working capital assets	**124,246**	**107,587**
Total current liabilities	180,881	141,669
Current portion of loans and borrowings	(18,941)	(16,300)
Current payable from related parties	(31)	(162)
Total current working capital liabilities	**161,910**	**125,207**
Net Working Capital	**(37,664)**	**(17,620)**

As of 31 December 2021, the Group had a negative net working capital of EUR 37.7 million (31 December 2020 negative net working capital of EUR 17.6 million). Movement in net working capital is mainly attributable to increase in trade and other payables due to longer payment terms for capital expenditures and due to some other improvements.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts. As of 31 December 2021, the Group had cash and cash equivalents of EUR 38.7 million (31 December 2020: EUR 33.5 million) on its balance sheet.

EUR'000	2021	2020
Cash and cash equivalents	**38,676**	**33,500**

As at 31 December 2021, the Group had one revolving credit facility of EUR 30 million (31 December 2020: EUR 30 million). As at 31 December 2021 we have drawn EUR 2.4 million (31 December 2020: EUR 1.6 million) against this credit facility in the form of bank guarantees. In 2021, EUR 0.2 million of cash is restricted (2020: 0.1 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 314.3 million as at 31 December 2021 (31 December 2020: EUR 299.7 million). The increase in net loans and borrowings is mainly driven by new shareholder funding received to fund the rental services business offset by lower lease liabilities as these get paid over time.

EUR'000	2021	2020
Senior secured note	250,000	250,000
Lease liabilities	46,531	50,418
Other credit institutions	21,349	23,578
Total debt excl shareholder credit facility	**317,880**	**323,996**
Shareholder credit facility (incl. accrued interest)	35,126	9,192
Total debt incl shareholder credit facility	**353,006**	**333,188**
Total deferred financing costs	(4,565)	(5,627)
Total loans and borrowings as per note 21	**348,441**	**327,561**

EUR'000	2021	2020
Total loans and borrowings as per note 21	348,441	327,561
Less: Total deferred financing costs	(4,565)	(5,627)
Cash and cash equivalents	38,676	33,500
Net loans and borrowings	**314,330**	**299,688**

Financial performance indicators

The most important performance indicators for the Group are Revenue and Adjusted EBITDA. Both of these are reviewed and discussed in detail on a monthly basis between the Management Board and the Regional Directors.

4. RISK APPETITE AND MANAGEMENT

The Group sees many opportunities and possibilities to achieve its objectives. To achieve our strategic goals, the Group is prepared to accept certain risks. Our risk appetite depends on the nature of risks identified in three areas.

- strategic risks
- operational risks
- health risks
- financial and regulatory risks

Strategic risks

We are willing to take strategic risks related to breakthrough innovations and developing new products in plastic packaging and many of the game-changing solutions in the industry were developed by Schoeller Allibert. The Group also believes that the benefits of investing in sustainability outweigh the risks.

The major strategic risks we face are:

We are dependent on the successful development of new products and overhaul of existing products.

Our future results and our competitive position depend on our capacity to identify, develop, manufacture, market and sell new or improved products that appeal to our customers. We aim to introduce new products and relaunch and extend existing product lines on a regular basis, which involves capital expenditures to purchase new injection moulding machines and moulds.
The failure to launch a product successfully may give rise to increased costs and may affect customer perception of our other products. In addition, launching new or modified products might result in cannibalisation of sales of our existing products.

We continuously monitor customer preferences and market trends, offer a range of products to satisfy a wide spectrum of end uses and devote significant resources to developing and marketing new products in close cooperation with our customers, as well as to expanding and improving existing product lines.

Macroeconomic downturns

An economic downturn across the end-markets and geographic areas where our customers use our products may substantially reduce demand for our products and result in decreased sales volumes.

Management continues to diversify the geographical markets in which we operate to reduce the sensitivity of our results to changes in a specific economic environment. Furthermore, the spread of our customer base over various industries reduces the impact of negative changes in the economic climate as also evidenced during the Covid-19 crisis in recent years.

The loss of key customers or a decrease in customers' orders

Although we have a broad and diverse customer base, certain portion of our products are sold to a small number of customers, some of whom rely on us exclusively for the supply of such products, and we depend on those customers for our sales of those products. Our top ten customers accounted for approximately 38% (33% in 2020) of our revenues, with the largest customer (by revenue) accounting for approximately 27% (18% in 2020) of our revenue in the year ended 31 December 2021.

The Group has a strong focus on product quality, cost efficiency and product innovation and considers these key aspects to add value to the business of our customers, thereby reducing the risk of losing key customers.

Operational risks

The Group is committed to ensuring a safe working environment for our employees and we have robust monitoring and mitigation processes in place in this respect.

The Group takes Operational risk in delivering complex products to our customers, and manages this by investing in our people, assets and IT systems and operates processes designed to manage the operational risks associated with manufacturing complex products to a high quality.

The major operational risks we face are:

Volatile raw material costs

The raw materials upon which we depend in our production are virgin (new) and regrind (recycled) plastic, mostly Polypropylene Copolymer (PPC') and High-Density Polyethylene (''HDPE''). The prices of these raw materials tend to be highly variable and represent a substantial portion of our operating expenses.

- "The current high level of material costs and potentially further increases in material costs could impact the demand from our revenues".

The Group monitors the developments in raw material prices closely. We do not operate a hedging policy to mitigate the risk of adverse changes in the price of the raw materials, but instead aim to pass price changes on. The majority of our revenue is typically derived from contracts or other arrangements that allow us to pass-through raw material cost increases.

The loss of key employees

We rely heavily on our experienced regional managers and our research and development engineers. Attracting and retaining key members of our regional or executive management and key operational expertise is vital to the success of our business and operations.

Disruptions to our IT systems or failure to implement required IT development

We rely on our information technology systems to effectively manage and operate many of our key business functions, including our supply management, product manufacturing and distribution, order processing and other business processes.

The Group acknowledges the serious risk of cyber-attacks including the risk of ransom-ware. A risk mitigation program has been defined and is being implemented. We continuously monitor the development of cyber risks and amend our responses as and when required.

Health Risks

From the end of 2019 and especially since the start of 2020 and 2021, the Covid 19 virus has hit the world and, it has impacted Schoeller Allibert in several ways.

To mitigate risks of the current and any future health crises, our business will remain vigilant, focussed, flexible and attentive to any potential and real health crisis and will be prepared to get through any of these crises.

Environmental, Social and Governance Risks

As part of the Green Deal and Europe's transition to a Circular Economy, a multitude of new regulatory frameworks and laws will affect the group's activities. While this constitutes an opportunity for reusable packaging, there are risks, too, especially related to plastics as raw materials.

Financial and regulatory risks

The Group follows the principle of prudence in its financial strategy. This applies to our approach in assessing new investments and the risks in generating adequate returns as well as the financial controls and processes we have in place to monitor risks related to our performance. We assess sensitivities of the Group's performance to external factors during forecasting process and strategic plan updates.

The Group complies with laws and regulations of the countries where it operates as well as its internal policies such as the Code of Conduct.

The major financial and regulatory risks we face are: Variety of financial risks: credit risk, liquidity risk and market risk

The Group's exposure to the financial risks and its risk management strategies are described in detail in Note 32 – Financial risk management.

Financial reporting risk

Financial reporting risk arises mainly from inconsistent and delayed reporting process, which could negatively impact decision making in the Group.

The Group has a strong finance function and has been continuously harmonising policies and procedures for internal, financial and IT controls, training financial operational staff as well as exchanging best practices and internal risk assessments.

Internal controls include clear responsibilities on the part of operational and financial management for the maintenance of good financial controls and the production of accurate and timely management information, and clearly laid down appropriate authorization levels and segregation of accounting duties to the extent possible depending on the size of the individual locations.

Management periodically reviews reporting of trading results, balance sheets, cash flows and medium-term forecasts and uses these to monitor the performance and identify risks within individual business units at an appropriate stage and level.

Our business is highly regulated

The risk of non-compliance with statutory laws and regulations applies to all countries where Schoeller Allibert operates, and significant costs may need to be incurred to maintain the compliance.

Product liability claims

The sale of our products involves a risk of product liability claims against us by our customers and third parties. Our quality and environmental management system provides for, among other things, in-process control systems and inspection of our products at our in-house test centres. Our framework agreements with large customers generally limit our liability to product replacements, repairs or refunds.

Risk management and controls

Managing an effective risk and control environment is incorporated in our daily operations. We are continuously working on updating our control systems in response to the Group's changing business and regulatory environment.

The risks described above, divided into three areas, are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial may also materially and adversely affect our business or operations.

5. BUSINESS OUTLOOK

In 2021, the Company expanded its portfolio of products and services by starting the rental business. The market's acceptance of this new offering has been positive. The group believes that the rental business will support the company's growth and profitability in the next years.

We have seen the escalation of the conflict between Russia and Ukraine. Our thoughts go out to all people affected by the conflict and hope for resolution. We have considered the impact of the conflict and the sanctions imposed on Russia on our business. Whilst we have some sales in Russia and Ukraine, we believe the direct impact on our total business will not be significant.

Our overall sales level could be negatively impacted if oil and raw material costs would keep increasing.

Potential supply chain disruptions might impact the production of goods. We will monitor the developments in the (near) future on our business carefully. We will continue to pass on material and energy price increases to our customers as we have successfully done in 2021. We also look to secure raw material supply through a structured and diversified sourcing strategy.

We expect our investments in growth and cost savings to contribute to our results in 2022 as well as the fact that raw materials supply has been normalised (from Q4 2021) not hindering our production and sales anymore.

6. EVENTS AFTER THE REPORTING DATE

The Russia/Ukraine crisis, that developed from the end of February 2022, led to geo-political tensions with sanctions taken worldwide against Russia. This crisis in the last couple of weeks had adverse effects on commodity prices (oil, gas, wheat), which drove inflation rates up in the short term, as well as on volatility in stock prices worldwide. Potential supply chain disruptions might impact the production of goods, as might also be the case for services from the sanctions taken. Whilst we have some sales in Russia and Ukraine, we believe the direct impact on our total business will not be significant. We will monitor the developments in the (near) future on our business carefully.

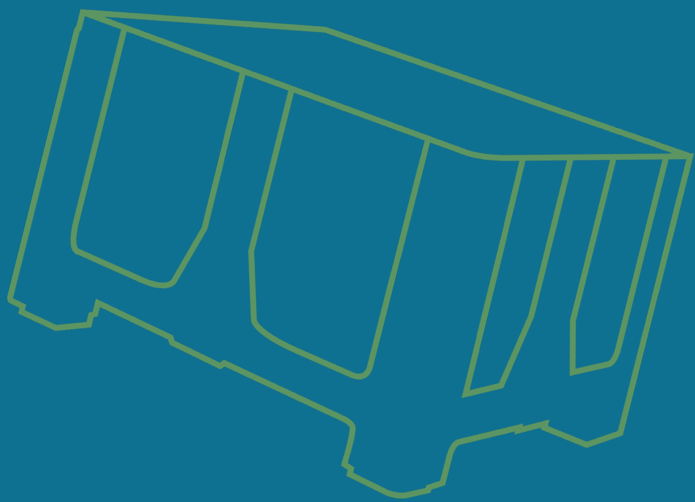
Hoofddorp, 15 April 2022

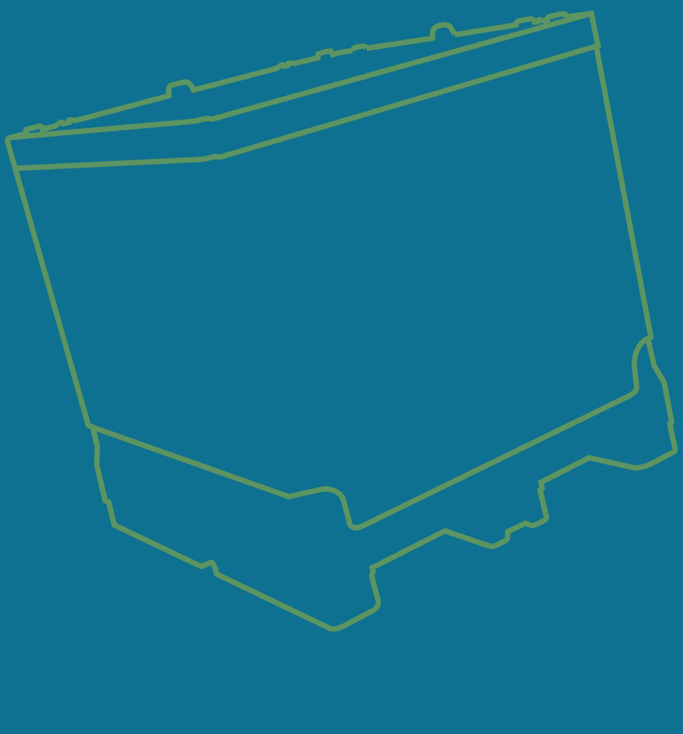
The Board of Directors:

L.S.C. Gielen

H.A. Kerkhoven

FINANCIAL STATEMENTS 2021





Consolidated Statement of Profit or Loss

EUR'000	Note	2021	2020
Revenue	6	609,004	520,084
Other income	7	2,735	62
Total Revenue		**611,739**	**520,146**
Raw materials and consumables used		(315,172)	*(237,656)
Costs for subcontracting		(8,071)	(2,239)
Employee benefit expense	8	(134,753)	(127,146)
Other operating expense	9	(89,607)	*(87,814)
Depreciation expense	12, 13	(37,779)	(34,624)
Amortisation expense	14	(2,426)	(1,871)
Total operating expenses		**(587,808)**	**(491,350)**
Operating profit		**23,931**	**28,796**
Finance income	10	167	200
Finance expense	10	(26,491)	(25,280)
Net finance expense	**10**	**(26,324)**	**(25,080)**
Share in result of equity accounted investments		68	(130)
Profit (Loss) before income taxes		**(2,325)**	**3,586**
Income tax	11	4,233	(2,921)
Profit (Loss) for the period		**1,908**	**665**
Attributable to:			
Owners of the Company		1,991	644
Non-controlling interests		(83)	21

*Figures are restated following a reclass of freight costs that were previously classified as raw materials which is now correctly included as part of other operating expenses.

The Notes on pages 30 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

EUR'000	Note	2021	2020
Profit for the period		**1,908**	**665**
Items that will not be reclassified to profit or loss:			
Re-measurements of retirement benefit obligations, net of tax		45	431
Re-measurements of retirement benefit obligations gross		90	477
Tax effect on Re-measurements of retirement benefit obligations		(45)	(46)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations, net of tax		4,279	(2,448)
Total comprehensive profit for the period, net of income tax		**6,232**	**(1,352)**
Attributable to:			
Owners of the Company		6,430	(1,425)
Non-controlling interests		(198)	73
Total comprehensive profit for the period		**6,232**	**(1,352)**

The Notes on pages 30 to 89 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

EUR'000	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment	12	149.836	119,353
Right-of-use asset	13	50.327	52,824
Intangible assets	14	15,488	13,092
Equity accounted investments	15	914	845
Other financial assets	16	22,263	16,727
Deferred income tax assets	24	18,018	12,386
Total non-current assets		**256,846**	**215,227**
Current assets			
Inventories	17	53,160	38,021
Trade and other receivables	18	60,993	58,487
Current income tax assets		860	709
Prepayments	19	9,242	10,387
Cash and cash equivalents	20	38,676	33,500
Total current assets		**162,931**	**141,104**
TOTAL ASSETS		**419,777**	**356,331**
EQUITY			
Share capital			
Share premium		106,979	106,979
Other reserves	26	(141,987)	(146,381)
Accumulated deficit		(70,270)	(72,306)
Equity attributable to owners of the Company		**(105,278)**	**(111,708)**
Non-controlling interests		1,481	1,680
Total equity		(103,797)	(110,028)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	21	329,501	311,185
Employee benefits	22	8,400	8,750
Provisions	23	194	440
Deferred income tax liabilities	24	4,601	4,240
Total non-current liabilities		**342,696**	**324,615**
Current liabilities			
Loans and borrowings	21	18,941	16,375
Provisions	23	1,157	515
Current income tax liabilities		1,364	1,659
Trade and other payables	25	159,416	123,195
Total current liabilities		**180,878**	**141,744**
Total liabilities		**523,574**	**466,359**
TOTAL EQUITY AND LIABILITIES		**419,777**	**356,330**

The Notes on pages 30 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other	Accumulated deficit	Total	Non-controlling interest	Total equity
As at 1 January 2021	**-**	**106,979**	**(146,381)**	**(72,306)**	**(111,708)**	**1,679**	**(110,029)**
Comprehensive income/(loss) for the year:							
Profit for the year	-	-	-	1,991	1,991	(83)	1,908
Other comprehensive expense for the year:							
Gain on remeasurement of net defined benefit liability, net of income tax: Note 22	-	-	-	45	45	-	45
Foreign currency translation differences - foreign operations; net of income tax	-	-	4,394	-	4,394	(115)	4,279
Total comprehensive loss for the year	**-**	**-**	**4,394**	**2,036**	**6,430**	**(198)**	**6,232**
As at 31 December 2021	**-**	**106,979**	**(141,987)**	**(70,270)**	**(105,278)**	**1,481**	**(103,797)**

EUR'000	Share capital	Share premium	Other	Accumulated deficit	Total	Non-controlling interest	Total equity
As at 1 January 2020	**-**	**106,979**	**(142,881)**	**(73,380)**	**(109,282)**	**607**	**(108,676)**
Reclassification							
Comprehensive income/(loss) for the year:							
Loss for the year	-	-	-	644	644	21	665
Other comprehensive expense for the year:							
Loss on remeasurement of net defined benefit liability, net of income tax: Note 21	-	-	-	430	430	-	430
Foreign currency translation differences - foreign operations; net of income tax	-	-	(2,500)	-	(2,500)	52	(2,448)
Total comprehensive income/(loss) for the year	**-**	**-**	**(2,500)**	**1,074**	**(1,426)**	**73**	**(1,353)**
Increase in subsidiary shareholding			(1,000)	-	(1,000)	1,000	-
As at 31 December 2020	**-**	**106,979**	**(146,381)**	**(72,306)**	**(111,708)**	**1,680**	**(110,028)**

The Notes on pages 30 to 89 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

EUR'000	Note	2021	2020
Operating result for the year		**23,931**	**28,796**
Adjustments for:			
Depreciation of property, plant and equipment and ROUA	12, 13	37,779	34,624
Amortisation of intangible assets	14	2,426	1,871
Gain on sale of property, plant and equipment	7	(2,735)	(62)
Other non-cash items		(487)	603
Change in:			
Inventories		(13,892)	(855)
Trade and other receivables		(1,272)	(7)
Prepayments		1,517	1,857
Trade and other payables		32,738	6,008
Provisions and employee benefits		(14)	(970)
Cash generated from operations		**79,991**	**71,864**
Net finance cost paid		(20,266)	(21,341)
Income tax paid		(1,482)	139
Net cash inflow from operating activities		**58,243**	**50,662**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,668	207
New long term loans receivable granted		(5,583)	(1,838)
Acquisition of property, plant and equipment		(52,228)	(24,783)
Acquisition of intangible assets		(4,080)	(5,003)
Net cash (outflow) from investing activities		**(58,223)**	**(31,417)**
Cash flows from financing activities			
Payment of transaction costs related to loans and borrowings		(1,111)	(602)
Proceeds from borrowings		25,206	15,702
Repayment of borrowings		(2,608)	(5,307)
Payment of lease liabilities		(17,524)	(16,966)
Net cash (outflow) from financing activities		**3,963**	**(7,173)**
Net change in cash and cash equivalents		3,983	12,072
Cash and cash equivalents at beginning of period		33,500	21,687
Net effect of exchange rate fluctuations on cash and cash equivalents		1,193	(259)
Cash and cash equivalents at end of period		**38,676**	**33,500**

The Notes on pages 30 to 89 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

1.1 THE COMPANY AND THE GROUP

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.

Schoeller Packaging B.V. 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.

Schoeller Packaging B.V. 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 Asset Management Inc., 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.

1.2 COMPOSITION OF THE GROUP

The significant entities that are part of the Group are disclosed in Note 31.

2. BASIS OF PREPARATION

2.1 GENERAL

The accounting policies applied in the preparation of these consolidated financial statements are set out below in Note 3. These policies have been consistently applied to all the years presented, unless otherwise stated.

All amounts are presented in EUR'000, unless stated otherwise. The balance sheet and income statement references have been included. These refer to the Notes.

2.2 STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU") for the year ended 31 December 2021. As the financial data of the Company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code). Furthermore, these consolidated financial statements have been prepared in accordance with Section 2:362(9) of the Dutch Civil Code.

These consolidated financial statements were authorised for issuance by the Board of Directors on 15 April 2022.

2.3 GOING CONCERN

The Group has a negative equity of EUR 103.8 million as well as loans and borrowings of EUR 348.4 million. This financial position has been carefully considered by management in the going concern assessment.

In a COVID-19 impacted economic environment and in spite of the unprecedented increase in resin prices and some supply shortages, the Group has managed to maintain a strong operating profit level.

Cash flow from operating activities improved significantly from EUR 71.9 million last year to EUR 80.0 million this year (+ 11%). The Group also achieved a positive net cash flow of EUR 5.2 million.

The Group has a stable financing structure provided by senior secured notes, a solid cash position as at 31 December 2021 and access to a EUR 30 million revolving credit facility. Furthermore, the Group has access to a credit facility of up to EUR 65 million from its shareholder Brookfield, subject to shareholder consent, of which EUR 10.1 million including capitalized and accrued interest was drawn as per 31 December 2021. The financing structure allows the group to pay its debts and commitments as and when they fall due for at least the next 12 months.

Included in the loans and borrowings is EUR 250 million 6.375% Senior Secured Notes that the Group issued on 25 October 2019. The maturity date of these notes is 1 November 2024. The Group is positive that it will be able to refinance this debt before the maturity date.

The Group has invested and continues to invest in new innovative products and services that contribute to revenue and operating result in current and future financial years. The investments needed are currently included in the Group's liquidity analysis.

Based on the above-mentioned, Management of the Group believes that the application of the going concern assumption for the 2021 consolidated financial statements is appropriate.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSS) AS ADOPTED BY THE EU

3.1 NEW AND AMENDED IFRS STANDARDS THAT ARE EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Group has applied following amendments to IFRS Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective in the EU for an accounting period that begins on or after 1 January 2021: Amendments to IFRS 9 Financial Instruments,

- IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform (Phase 2);
- Amendments to IFRS 16 Leases – Covid-19-Related Rent Concessions beyond 30 June 2021.

Impact of the initial application of Interest Rate Benchmark Reform

In the prior year, the Group adopted the Phase 1 amendments Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or herding instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. Adopting these amendments enables the Group reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 January 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented). However, at the end of the year, the Group does not have any fair value hedges or cash flow hedges in place.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
- Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

The Group will continue to apply the Phase 1 amendments to IFRS 9/IAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flow of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes. See note 32 for further details regarding changes made to the LIBOR-linked bank borrowings.
- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on SONIA.
- For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be

deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis

Impact of the initial application of Amendment to IFRS 16 Leases — COVID-19-Related Rent Concessions beyond 30 June 2021

In the prior year, the Group adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the Board in March 2021) from 1 January 2021.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
c) There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the March 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the March 2021 amendment has been recognised in the opening balance of retained earnings at 1 January 2021.

In the current period, the Group did not benefit from any rent concessions.

3.2 NEW AND REVISED IFRS STANDARDS ADOPTED BY THE EU IN ISSUE BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, The Group has not applied the following new standard and amendments to the existing Standards that have been issued and adopted by the EU but are not yet effective in the EU:

IFRS 17 (including the June 2020 Amendments to IFRS 17)	Insurance Contracts	Effective from 1.1.2023
Amendments to IFRS 3 Business Combinations	Reference to the Conceptual Framework	Effective from 1.1.2022
Amendments to IAS 16 Property, Plant and Equipment	Proceeds before Intended Use	Effective from 1.1.2022
Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assetsc	Onerous Contracts—Cost of Fulfilling a Contract	Effective from 1.1.2022
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture	Effective from 1.1.2022

The Group does not expect that the adoption of the amendments to the existing Standards listed above will have a material impact on the consolidated financial statements of the Group in future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost convention, except for:

- the FVOCI – equity instruments, which are initially recognised at fair value plus transaction costs and are subsequently carried at fair value,
- the net defined benefit liability, which is the difference between the present value of the defined benefit obligation and the fair value of plan assets, as explained in Note 21,
- the derivative financial instruments, which are recognised at fair value and subsequently carried at fair value.

The methods used to measure fair values are disclosed in Note 3.11.

Prepayments are released to the profit or loss account upon receipt of goods or services.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group and its direct and indirect subsidiaries. The list of individual legal entities included within these consolidated financial statements is provided in Note 31. Entities have been classified as subsidiary or associate as described below.

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it:

- has the power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- potential voting rights held by the Group, other vote holders or other parties,
- rights arising from other contractual arrangements, and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

Intergroup transactions, balances, income and expenses, and unrealised gains and losses on such transactions, have been eliminated on consolidation.

Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date, adjusted for the share of non-controlling interests in profit or loss and other comprehensive income since the date of acquisition.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid/received and the relevant share acquired/sold of the carrying value of net assets of the subsidiary is recorded in net investment.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.3 EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments represent associates, which are entities over which the Group has significant influence but not control, over the financial and operating policies, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost (including transaction costs), and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition until the date on which significant influence ceases. The Group's investment in associates includes goodwill identified on acquisition and the goodwill included in the carrying amount of the associate is note tested for impairment separately.

If the ownership interest in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to "share of profit/ (loss) of equity accounted investments" in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.

4.4 BUSINESS COMBINATIONS

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the consideration transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised fair values of the identifiable assets acquired and liabilities assumed.

Goodwill represents the future economic benefits that arise from assets that are not capable of being individually identified and separately recognised. When the thus determined goodwill is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Adjustments to the fair value of the consideration transferred and the provisional fair values of identifiable assets and liabilities in a business combination, identified within 12 months of the date of acquisition, are recognised retrospectively (and comparative information is revised), provided that the new information relates to conditions that existed at the date of acquisition.

At the end of the year, the group did not account for any business combinations.

4.5 FOREIGN CURRENCIES

Functional currency and presentation currency

These consolidated financial statements are presented in EUR, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the respective functional currency of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss as finance income or expense.

Foreign operations

The results and financial position of all foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities (including goodwill and fair value adjustments arising on the acquisition of a foreign entity) for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each statement of profit or loss are translated using the rate on the dates of the transactions (for practical reasons, an average exchange rate is used unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

Foreign currency differences are recognised in other comprehensive income and presented in the other reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency gains and losses arising from such item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income, and presented in the other reserve in equity.

4.6 PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss within "Other income".

Subsequent expenditure

Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component.

Items of property, plant and equipment are depreciated from the date that they are installed or completed and are ready for use.

The estimated useful lives of significant items of property, plant and equipment are as follows:

	Useful life
Buildings	20-30 years
Machinery and equipment	7-20 years
Own moulds	5-8 years
Other fixed assets	3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Land is not depreciated..

4.7 INTANGIBLE ASSETS

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes direct attributable costs and an appropriate portion of relevant indirect costs or overheads. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Other intangible assets relate to the trade name, customer, contractual rights and software.

Subsequent expenditure

Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it increases the future economic benefits embodied in the asset and it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives are as follows:

	Useful life
Trade name	20 years
Software	3-5 years
Development cost	3-7 years

Development costs are amortised over either the contractually agreed production numbers or the duration of the applicable project.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

4.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment, or more frequently if events or changes in circumstances indicate a potential impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. Goodwill acquired in a business combination is allocated to each of the cash generating units, or groups of cash generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. For an asset that does not generate independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Impairment losses are recognised in the statement of profit or loss and are allocated first to reduce the carrying amount of any goodwill allocated and then to reduce the carrying amounts of the other assets on a pro rata basis.

The Group assesses in subsequent financial periods, whether indications exist that impairment losses previously recognised for non-current assets may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset (or cash generating unit) is recalculated and its carrying amount is increased to the revised recoverable amount. The increase is recognised in the result. A reversal is recognised only if it arises from a change in the assumptions used to calculate the recoverable amount and to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

4.9 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(I) AMORTISED COST AND EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

(II) DEBT INSTRUMENTS CLASSIFIED AS AT FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss

(III) EQUITY INSTRUMENTS DESIGNATED AS AT FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

(IV) FINANCIAL ASSETS AT FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(I) SIGNIFICANT INCREASE IN CREDIT RISK

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; • significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- the financial instrument has a low risk of default;
- the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(II) DEFINITION OF DEFAULT

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(III) CREDIT-IMPAIRED FINANCIAL ASSETS

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or (e) the disappearance of an active market for that financial asset because of financial difficulties.

(IV) WRITE-OFF POLICY

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(V) MEASUREMENT AND RECOGNITION OF EXPECTED CREDIT LOSSES

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings. Refer to note 18.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Compound instruments

The component parts of convertible loan notes issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to other reserves. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option. Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

4.10 MEASUREMENT OF FAIR VALUE

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes reporting instructions towards subsidiaries regarding fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.11 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing it to their existing location. Costs for self-manufactured finished products and work in progress include an appropriate share of production overhead costs based on normal production.

4.12 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash at hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within current liabilities as a separate line.

4.13 LEASES

(A) THE GROUP AS LESSEE

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or nonlease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(B) THE GROUP AS LESSOR

As a lessor, the Group classifies each of its leases as either an operating lease or a financial lease. The substance of the transaction rather than the form of the contract determines if it is a finance or operating lease.

A finance lease is a lease that transfers substantially all the risks and rewards resulting from ownership of an underlying asset to the lessee. An operating lease is a lease that does not transfer substantially all the risks and rewards as a result from ownership of an underlying asset. A sublease should also be classified as finance or operational lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset, for example, an item of property, plant or equipment.

When the agreement is recognized as an operating lease the asset is classified as tangible assets and valued at cost less accumulated depreciation. The cost of an asset comprises the acquisition value and any initial direct costs related to the contract. The lease payments and the depreciations are included in profit or loss on a straight-line basis over the term of the lease.

Financial lease contracts are recognized as a receivable at an amount equal to the net investment in the lease and revenues are recognized in accordance with the revenue recognition principles.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

4.14 EMPLOYEE BENEFITS

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Obligations for contributions to defined contribution plans are recognised as employee benefit expense as the related service is provided.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in the current and prior periods, discounting that amount to a present value and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year.

The Group determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. This cost is included in finance expense in the statement of profit or loss. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses (arising from experience adjustments and changes in actuarial assumptions), the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are charged or credited to equity in Other Comprehensive Income in the period in which they arise. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

Termination benefits are expensed at the earlier of (a) when the Group can no longer withdraw the offer of those benefits and (b) when the Group recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.15 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expense.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for. Restructuring provisions comprise lease termination penalties and employee termination payments.

Claims

A provision for claims is recognised when the Group receives legal claims and estimates that there is a probable future outflow of resources.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

4.16 CURRENT AND DEFERRED INCOME TAX

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income. In this case, the tax is also recognised directly in equity or in Other Comprehensive income, respectively.

Current tax

Current income tax is calculated on the basis of the tax laws and tax rates enacted or substantively enacted at the reporting date and taxable income generated in the period and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused interest deductions available for carry forward, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to loss carry forwards and temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when the Group has the intention to settle the balances on a net basis.

Deferred income tax is not provided on the unremitted earnings of subsidiaries and joint ventures where the timing of the reversal of the remitting is controlled by the Group

4.17 REVENUE RECOGNITION

Sale of goods

Revenue from the sale of plastic returnable transport packaging in the market is measured at the fair value of the consideration received or receivable and represents amounts receivable from the sale of goods delivered during the year, net of returns, trade discounts, volume rebates and value added taxes. Revenue is recognised when it transfers control over goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The timing of the transfer of control varies depending on the individual terms of the sales agreement at the point in time when the performance of obligation based on the contract has been completed. Indicators of performance of obligation ranges from the delivery and collection of the goods being arranged by the customer from Schoeller Allibert's premises to the Group delivering the goods at customer's premises.

Rendering of service

Revenue from rendering of services comprises the revenue from leasing returnable transit packaging products to customers and revenue from logistical services. Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue to recognise is assessed based on surveys of work performed.

Revenue is recognised net of discounts, credit notes and taxes levied on sales when the service is rendered based on the contract with the customer.

4.18 FINANCE INCOME AND EXPENSE

Finance income comprises interest income and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.
Finance costs comprise interest expense on borrowings, amortisation of fees relating to the arrangement of borrowings, interest of net defined benefit obligations and the unwinding of the discount on provisions. Both finance income and finance costs are recognised using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

4.19 GOVERNMENT GRANTS

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included as a deduction in arriving at the asset's carrying amount and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

4.20 SEGMENT REPORTING

The Board of Directors is responsible for allocating resources and assessing performance of the operating segments and has been identified as the chief operating decision-maker that makes strategic decisions.

Management has determined the operating segments based on the information reviewed by the Board of

Directors for the purposes of allocating resources and assessing performance.

The Board of Directors considers the business from both a geographic and product perspective. Geographically, management considers the production and sale of Returnable Transport Packaging ("RTP") products' performance per region, also called the Manufacturing business. From a product perspective, management separately considers the Services activities of the Group. The Group's manufacturing activities represent the primary business of the Group. As the operating segments of the Services business and the individual operating segments are not meeting the aggregation criteria or individual reporting thresholds, these are all reported in "All Other segments".

Performance of operating segments is reported to the Board of Directors on a lower regional basis but for financial statement purposes, regions are aggregated to the following reportable segments, based on the fact that they are Euro-zone countries operating in a similar economic environment (Northern Europe, Central Europe and Southern Europe) and all other (mostly) European countries with various currencies. The rest of the operating segments are unchanged:

- Northern Europe: Includes the manufacturing of RTP products and the sale thereof in the Netherlands and Belgium, UK and Ireland, Sweden, Finland, Latvia and Russia.
- Central Europe: Includes the manufacturing of RTP products and the sale thereof in Germany, Austria, Switzerland, Czech Republic, Romania, Hungary and Poland.
- Southern Europe: Includes the manufacturing of RTP products and the sale thereof in France, Italy, Spain and Portugal.
- United States of America (USA): 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 and technical support in Asia and South America.

The Board of Directors assesses the performance of the operating segments on a regular basis.

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.

The Group does not allocate certain revenues and costs to operating segments. These unallocated items include primarily corporate overhead costs. These items are presented as "Holding/eliminations" in the segment information.

Due to the fact that no balance sheets measures per operating segment are included in the information regularly reviewed by the Board of Directors, only limited number of measures on assets are disclosed per segment.

4.21 PREPARATION OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows (e.g. translation differences and fair value changes) have been eliminated for the purpose of preparing this statement. Interest received and interest paid are included in operating activities. Dividends received are included in investing activities, whereas dividends paid to shareholders are included in financing activities.

Cash and cash equivalents comprise cash balances at the bank and in hand, and are used by the Group in the management of its short-term commitments.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

4.22 ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources, this includes, but are not limited to the determination of lease terms, impairment testing and going concern judgement. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The incremental borrowing rate is based on benchmark rate, credit risk premium rate and sovereign risk premium rate and liquidity risk premium rate.

Critical accounting estimates and assumptions

The assumptions and estimation uncertainties that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The Group estimates on some components pertaining to incremental borrowing rate based on data from external treasury advisers, provisions and contingencies and income taxes.

Recognition and measurement of provisions and contingencies

Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Group often raise difficult and complex factual and legal issues, which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law. In the normal course of business, legal counsel and other experts are consulted on matters related to litigation and taxes.

The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event a material adverse outcome is possible or an estimate is not determinable, the matter is disclosed. Also refer to Note 22 and Note 28.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Also refer to Notes 11 and 24.

Significant management judgment is required to determine the amount of deferred tax assets that shall be recognised..

Defined benefit plans

The Group makes contributions to defined benefit pension plans for qualifying employees in a number of European countries. The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of intangible assets

Intangible assets in the Group are carried at cost less straight-line amortisation over the estimated useful life of the assets concerned. Where applicable, trade names are recognised and amortised over the expected useful life of 20 years. The cost of internally generated goodwill and trade names is expensed. For the customer bases and contractual rights, useful life has been estimated and currently ranges between 9 and 10 years. Impairment tests are performed when there are indications that they are required. Software developed by third parties is capitalised at cost, provided its technical feasibility has been demonstrated. External costs for internally developed software, provided it satisfies a number of criteria including technical feasibility, are also capitalised. Maintenance contracts and licensing agreements relating to existing software are capitalised and amortised over the term of the contract. Software is amortised on a straight-line basis over the estimated useful life of 3 years.

Estimated useful lives of fixed assets

The majority of the Group's fixed assets relate to injection moulding machines and moulds, which are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. The determination of useful lives requires some managerial judgement

5. SEGMENT REPORTING

EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
External customers	172,581	266,136	135,591	98,511	71,637	(135,452)	609,004
Intersegment	(48,227)	(38,928)	(34,122)	(114)	(14,061)	135,452	-
Total Revenue	**124,354**	**227,208**	**101,469**	**98,397**	**57,576**	**-**	**609,004**
Operating profit	**4,392**	**9,156**	**(5,780)**	**(2,227)**	**18,390**	**-**	**23,931**
Other							68
Net finance cost							(26,324)
Income tax expense							4,233
Profit for the period ended December 31, 2021							**1,908**

EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
External customers	112,345	200,373	102,087	58,207	47,072	-	520,084
Intersegment	41,085	25,565	27,796	119	8,858	(103,423)	-
Total Revenue	**153,430**	**225,938**	**129,883**	**58,326**	**55,930**	**(103,423)**	**520,084**
						-	
Operating result	**9,510**	**9,302**	**2,349**	**(4,200)**	**11,835**	**-**	**28,796**
Other							(130)
Net finance cost							(25,080)
Income tax expense							(2,921)
Profit for the period ended December 31, 2020							**665**

Segment assets (being property, plant and equipment, right-of-use assets, intangible assets, inventory and trade receivables) are:

EUR'000	2021	2020
Northern Europe	69,277	63,917
Central Europe	88,080	78,790
Southern Europe	72,247	58,932
USA	39,086	27,862
All Other Segments	16,382	17,388
Holding	33,817	26,972
Segment assets	318,889	273,861
Other non-current assets	41,195	29,959
Other receivables and other current assets	59,693	52,511
Total assets	**419,777**	**356,331**

Entity-wide disclosures

The Group allocates the revenue from external customers to individual countries on the basis of the location in which the sale originated.

Revenues from external customers by country:

EUR'000	2021	2020
United Kingdom	66,257	61,882
The Netherlands	36,000	37,478
United States of America	98,397	58,207
Germany	187,089	168,529
France	60,313	55,556
Spain	32,701	37,635
Other countries	128,247	100,797
Revenue	609,004	520,084

Revenues from the individual countries included in other countries are each below 7% in both 2021 and 2020.

Our top ten customers accounted for approximately 38% (33% in 2020) of our revenues, with the largest customer (by revenue) accounting for approximately 27% (18% in 2020) of our revenue in the year ended 31 December 2021.

Non-current assets, comprising property, plant and equipment, right-of-use assets and intangible assets by country are as follows:

EUR'000	2021	2020
United Kingdom	20,855	21,242
The Netherlands	43,063	27,931
United States of America	20,054	15,715
Germany	40,148	38,811
France	27,078	20,821
Spain	20,117	17,856
Other countries /Holding	42,336	42,186
Total property plant and equipment, right-of-use asset and intangible assets	**213,651**	**184,562**

Non-current assets in the individual countries included in other countries relate mainly to the property, plant and equipment in Switzerland, Poland and Belgium.

6. REVENUE

EUR'000	2021	2020
Sale of goods	550,709	470,983
Services rendered	58,295	49,101
Revenue	609,004	520,084

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.

7. OTHER INCOME

EUR'000	2021	2020
Other income	2,735	62
Total other income	2,735	62

In 2021, significant increase is mainly from gain on sale of assets in Switzerland amounting to €2.5 million.

8. EMPLOYEE BENEFIT EXPENSE

EUR'000	2021	2020
Wages and salaries	92,767	88,305
Social security contributions	20,727	19,882
Temporary personnel	18,409	16,052
Contributions to defined contribution plans	2,204	2,266
Expenses related to defined benefit plans (Note 22)	646	641
Total employee benefit expense	134,753	127,146

Increase in wages and salaries mainly pertain to higher salary costs in operations.

In 2021, the Group established a management remuneration plan for executive directors. This is a share-based payment plan for which participants are entitled to the accretion of equity value of the parent company (Schoeller Packaging Holding B.V.) over time subject to various investing conditions being met. There are no expenses related to this that has to be recognised or accrued in the consolidated financial statements.

9. OTHER OPERATING EXPENSE

EUR'000	2021	2020
Energy	16,291	16,477
Maintenance and other direct cost	14,812	13,872
Freight	28,900	*27,870
Indirect production	7,374	7,176
Indirect selling	5,508	5,404
Administration and other operating cost	16,722	17,015
Total other operating expense	89,607	87,814

*Figures are restated following a reclass of freight costs that were previously classified as raw materials which is now correctly included as part of other operating expenses.

Maintenance and other direct cost consists of expenses related to the general upkeep of assets used in the normal business operations. Other direct costs is mainly coming from tools and other supplies and maintenance equipment hire.

Administration and other operating costs mainly consist of IT and communication related costs, consultancy and professional fees, insurance costs and other administrative costs.

10. NET FINANCE EXPENSE

EUR'000	2021	2020
Interest income on loans and receivables	167	200
Net foreign exchange gain	-	-
Finance income	167	200
Interest expense on borrowings	(18,638)	(19,274)
Interest expense on leases	(781)	(878)
Amortisation deferred financing fees	(2,174)	(2,284)
Net foreign exchange loss	(2,008)	(139)
Other financial expenses	(2,890)	(2,705)
Finance expense	(26,491)	(25,280)
Net finance cost	(26,324)	(25,080)

11. INCOME TAX EXPENSE

EUR'000	2021	2020
Current income tax		
Current tax on results of the year	(1,801)	(1,777)
Adjustment in respect of prior years	512	52
Total current income tax	(1,289)	(1,725)
Deferred tax (note 24)		
Origination and reversal of temporary differences	(2,210)	(951)
Impact of change in tax rate	36	(434)
Release or utilisation of recognized tax losses or recognition of losses	7,696	189
Total deferred tax	5,522	(1,196)
Income tax expense	4,233	(2,921)

In 2021, the Group recognised deferred tax assets for tax losses. The net defferred tax effect on the 2021 result of EUR 5.5 million was mainly caused by the additional recognition of tax loss carry forwards.

The theoretical amount of tax on the Group's result before taxation using the Dutch corporate tax rate differs from the tax that actually arises using the weighted average tax rate applicable to profits of the combined entities as follows:

	%	2021 EUR'000	%	2020 EUR'000
Profit (Loss) for the year before tax		(2,325)		3,619
Tax using the Group's domestic tax rate	25.0%	581	25.0%	(905)
Effect of tax rates in foreign jurisdictions	31.0%	722	-	-
Change in tax rate	1.6%	36	12.0%	(434)
Non-taxable income	62.0%	1.441	-21.2%	768
Non-deductible expenses	-128.0%	(2,976)	30.5%	(1,105)
Utilisation or release of tax losses	-62.3%	(1,447)	9.1%	(329)
Current year tax losses for which no deferred tax is recognised	-93.9%	(2,182)	57.9%	(2,087)
Recognition of previously unrecognised losses	376.7%	8,758	-35.8%	1,297
Re-assessment in respect of prior years	22.0%	512	-2.5%	91
Other	-52.2%	(1,213)	6.0%	(217)
Income tax expense	**182.0%**	**4,232**	**80.7%**	**(2,921)**

Other is impacted by effect of tax brackets and impact of tax rates for future years.

12. PROPERTY, PLANT AND EQUIPMENT

EUR'000	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
Property, plant and equipment at cost					
As at 1 January 2021	49,811	434,052	42,750	7,845	534,458
Reclassifications	7,744	14,360	(4,797)	(16,929)	377
Transfers	-	354	-	(671)	(317)
Additions	1,571	20,926	2,338	28,737	53,572
Disposals	(697)	(8,243)	(495)	(236)	(9,671)
Translation differences	942	8,175	608	353	10,078
As at 31 December 2021	59,371	469,624	40,404	19,099	588,498

Depreciation	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
As at 1 January 2021	32,803	350,294	32,009	-	415,106
Reclassifications	6,108	(2,432)	(3,784)		(108)
Depreciation for the year	1,554	20.794	1,765	-	24,113
Impairment	3	301	-	-	304
Disposals	(317)	(7,936)	(357)	-	(8,610)
Remeasurements	-	-	-		-
Translation differences	425	6,989	443	-	7,857
As at 31 December 2021	40,576	368,010	30,076	-	438,662
Carrying Amount					
As at 31 December 2021	18,795	101,614	10,328	19,099	149,836

Property, plant and equipment at cost	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
As at 1 January 2020	49,622	421,167	37,812	10,988	519,589
Transfers	322	15,843	432	(20,833)	(4,236)
Additions	82	5,794	5,338	18,021	29,235
Disposals	(7)	(3,899)	(406)	(15)	(4,327)
Translation differences	(207)	(4,853)	(426)	(316)	(5,802)
As at 31 December 2020	49,812	434,052	42,750	7,845	534,459

Depreciation	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
As at 1 January 2020	31,549	339,080	29,875	-	400,504
Transfers	24	(900)	1,101	-	225
Depreciation for the year	1,206	19,395	1,677	-	22,278
Disposals	(6)	(3,850)	(289)	-	(4,145)
Translation differences	30	(3,431)	(355)	-	(3,756)
As at 31 December 2020	32,803	350,294	32,009	-	415,106

Carrying amounts	Land and buildings	Machinery and equipment	Other equipment	Assets under construction	Total
As at 31 December 2020	17,009	83,758	10,741	7,845	119,353

Reclass and transfers mainly pertain to finance leased assets that were previously reported to machinery and equipment which have been correctly transferred to intangible fixed assets.

Assets under construction mainly pertain to equipments and molds that are being built, after the completion of which will be transferred to the appropriate asset class. Included in the assets under construction are prepayments that were capitalized pertaining to assets that are committed to third party.

During the year, in spite of the Covid-19 pandemic, the Group has not noted of any triggers that might impair any asset and there were no assets idle due to the current economic situation impacted by Covid-19 as well.

See also Note 20 for further information on tangible assets pledged as security for Senior Secured Notes.

13. LEASES

EUR'000	Right-of-use Asset Land and Buildings	Right-of-use Asset Machinery and equipment	Right-of-use Asset Other equipment	Total
Right-of-use Assets at cost				
As at 1 January 2021	**36,274**	**38,451**	**7,332**	**82,057**
Reclassifications	-	(996)	-	(996)
Additions	8,025	616	2,002	10,643
Disposals	(3,401)	(318)	(891)	(4,610)
Remeasurements	(56)	14	300	258
Translation differences	588	870	114	1,572
As at 31 December 2021	**41,430**	**38,637**	**8,857**	**88,924**
Depreciation				
As at 1 January 2021	**13,874**	**11,498**	**3,862**	**29,234**
Reclassifications	-	23	(9)	14
Depreciation for the year	7,769	3,550	2,043	13,362
Disposals	(3,401)	(200)	(891)	(4,492)
Translation differences	222	209	48	482
As at 31 December 2021	**18.464**	**15,080**	**5,053**	**38,597**
Carrying Amounts				
As at 31 December 2021	**22,966**	**23,557**	**3,801**	**50,327**
Right-of-use Assets at cost				
As at 1 January 2020	**28,110**	**36,286**	**5,256**	**69,652**
Transfers	-	3,890	-	3,890
Additions	12,038	204	1,117	13,359
Disposals	(322)	-	(434)	(756)
Remeasurements	(2,933)	(700)	1,488	(2,145)
Translation differences	(618)	(1,229)	(95)	(1,942)
As at 31 December 2020	**36,275**	**38,451**	**7,332**	**82,058**

EUR'000	Right-of-use Asset Land and Buildings	Right-of-use Asset Machinery and equipment	Right-of-use Asset Other equipment	Total
Depreciation				
As at 1 January 2020	**7,264**	**7,809**	**3,110**	**18,183**
Transfers	-	(27)	-	(27)
Depreciation for the year	7,000	3,329	2,018	12,347
Disposals	(322)	(30)	(434)	(786)
Remeasurements	193	670	(786)	77
Translation differences	(261)	(253)	(46)	(560)
As at 31 December 2020	**13,874**	**11,498**	**3,862**	**29,234**
Carrying amounts				
As at 31 December 2020	**22,401**	**26,953**	**3,470**	**52,824**

Reclass mainly pertain to finance leased assets that were previously reported to right-of-use machinery and equipmen which have been correctly transferred to intangible fixed assets.

The Group leases several assets including buildings, plant and IT equipment. The average lease term is 4 years (2020: 4 years).

The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

Some leases for buildings and equipment expired in the current financial year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of EUR 4.3 million in 2021 (2020: EUR 12.6 million). In 2021, total cash outflow related to leases amounts to EUR 17.5 million (2020: 17 million).

The maturity analysis of lease liabilities is presented in note 21.

Amounts recognised in profit and loss

EUR'000	2021	2020
Depreciation expense on right-of-use assets	13,362	12,347
Interest expense on lease liabilities	781	878
Income from sub-leasing right-of-use assets	0	811

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

EUR'000	2021	2020
Property, plant and equipment	4,917	2,041
Total capital commitments	4,917	2,041

14. INTANGIBLE ASSETS

EUR'000	Trade names	Software	Other assets	Total
Intangibles assets at cost				
As at 1 January 2021	5,250	15,226	2,342	22,818
Reclassifications	-	693	-	693
Additions	-	3,189	891	4,080
Translation differences	-	59	40	99
As at 31 December 2021	5,250	19,167	3,273	27,690
Amortisation				
As at 1 January 2021	2,187	6,873	666	9,726
Amortisation for the year	438	1,348	640	2,426
Translation differences	-	22	28	50
As at 31 December 2021	2,625	8,243	1,334	12,202
Carrying Amounts				
As at 31 December 2021	2,625	10,924	1,939	15,488
Intangibles assets at cost				
As at 1 January 2020	5,250	10,654	1,405	17,309
Transfers*	-	545	-	545
Additions	-	4,041	962	5,003
Disposals	-	-	-	-
Translation differences	-	(14)	(25)	(39)
As at 31 December 2020	5,250	15,226	2,342	23,440
Amortisation				
As at 1 January 2020	1,750	5,812	332	7,894
Transfers*	-	-	-	-
Amortisation for the year	437	1,076	358	1,871
Disposals	-		-	-
Translation differences	-	(15)	(24)	(39)
As at 31 December 2020	2,187	6,873	666	10,348
Carrying amounts				
As at 31 December 2020	3,063	8,353	1,676	13,092

See also Note 20 for further information on intangible assets pledged as security for Senior Secured Notes.

No impairment triggers have been identified in 2021, an impairment analysis have been performed by the Group and the Group have not recognised any impairment related to its intangible assets. The Group's accumulated amortization does not contain any historical impairments.

Group capitalized research and development costs that pertain to development of products, EUR 0.9 million (2020: EUR 0.8 million). Total research and development costs recognized for the year is EUR 3.0 million (2020: EUR 3.4 million).

15. EQUITY ACCOUNTED INVESTMENTS

The amounts recognised in the statement of financial position are as follows:

EUR'000	2021	2020
Equity accounted investments	914	845

The equity accounted investments balance concerns interests in Associates accounted for using the equity method. At year-end the Group had interests in the following associates:

Name of the associate	Place of business	2021	2020
Formy Tachov S.R.O.	Czech Republic	24%	24%

There are no contingent liabilities relating to the Group's interest in the associate.

Financial information for this investment is available to the Group, but the interests in this associate is individually immaterial.

The movements in equity accounted investments were as follows:

EUR'000	2021	2020
As at 1 January	845	785
Share of profits of equity accounted investments	69	59
Dividends received	-	-
As at 31 December	914	844

16. OTHER FINANCIAL ASSETS

EUR'000	2021	2020
Long term receivables related party	14,419	10,304
Long term receivables	7,805	6,382
FVOCI – equity instruments	39	41
Other financial assets	22,263	16,727

Long term receivables related party pertain to amounts receivables from the parent entity of the Group.

Long term receivable mainly pertains to non-current portion of oprating lease receivables from machineries and equipment leased to clients.

FVOCI – equity instruments are related to some small (less than 5%) participations in unlisted equity investments. The Group's exposure to credit, currency and interest risks, and impairment losses related to loans and receivables are disclosed in Note 32.

There is no loss allowance to our other financial assets as the Group deems the risk related to these assets as insignificant.

17. INVENTORIES

EUR'000	2021	2020
Finished goods	20,670	16,135
Raw materials and consumables	25,003	16,373
Other inventories	3,191	2,792
Work in progress	4,296	2,721
Inventories	53,160	38,021

Inventories have significantly increased mainly due to unprecedented increase in resin prices.

Other inventories represent engineering stocks, moulds and other materials which cannot be considered as raw materials or finished goods.

In 2021, the write-down of inventories to net realisable value amounted to EUR 0.2 million (2020: EUR 0.2 million). The reversal of write-downs following a change in estimates resulted in an income of EUR 0.1 million (2020: EUR 0.4 million). The write-down and reversal are included in profit or loss in the line raw materials and consumables used.

See also Note 20 for further information on inventory pledged as security for Senior Secured Notes.

18. TRADE AND OTHER RECEIVABLES

EUR'000	2021	2020
Trade receivables (gross)	51,680	52,131
Allowance for expected credit losses of receivables	(1,601)	(1,558)
Trade receivables (net)	50,079	50,573
Other taxes and social security contributions	10,902	7,889
Receivables due from related parties	9	17
Dividends receivable	-	-
Interest receivable	3	10
Other receivables	10,914	7,916
Trade and other receivables	60,993	58,489

The Group has factored EUR 58.0 million of trade receivables during the year 2021 (2020: EUR 52.3 million). The Group derecognises trade receivables factored since it no longer has contractual rights to the cash flows from the receivables that were factored.

The Group's exposure to credit and currency risks, and impairment losses related to trade and other receivables, is disclosed in Note 32.

The charge to the allowance for expected credit losses of receivables is recognised in the current year was EUR 0.3 million (2020: EUR 0.5 million) and is included in other operating costs.

Other receivables mainly pertain to other taxes and social security contributions, mainly VAT receivables.

See also Note 20 for further information on trade receivables pledged as security for Senior Secured Notes.

19. PREPAYMENTS

EUR'000	2021	2020
Prepayments	9,242	10,387

The prepayments include prepayments mainly pertain insurance, rent and other expenses.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purpose of the statement of cash flows:

EUR'000	2021	2020
Cash at bank and in hand	38,676	33,500

EUR'000	2021	2020
Central Cash Pool	22,933	18,520
Local Cash	15,418	14,677
Restricted Cash	228	76
Cash In Transit	97	227
Cash at bank and in hand	38,676	33,500
Bank overdrafts	-	-
Cash and cash equivalents	38,676	33,500

The Group has one revolving credit facility as at 31 December 2021 amounting to EUR 30 million (2020: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 2.4 million, covered by these facilities. The unused part of these facilities as at 31 December 2021 amounted to EUR 27.6 million (2020: EUR 28.4 million).

Significant restrictions

Cash and short-term deposits of EUR nil (2020: EUR 0.8 million) are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country.

21. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. The Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in Note 32.

EUR'000	Current	Non-Current	2021 Total	Current	Non-Current	2020 Total
Senior secured note	-	250,000	250,000	-	250,000	250,000
Deferred financing costs	-	(3,569)	(3,569)	-	(5,509)	(5,509)
Senior secured note at amortised cost	**-**	**246,431**	**246,431**	**-**	**244,491**	**244,491**
Other credit institutions	2,601	18,748	21,349	1,380	22,198	23,578
Shareholder credit facility (incl accrued interest)	-	35,126	35,126	-	9,192	9,192
Lease liabilities	16,340	30,192	46,532	14,996	35,423	50,418
Deferred financing costs		(996)	(996)		(118)	(118)
Total loans and borrowings	**18,941**	**329,501**	**348,442**	**16,375**	**311,185**	**327,560**

EUR'000	Carrying amount	2021 Fair value	Carrying amount	2020 Fair value
Senior secured note	250,000	255,025	250,000	260,938
Other credit institutions	21,349	21,349	23,578	23,578
Shareholder credit facility (incl accrued interest)	35,126	35,126	9,192	9,192
Lease liabilities	46,532	46,532	50,418	50,418
Total	353,007	358,032	333,188	344,126
Deferred financing costs	(4,565)	-	(5,627)	-
Total	**348,442**	**358,032**	**327,560**	**344,126**

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 at The Channel Island Securities Exchange Authority Limited.

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 and are secured by first-ranking security interest over the same assets that secure the Revolving Credit Facility.

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.

Shareholder Credit Facility

The Group, through its shareholder Schoeller Packaging Holding B.V., obtained a commitment for a EUR 65 million investor loan facility from entities affiliated with Brookfield Business Partners L.P. (the "Lender") in 2019. Amounts can be drawn up to EUR 65 million at an interest rate of 12% of the outstanding amount. The amounts drawn under the loan need to be repaid before 31 March 2029 (the "Termination Date"). On the Termination Date, the Lender can elect to convert any unpaid amounts to shares in Schoeller Packaging Holding B.V., such at its sole discretion.

The Group has obtained an additional EUR 25.0 milion loan wth a maturity date of 15 May 2025 which is subordinated and accrues an interest of 8.00%.

Other credit institutions

As of 31 December 2021, loans from other credit institutions consist of borrowings by subsidiaries in France Switzerland, Poland, Spain, Mexico and Germany.

France has a loan balance of EUR 9 million from Société Générale with a maturity date of 31 July 2026 and accrues an interest rate of 0.30%.

There is one loan in Switzerland with an outstanding balance of EUR 3.9 million which accrues interest at 1.35% is perpetual by nature and interest is fixed annually on 31 March. There are several loans in Germany with a total outstanding balance of EUR 1.2 million with various maturity dates and effective interest rates ranging from 3.30% - 3.69%

The loan in Mexico has a balance of EUR 0.1 million, the maturity date of which is on 30 September 2024 at an interest rate of 7.0%

There is a loan in Poland with a balance of EUR 2.3 million with a maturity date of 30 November 2025 at an interest rate of 4.42%.

Rentabox has a loan balance of EUR 3.7 million by the end of 2021, which is EUR 0.6 million with maturity of 2022 (Short-Term) plus EUR 3.1 million (Long-Term) with maturity of January 2027, which accrues interest at 8.5%.

Lease liabilities

Lease liabilities mainly pertain to leases of company cars, machinery and equipment and office and warehouses (note 13).

Revolving Credit Facility

The Group has one revolving facility as at 31 December 2021 amounting to EUR 30 million (2020: one revolving facility amounting to EUR 30 million). The Group has issued bank guarantees for a total amount of EUR 2.4 million, covered by these facilities. The unused part of these facilities as at 31 December 2021 amounted to EUR 27.6 million (2020: EUR 28.4 million).

22. EMPLOYEE BENEFITS

EUR'000	2021	2020
Net defined benefit liability	6,126	6,401
Obligations from other long-term employee benefits	2,274	2,349
Total employee benefits	8,400	8,750

Defined benefit obligations

The Group makes contributions to defined benefit plans for qualifying employees of its subsidiaries in France, Belgium, Germany and Switzerland. The defined benefit plans are funded through payments to insurance companies or trustee-administered funds, determined by actuarial calculations. The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The plan provides benefits in the event of retirement, death, or disability. The plan's benefits are based on age, salary and on an individual old age account. The plan is financed by contributions paid by the employees and by the employer. The assets are invested in qualified insurance policies

The Company has opted to apply the risk sharing features between employer and employees. The reduction of the defined benefit obligation was calculated based on a theoretical old age account of the employees. This theoretical old age account is calculated based on the plan formula and the theoretical entry date.

EUR'000	2021	2020
Present value of obligations	(15,939)	(15,436)
Fair value of plan assets	9,812	9,035
Net defined benefit liability	**(6,127)**	**(6,401)**

In France, the plan is partially insured. In Germany, the plan is provided via an insurance Group for a limited number of employees. In Belgium and Switzerland the plans are insured.

The movement in the defined benefit obligation and in the fair value of plan assets over the year is as follows:

EUR'000	2021	2020
Defined benefit obligations at 1 January	(15,436)	(16,092)
Reclassification to plan assets	(69)	-
Benefits paid by the plan	259	738
Plan amendments	438	525
Current service costs	(646)	(641)
Interest costs	(61)	(73)
Contributions plan participants	(252)	(226)
Gain (loss) recognised in other comprehensive income	256	379
Translation differences	(428)	(46)
Defined benefit obligations 31 December	(15,939)	(15,436)

EUR'000	2021	2020
Fair value of plan assets at 1 January	9,035	9,060
Reclassification to plan liabilities	-	-
Expected administrative expenses	(24)	(71)
Contributions by employer paid into the plan	431	404
Contributions Plan Participants	252	226
Interest income	16	16
Benefits paid by the plan	(39)	(688)
Expected return on plan assets	-	-
Re-measurement gains recognised in other comprehensive income	(211)	52
Translation differences	353	36
Fair value of plan assets at 31 December	9,813	9,035

The plan assets are invested in a mix of equity, debt instruments and real estate, spread over Europe.

Re-measurement gains and losses recognised in other comprehensive income (before tax effect).

EUR'000	2021	2020
Amount accumulated in equity at 1 January	(6,419)	(6,849)
Recognised on defined benefit obligation	256	379
Recognised on plan assets	(211)	52
Recognised during the year	45	431
Amount accumulated in Equity at 31 December	(6,374)	(6,418)

Defined benefit expense recognised in profit or loss:

EUR'000	2021	2020
Current service costs	646	641
Interest costs defined benefit obligation	45	57
Administrative expenses	24	71
Interest income on plan assets	-	-
Defined benefit expense	715	769

Other employment benefits

EUR'000	2021	2020
Obligations from other long-term employee benefits		
Recognised in the statement of profit and loss	(124)	(30)
Accumulated in equity	(30)	103

Other employee benefits include jubilee provisions, based on granted and built-up rights of employees to receive jubilee benefits. It also contains certain partial retirement plans. The amount recognised is determined using actuarial calculations.

23. PROVISIONS

EUR'000	Restructuring	Claims	Total
As at 1 January 2021	**481**	**474**	**955**
Provisions made during the year*	298	794	1,092
Provisions used during the year	(167)	(395)	(562)
Provisions reversed during the year	(90)	(43)	(133)
Effect of movements in exchange rates	-	(2)	(2)
As at 31 December 2021	**522**	**828**	**1,350**
Non-current	-	194	194
Current	522	635	1,157
Total provisions	**522**	**829**	**1,351**

EUR'000	Restructuring	Claims	Total
As at 1 January 2020	**1,238**	**390**	**1,628**
Provisions made during the year*	76	168	244
Provisions used during the year	(450)	-	(450)
Provisions reversed during the year	(383)	(84)	(467)
Effect of movements in exchange rates	-	-	-
As at 31 December 2020	**481**	**474**	**955**
Non-current	440	-	440
Current	41	474	515
Total provisions	**481**	**474**	**955**

*part of the severance payments made have been recorded as Employee Benefit Cost (see note 8; and have not been separately reflected in the movement of the provisions.

The economic outflow of non-current provisions is expected to occur within one to three years. The discount relates to an immaterial portion of claims provision.

Restructuring

The restructuring provision reflects the directors' best estimates of the cost to fulfil 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.

Claims

In 2021, the provision for claims included claims related to disputes with customers.

24. DEFERRED INCOME TAX ASSETS AND LIABILITIES

EUR'000	2021	2020
Deferred income tax assets	18,018	12,386
Deferred income tax liabilities	(4,601)	(4,240)
Net deferred income tax assets	**13,417**	**8,146**

The net movement on the deferred income tax account is as follows:

EUR'000	2021	2020
As at 1 January	8,146	9,484
Exchange differences	177	(132)
Net deferred tax charge/income per Income statement	5,054	(762)
Impact of change of rate	36	(434)
Tax credit relating to components of other comprehensive income	3	(10)
As at 31 December	**13,416**	**8,146**

Deferred income tax assets and liabilities are attributable to the following:

EUR'000	2021 Assets	2020 Assets	2021 Liabilities	2020 Liabilities	2021 Net	2020 Net
Property, plant and equipment	-	-	1,050	1,071	(1,050)	(1,071)
Intangible assets	170	974	-	-	170	974
Other assets	(37)	1,864	-	-	(37)	1,864
Inventories	1,304	1,003	17	30	1,287	973
Trade and other receivables	195	226	-	-	195	226
Loans and borrowings	-	-	1,871	3,917	(1,871)	(3,917)
Employee benefits	960	1,248	-	-	960	1,248
Provisions	67	10	-	-	67	10
Trade and other payables	433	1,928	424	474	9	1,454
Other items	2,895	293	1,239	(1,252)	1,656	1,545
Tax loss carry-forwards	12,031	4,840	-	-	12,031	4,840
Tax assets/(liabilities)	18,018	12,386	4,601	4,240	13,417	8,146

The Group recognised a net amount of deferred tax assets related to tax losses of EUR 7.3 million (2020: EUR 189 thousand loss) based on 2022-2026 profit projections per legal entity/ tax group.

Of the EUR 12.0 million recognized tax losses carried forward per yearend, approximately, 30% is expected to be realised in the next 12 months. Depending on the future taxable results, a part of deferred tax assets relating to tax loss carry forward now considered to be recoverable after 12 months may be recoverable in the short term, whereas tax losses carry forward now considered to be recoverable within 12 months may be recoverable in the long term.

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

EUR'000	As of 1 January 2021	Adjustment to opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Impact of the rate	Translation differences	As of 31 December 2021
Property, plant and equipment	(1,071)	3	119	-	33	(134)	(1,050)
Intangible assets	974	-	(804)	-	-	-	170
Other assets	1,863	-	(1,981)	-	-	81	(37)
Inventories	973	-	281	-	(30)	64	1,288
Trade and other receivables	227	-	(3)	-	(2)	(27)	195
Loans and borrowings	(3,917)	(6)	1,947	-	-	104	(1,872)
Employee benefits	1,248	-	(341)	3	41	10	961
Provisions	10	-	53	-	3	-	66
Trade and other payables	1,454	-	(1,481)	-	2	34	9
Other liabilities	1,544	3	-	-	91	18	1,656
Tax loss carry-forward	4,841	-	7,265	-	(102)	27	12,031
Net deferred income tax assets	8,146	-	5,055	3	36	177	13,417

EUR'000	As of 1 January 2020	Adjustment to opening balances	Recognised in profit or loss	Recognised in other comprehensive income	Impact of the rate	Translation differences	As of 31 December 2020
Property, plant and equipment	(1,595)	-	179	(110)	199	256	(1,071)
Intangible assets	571	101	504	-	(202)	-	974
Other assets	2,205	-	(321)	-	-	(21)	1,864
Inventories	1,070	-	(23)	-	8	(82)	973
Trade and other receivables	144	-	(9)	-	79	13	227
Loans and borrowings	776	-	(1,758)	147	(2,948)	(134)	(3,917)
Employee benefits	1,325	-	(29)	(46)	-	(2)	1,248
Provisions	8	-	2	-	-	-	10
Trade and other payables	187	-	504	-	830	(67)	1,459
Other liabilities	36	(101)	-	-	1,650	(41)	1,544
Tax loss carry-forward	4,756		189	-	(50)	(59)	4,836
Net deferred income tax assets	9,484	-	(762)	(9)	(434)	(137)	8,146

Deferred income tax assets have not been recognised for tax losses to the value of EUR 189.9 million (2020: EUR 214.5 million) and relate to the following countries:

EUR'000	2021	2020
The Netherlands	19,385	66,131
United States	150,481	135,155
France	10,031	3,829
Other	10,050	9,432
Total losses for which no deferred tax was recognised	189,947	214,547

The Group reported unrecognised unused tax losses of EUR 189.9 million (2020: EUR 214.5 million) which should be available for offset against future taxable profits (conditions and restrictions may apply). Losses of the Dutch Fiscal Unity that exist as per 1 January 2022 can be carried forward indefinitely. Losses from France can also be carried forward indefinitely. Losses generated in United States in tax year ending 2018 can be carried forward for 20 years while losses incurred after year end 2017 can be carried forward indefinitely. In the United States, losses generated until May 2018 may be restricted due to change in ownership. For these losses no deferred tax asset has been recognised mainly because the entities concerned reported tax losses in either the current or prior year and it is not probable that sufficient taxable profit will be available in the future against which the unused tax losses can be utilised. The expiry date of the losses differs per jurisdiction where the entity is tax resident.

The US unrecognised unused tax losses that relate to the period prior to May 2018, may be subject to certain limitations arising from ownership changes under Section 382 of the Internal Revenue Code of 1986, which the Group is in the process of evaluating. The Grouptherefore may not be able to realise a full tax benefit from the use of these US losses The US losses that relate to the period post May 2018 should not be restricted
by the Section 382 rules.

25. TRADE AND OTHER PAYABLES

EUR'000	2021	2020
Trade payables	79,011	59,829
Payables due to related parties	-	161
Taxes and social security contributions	9,368	9,422
Customer prepayments	12,021	3,029
Interest payable	2,793	2,729
Accrued salaries and wages	14,326	13,828
Accrued customer bonuses	11,367	10,069
Deferred income	8,648	5,796
Other accrued expenses	21,884	18,333
Trade and other payables	159,418	123,196

Significant increase in trade payables relate to the increase in resin prices and proper cash management.

Interest payable pertains to the accrued interest relating to senior secured notes, interest is accrued at 6.375%.

Accrued customer bonuses pertain to discounts and rebates received by some customers based on quantity purchased during the year. These are reported against total revenue.

Other accrued expenses mainly pertain to goods received not invoiced during the period.

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in the Note 32.

26. EQUITY

Share capital and share premium

The total number of ordinary shares outstanding at 31 December 2021 was 1 share with a nominal value of 1 EUR. The full nominal value of the share was paid up upon subscription for that share.

Share premium is the balance carried forward from Schoeller Allibert Group B.V. upon the incorporation of the entity. For a disclosure on the equity movement see the company-only accounts.

Other reserves

Other reserves contain legal reserves pertaining to internally developed intangible assets amounting to EUR 8.0 million and all foreign currency differences arising from the translation of the financial statements of foreign operations.

27. STATEMENT OF CASH FLOWS

27.1 PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

In the statement of cash flows proceeds from disposal of property, plant and equipment comprise of the following:

EUR'000	2021	2020
Net book value of property, plant and equipment disposed	1,180	145
Gain on disposal of property, plant and equipment	2.488	62
Proceeds from disposal of property, plant and equipment	3,668	207

27.2 ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

EUR'000	2021	2020
Proceeds from sale of property plant and equipment	3,668	207
Acquisition of property plant and equipment (note 12)	(52,228)	(24,783)
Acquisition of intangible assets	(4,080)	(5,003)
Additions per cash flow statement	**(52,640)**	**(29,579)**

28. CONTINGENCIES

Dutch fiscal unity

The wholly owned subsidiaries established in The Netherlands constitute a tax group for the purpose of Dutch corporate income tax together with the Group's shareholder Schoeller Packaging Holding B.V. As a consequence, the latter company and each subsidiary in the tax group is jointly and severally liable for Dutch corporate income tax liabilities of the tax group as a whole. The Group recognises the Dutch corporate income tax liabilities 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. As per 31 December 2021, contingencies that could arise from the legal proceedings is EUR 1.2 million..

29. TRANSACTIONS WITH NON-CONTROLLING INTEREST

Non-controlling interest for the period

The total non-controlling interest for the period results in a loss of EUR 91 thousand (2020: EUR 18 thousand loss), of which EUR 38 thousand loss is for Logipak Schoeller Allibert Spa (2020: EUR 1 thousand) and EUR 53 thousand loss for Schoeller Allibert GmbH (2020: EUR 7 thousand).

The Group has an 89.9% interest in the fully consolidated subsidiary Schoeller Allibert GmbH. The holder of the 10.1% non-controlling interest is Schoeller Packaging Holding B.V., the sole shareholder of Schoeller Packaging B.V., which has no specific rights to the assets, profits or dividends and has not provided specific guarantees in connection with debts or other liabilities. No dividends have been distributed to the non-controlling interest in 2021. Schoeller Allibert GmbH has EUR 14.6 million of shareholders' equity of which the minority shareholder holds a 10.1% share. The loss for 2021 was EUR 0.9 million, of which the share of non-controlling interest was EUR 0.1 million). Schoeller Allibert GmbH has assets of EUR 75.1 million that are financed by equity for approximately EUR 14.6 million, and the rest are financed by short-term and long-term liabilities.

30. RELATED PARTY DISCLOSURE

Parent and ultimate controlling party

Schoeller Packaging B.V. 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 Asset Management Inc., and 30% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems.

The largest group in which the results of the Group will be consolidated is that headed by Schoeller Packaging B.V.

Identity of related parties

The Group has a related party relationship with its (ultimate) shareholders and some of their affiliated companies (amongst others with RTP Holdings China B.V. and its subsidiaries ('RTP Group').

The members of the Supervisory Board of Schoeller Packaging B.V. and the Board of Directors of Schoeller Allibert Group B.V. are considered to be key management and related parties.

Transactions with key management and remuneration

The Group rented office premises in Belgium from a personal Group of one of the members of the Board of Directors for an expense of EUR 0.7 million (2020: EUR 0.7 million). There have been no further transactions with key management or any family members of key management. No loans or guarantees have been provided to key management or any family member of such persons.

The emoluments, including pension obligations and termination benefits, which were charged in the financial year to the Group and group companies for directors and former directors, amounted to EUR 1,499 thousand of which EUR 24 thousand relates to the contributions to defined contribution pension plans (2020: EUR 1,715 thousand of which EUR 33 thousand relates to pensions), and EUR 80 thousand for Supervisory Board members and former Supervisory Board members (2020: EUR 80 thousand).

Other related party transactions

In 2021, the Group rented office premises in Germany from Schoeller Holding SE & Co. KGaA for the amount of EUR 180 thousand (2020: EUR 180 thousand).

There are no long-term plans for management to engage any other related parties.

All outstanding balances with these related parties are priced on an arm's length basis. None of the balances are secured.

The following transactions were carried out with related parties:

EUR'000	2021	2020
Interest (income) / expense		
RTP Group	-	-
Schoeller Allibert Holding B.V.	-	(28)
Total	**-**	**(28)**

The following balances with related parties were outstanding at 31 December:

EUR'000	2021	2020
Short-term receivables due from related parties		
RTP Group	9	17
Total	**9**	**17**
Long-term receivables due from related parties		
Schoeller Packaging Holding B.V.	13,972	10,304
RTP Group	1	-
Other Managers Manco	444	-
Total	**14,417**	**10,304**
Payables due to related parties		
Schoeller Packaging Holding B.V.	35,271	9,643
Other non-significant related parties	-	-
Total	**35,271**	**9,643**

Other Managers Manco balance represents a receivable from Schoeller Packaging ManCo B.V. with regards to share issuance in Schoeller Packaging Holding B.V.

The Group has a related party relationship with Formy Tachov in which the company has a non-controlling interest in. During 2021, the Group has outstanding trade payables of EUR 1.2 million with Formy Tachov mainly pertaining to purchases of molds.

31. PRINCIPAL SUBSIDIARIES

The Group had the following subsidiaries on 31 December 2021.

Name	Country of incorporation	Nature of business	Ordinary shares held by the Group (%)
*Schoeller Allibert Netherlands B.V.	The Netherlands	Manufacturing and sale of RTP	100
*Schoeller Allibert Group B.V.	The Netherlands	Sale of RTP	100
*Schoeller Allibert Services B.V.	The Netherlands	Sale of RTP	100
*Schoeller Allibert WCF B.V.	The Netherlands	Intermediate holding Group	100
*LA Holding Ltd	United Kingdom	Intermediate holding Group	100
*Schoeller Allibert Ltd	United Kingdom	Manufacturing and sale of RTP	100
*Logtek Ltd	United Kingdom	Pooling related services	100
*Schoeller Allibert GmbH	Germany	Manufacturing and sale of RTP	89.9
*Schoeller Allibert International GmbH	Germany	Sales of RTP and moulds	100
Schoeller Allibert GmbH	Austria	Sale of RTP	100
Schoeller Allibert Sp zoo	Poland	Manufacturing and sale of RTP	100
*Schoeller Allibert SAU	Spain	Manufacturing and sale of RTP	100
Schoeller Allibert Sweden AB	Sweden	Sale of RTP	100
*Schoeller Allibert Belgium BV	Belgium	Sale of RTP	100
*Schoeller Allibert US, Inc.	The United States	Manufacturing and sale of RTP	100
*Schoeller Allibert France S.A.S.	France	Sale of RTP Group	100
Schoeller Allibert SIA	Latvia	Manufacturing and sale of RTP	100
Schoeller Allibert Swiss Sarl	Switzerland	Manufacturing and sale of RTP	100
Schoeller Allibert SpA	Italy	Sale of RTP	100
Schoeller Allibert Oy	Finland	Sale of RTP	100
Ao Schoeller Allibert	Russia	Sale of RTP	100
Schoeller Allibert Czech Republic s.r.o.	Czech Republic	Sale of RTP	100
Schoeller Allibert International SpA	Chile	Sale of RTP	100
Schoeller Allibert Hungary Kft	Hungary	Sale of RTP	100
Schoeller Arca Systems Trading (Shanghai) Co. Ltd	China	Sale of RTP	100
Schoeller Allibert Srl	Romania	Sale of RTP	100
Schoeller Allibert India LLP	India	Sale of RTP	100
Schoeller Allibert International Mexico S.A. de C.V.	Mexico	Sales of RTP and moulds	100
Logipak Schoeller Allibert Spa	Chile	Sale of RTP and moulds	60
Schoeller Allibert Holding France SAS	France	Intermediate holding Group	100
Schoeller Allibert Hong Kong Ltd	Hong Kong	Intermediate holding Group	100
Renta Box SAU	Spain	Pooling related services	100
Schoeller Allibert International Middle East LLC	United Arab Emirates	Pooling related services	100

*Denotes a guarantor entity. Further financial information on guarantor / non-guarantor entities is available in Note 20.

All subsidiary undertakings are included in the consolidated financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent Group does not differ from the proportion of ordinary shares held.

32. FINANCIAL RISK MANAGEMENT

32.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk; cash flow interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

EUR'000	2021	2020
Other financial assets	22,263	16,727
Trade and other receivables	60,993	58,487
Cash and cash equivalents	38,676	33,500

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and the country in which customers operate, has an influence on credit risk. On the statement of financial position date there were no significant geographic concentrations of credit risk.

The Group has strict policies regarding credit and payment terms which are closely monitored at local and corporate level. Credit limits are established for all customers and these limits are periodically reviewed. The Group has credit insurance policies in place for specific regions or customer groups and applies credit insurance where this is feasible. Transactions with customers that fail to meet the Group's credit policy are monitored. This risk assessment can result in these customers only transacting with the Group on a prepayment basis.

In 2021, our top ten customers accounted for approximately 38% (33% in 2020) of our revenues, with the largest customer (by revenue) accounting for approximately 27% (18% in 2020) of our revenue in the year ended 31 December 2021. The Group actively manages this risk through a combination of frequent senior management contact and credit insurance.

The allowance for expected credit losses of receivables of EUR 1.6 million (2020: EUR 1.6 million) is mainly related to receivables past due more than 90 days. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on historical experienced credit losses regarding ovedue periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. A periodical review is performed whether an allowance for credit losses is needed by considering factors such as payment history, credit quality, expected lifetime losses and current economic conditions that may affect a customer's ability to pay.

The movement in the allowance for expected credit losses of receivables during the year was as follows:

EUR'000	2021	2020
As at 1 January	1,548	1,494
Impairment recognised during the year	286	539
Receivables written off during the year as uncollectible	(134)	(279)
Unused amount reversed	(125)	(191)
Translation difference	(16)	(15)
As at 31 December	1,559	1,548

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

EUR'000	2021	2020
Domestic	6,827	9,525
Euro-zone countries	29,451	26,178
United Kingdom	7,779	5,975
Other European countries	4,477	3,940
United States	8,402	7,109
Other regions	3,761	5,760
Total trade and other receivables	60,697	58,487

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

EUR'000	2021	2020
Neither past due nor impaired	54,806	51,053
Past due 1 – 30 days	2,448	5,064
Past due 31 – 90 days	3,084	1,558
Past due 91 – 120 days	280	256
Above 120 days	79	556
Total trade and other receivables	60,697	58,487

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 38,676 thousand at 31 December 2021 (2020: EUR 33,500 thousand), which represents its maximum credit exposure on these assets.

The primary objective of the Group's credit risk management is to ensure that it maintains cash with financial institutions that have a strong credit rating. As of 31 December 2021, over 90% of the Group's cash at bank and in hand was held at financial institutions with a credit rating of A or higher.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group tries to mitigate the liquidity risk by focusing on cash flow generation, working capital developments and expected operational expenses. The Group uses a system of cash flow forecasting per operating Group for the assessment and monitoring of cash flow requirements.

Based on the budget and forecast, Management has prepared an analysis of the projected cash flows covering at least 12 months as from the date of these financial statements. This projected cash flow shows that sufficient liquidity is available to ensure the Company is able to meet its obligations and fund its activities.

The Group is largely financed through Senior Secured Notes that were issued in October 2019 and will mature in 2024. The arrangement consists of EUR 250 million long-term notes and EUR 30 million revolving facility.

The maturity dates relating to Loans and borrowings and Trade and other payables can be summarised as follows:

EUR'000	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
As at 31 December 2021				
Loans and borrowings	2,601	257,901	41,408	301,910
Lease liabilities	5,852	12,237	28,442	46,531
Trade and other payables	159,418	-	-	159,418
As at 31 December 2020				
Loans and borrowings	1,380	261,714	14,048	277,142
Lease liabilities	14,996	16,476	18,946	50,418
Trade and other payables	123,195	-	-	123,195

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity prices and raw material prices will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk

The Group operates in different countries and uses the Euro as its reporting currency. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

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

In 2021, approximately 63% (2020: 70%) of revenue was generated in 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 Pound Sterling could materially affect the combined 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 mitigates the risks of transactional currency exposures by natural hedges. The Group might use forward exchange contracts or currency swaps to hedge forecasted cash flow transactions.

Exposure to currency risk

The summary of quantitative data about the Group's exposure to foreign currency risk provided to management of the Group based on its risk management policy was as follows:

	2021 EUR	2021 USD	2021 GBP	2020 EUR	2020 USD	2020 GBP
Trade receivables	45,008	23,096	931	51,969	16,677	3,775
Cash	21,604	2,632	6,225	30,533	15,165	(1,540)
Derivative financial instruments	-	-	-	-	-	-
Trade payables	(60,240)	(3,533)	(8,213)	(41,800)	(5,536)	(8,130)
Net balance sheet exposure	6,371	22,194	(1,057)	40,702	26,306	(5,895)

The following significant exchange rates applied during the year:

	2021 Average rate	2020 Average rate	2021 Spot rate	2020 Spot rate
	EUR	EUR	EUR	EUR
US dollar	0.844	0.875	0.883	0.815
British pound	1.161	1.129	1.190	1.112

A strengthening (weakening) of the Euro against the USD and GBP at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

EUR'000	2021	2020
(Weakening of 10%)		
US dollar	1,470	1,608
British pound	94	465

The effect on equity and profit/loss are the same as the Group does not hedge neither US dollar nor British pound on a regular basis. A 10% strengthening of these currencies would have an equal and opposite effect.

Price risk

The Group has limited exposure to equity securities price risk because of investments held by the Group and classified on the combined statement of financial position as FVOCI – equity instruments. The Group's investments are unlisted equity investments.

The raw material upon which we depend in our production is virgin (new) and regrind (recycled) plastic, mostly Polypropylene Copolymer ('PPC') and High-Density Polyethylene ('HDPE'). The prices of these raw materials tend to be cyclical and highly variable and represent a substantial portion of our cost. Our supply agreements typically provide for market-based pricing. The majority of our revenue is typically derived from contracts or other arrangements that allow us to pass-through raw material cost increases, mostly with a time lag of approximately six weeks.

Fair value and cash flow interest rate risk

The Group sensitivity to cash flow interest rate risk is limited as the Group is mainly financed by EUR 250 million Senior Secured Notes which have a fixed rate of 6.375%. Fixed rate Senior Secured Notes expose the Group to fair value interest rate risk. The Group has not hedged the interest rate risk exposure.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

EUR'000	2021	2020
Fixed rate instruments		
Financial assets	10	540
Financial liabilities	(348,442)	(327,722)
Net fix rate instruments	(348,432)	(327,187)
Variable rate instruments		
Financial assets	13,972	*10,304
Financial liabilities	-	-
Net variable rate instruments	13,972	10,304
Zero rate instruments		
Financial assets	107,474	98,343
Financial liabilities	(100,400)	(72,441)
Net zero rate instruments	7,074	25,902

*figures are restated to reflect the appropriate allocation of financial instruments.

Zero rate instruments include non-interest bearing long term receivables from related parties and long term receivables.

An increase of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss statement by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

The effect on equity and profit or loss statement are the same as the Group does not hedge interest rates.

EUR'000	2021	2020
Variable rate instruments	140	75

Following the issue of Senior Secured Notes in October 2019, the Group significantly limited its cash flow interest rate risk.

Offsetting

The Group has not offset financial assets and liabilities in its consolidated balance sheet as of 31 December 2021 and 31 December 2020.

32.2 CAPITAL MANAGEMENT

The Group's objective is to ensure that it maintains capital ratios required to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of equity (comprising issued capital, reserves, retained earnings and non-controlling interests) and net debt (borrowings and lease liabilities disclosed in Note 21 minus cash and cash equivalents)

The Group monitors capital using a net leverage ratio, which is defined as debt to earnings ratio.

The group is not subject to any externally imposed capital requirements.

32.3 FAIR VALUE ESTIMATION

The fair values of financial assets and liabilities on 31 December 2021 and 2020 (based on discounted cash flows) are as follows:

EUR'000 Financial liabilities	2021 Carrying amount	2021 Fair value	2021 Fair value hierarchy	2020 Carrying amount	2020 Fair value	2020 Fair value hierarchy
Senior secured note	250,000	255,025	1	250,000	260,938	1

All other financial financial assets are classified under level 3 instruments.

33. EMPLOYEES

The Group employed the following average number of employees:

	2021	2020
The Netherlands	235	235
Germany	468	457
France	342	387
Spain	163	160
The United Kingdom	424	448
Other countries	396	385
Total average number of employees	2,028	2,072

34. FEES OF THE INDEPENDENT AUDITOR

The following fees for the financial year 2021 have been charged by Deloitte Accountants B.V. and other Deloitte member firms and affiliates to the Group, its subsidiaries and other consolidated entities:

EUR'000	Deloitte Accountants B.V.	Other Deloitte member firms	Total Deloitte
Assurance services	375	547	922
Other assurance services	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total fee	**375**	**547**	**922**

The following fees for the financial year 2020 were charged by Deloitte Accountants B.V and other Deloitte member firms and affiliates to the Group, its subsidiaries and other consolidated entities:

EUR'000	Deloitte Accountants B.V.	Other Deloitte member firms	Total Deloitte
Assurance services	285	524	*809
Other assurance services	-	-	-
Tax advisory services	-	-	-
Other non-audit services	-	-	-
Total fee	**285**	**524**	***809**

*2020 amounts have been adjusted to include audit fees charged to subsidiaries.

35. EVENTS AFTER THE REPORTING DATE

The Russia/Ukraine crisis, that developed from the end of February 2022, led to geo-political tensions with sanctions taken worldwide against Russia. This crisis in the last couple of weeks had adverse effects on commodity prices (oil, gas, wheat), which drove inflation rates up in the short term, as well as on volatility in stock prices worldwide. Potential supply chain disruptions might impact the production of goods, as might also be the case for services from the sanctions taken. Whilst we have some sales in Russia and Ukraine, we believe the direct impact on our total business will not be significant. We will monitor the developments in the (near) future on our business carefully.

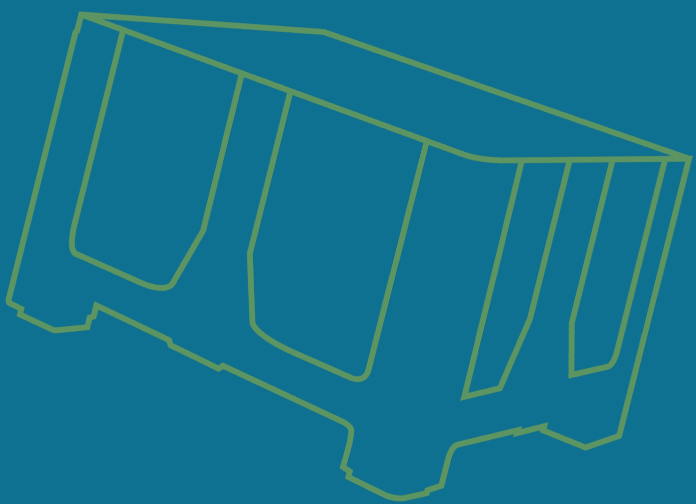
Hoofddorp, 15 April 2022

The Board of Directors:

L.S.C. Gielen

H.A. Kerkhoven

COMPANY FINANCIAL STATEMENTS



Company Balance sheet

(before profit appropriation)

EUR'000	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment		-	-
Right-of-use asset		-	-
Intangible assets		-	-
Equity accounted investments		-	-
Financial assets	2	97,926	72,853
Loans to subsidiaries	3	102,970	77,626
Total non-current assets		**200,986**	**150,479**
Current assets			
Inventories		-	-
Trade and other receivables		-	-
Prepayments		-	-
Cash and cash equivalents		3	1
Total current assets		**3**	**1**
TOTAL ASSETS		**200,899**	**150,480**
EQUITY			
Share capital		-	-
Share premium	4	106,943	106,943
Other reserves	4	(3,826)	(8,260)
Accumulated deficit	4	(210,386)	(211,030)
Unappropriated result		1,991	644
Total equity	**4**	**(105,278)**	**(111,703)**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	5	303,197	259,525
Employee benefits		-	-
Total non-current liabilities		**303,197**	**259,525**
Current liabilities			
Loans and borrowings	5	-	-
Bank overdrafts		-	-
Provisions		-	-
Trade and other payables	6	2,980	2,659
Total current liabilities		**2,980**	**2,659**
Total liabilities		**306,177**	**262,184**
TOTAL EQUITY AND LIABILITIES		**200,899**	**150,480**

Company Statement of Profit or Loss

The Notes on pages 93 to 99 are an integral part of the company financial statements.

EUR'000	2021	2020
Share of gain of investments after tax	20,316	18,848
Other income and expense after tax	(18,324)	(18,204)
Income (Loss) for the period	**1,992**	**644**

NOTES
TO THE COMPANY
FINANCIAL
STATEMENTS

1. BASIS OF PREPARATION

1.1 GENERAL

The company financial statements of Schoeller Packaging B.V. ("SP" or "the Company") have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company financial statements are prepared with carrying amounts of investments in companies where the company has significant influence measured using the net asset value and applying the accounting policies of the consolidated financial statements. The Company uses of the option provided in section 2:362(8) of the Dutch Civil Code for setting the principles for the recognition and measurement of assets and liabilities and determination of results in the Company financial statements. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result of the financial statements of the Company are the same as those applied in the consolidated financial statements. In case no other principles are mentioned, refer to the accounting principles as described in the consolidated financial statements.

As the financial data of the company are included in the consolidated financial statements, the income statement in the company financial statements is presented in its condensed form (in accordance with article 402, Book 2 of the Dutch Civil Code).

For an appropriate interpretation, the company financial statements of the Company should be read in conjunction with the consolidated financial statements.

All amounts are presented in EUR'000, unless stated otherwise. References have been included in the statement of financial position and the statement of profit or loss. These refer to the Notes.

In 2019, the Company guaranteed the liabilities of the following of its Dutch group companies in accordance with the provisions of the article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code. As a consequence, these companies are exempt from publication requirements:

- Schoeller Allibert Group B.V.
- Schoeller Allibert Services B.V.
- Schoeller Allibert Netherlands B.V.
- Schoeller Allibert WCF B.V.

The Company has one direct subsidiary – Schoeller Allibert Group B.V. The complete list of indirect subsidiaries of Schoeller Packaging B.V., is presented in the Note 32 to consolidated financial statements.

In relation to receivables and loans to related parties, in line with the Group's the adoption of IFRS 9, and our interpretation of the Dutch Accounting Standard 100.107A, the Group, upon identification of credit loss on an intercompany loan and/or receivable, eliminates the carrying amount of the intercompany loan and/or receivable for the value of the identified credit loss.

2. FINANCIAL ASSETS

EUR'000	2021	2020
Investments in subsidiaries	97,926	72,853
Total financial assets	97,926	72,853

Movement in investment in subsidiaries pertain to the share of gain of investments after tax for the period of EUR 20.3 million and foreign exchange movements.

3. LOANS TO SUBSIDIARIES

EUR'000	2021	2020
Loans to subsidiaries	102,970	77,626

Schoeller Packaging B.V. has an outstanding intercompany loan with Schoeller Allibert Group B.V. This is a long term variable loan to fund the operations. Management performs some high-level analysis, which considers forward-looking qualitative and quantitative information, to determine if the intercompany loan is low credit risk at 31 December 2021.

4. EQUITY

Equity attributable to owners of the Company

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
Balance as at 1 January 2021	-	106,943	(8,260)	(211,030)	644	(111,703)
Profit for the year					1,991	1,991
Other comprehensive income for the year:						
Gain on remeasurement of net defined benefit liability, net of income tax			45			45
Increase in subsidiary shareholding						
Foreign currency translation differences – foreign operations; net of income tax			4,389			4,388
Result appropriation		-	-	644	(644)	-
Balance as at 31 December 2021		106,943	(3,827)	(210,386)	1,991	(105,278)

Equity attributable to owners of the Company

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Unappropriated result	Total
Balance as at 1 January 2020		106,943	(5,196)	(198,939)	(12,091)	(109,282)
Profit for the year					644	644
Other comprehensive income for the year:						
Gain on remeasurement of net defined benefit liability, net of income tax			430			430
Increase in subsidiary shareholding			(1,000)			(1,000)
Foreign currency translation differences – foreign operations; net of income tax			(2,494)			(2,494)
Result appropriation				(12,091)	12,091	
Balance as at 31 December 2020		106,943	(8,260)	(211,030)	644	(111,703)

5. LOANS AND BORROWINGS

EUR'000	2021	2020
Senior secured notes	250,000	250,000
Shareholder loans	35,271	9,767
Loans from Subsidiaries	21,495	5,267
Deferred financing cost	(3,569)	(5,509)
Total loans and borrowings	303,197	259,525

See also Note 21 of the consolidated financial statements for further information on Senior Secured Notes and the Shareholder Loans.

6. PROVISIONS

EUR'000	2021	2020
Opening balance	-	106,035
Additions/ (Reversals)	-	(106,035)
As at 31 December	-	-

As mentioned in note 1.1 and note 2, the Company guaranteed the liabilities of its Dutch group companies in 2019 in accordance with the provisions of the article 403, paragraph 1, Book 2, Part 9 of the Netherlands Civil Code and as such recorded a provision in relation to these guarantees.

The provision was accounted for the subsidiary of the Company - Schoeller Allibert Group B.V, which has negative equity in 2019.

In 2020, Schoeller Packaging B.V. contributed equity to Schoeller Allibert Group B.V. making the equity positive and no longer requiring the provision.

7. TRADE AND OTHER PAYABLES

EUR'000	2021	2020
Trade payables	-	2
Accrued salaries and wages	2,980	2,656
Deferred income	-	-
Other		
Trade and other payables	2,980	2,658

8. DIFFERENCE IN EQUITY AND LOSS BETWEEN THE COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

In 2021, the difference between equity according to the company balance sheet and equity according to the consolidated balance sheet of EUR 1,481 thousand, which represents non-controlling interest. Likewise, the difference in the profit (loss) according to the company income statement and the profit (loss) according to the consolidated income statement of EUR (83) thousand which represents the non-controlling interest.

EUR'000	Consolidated Financial Statements	Company Financial Statements	2020 Difference
Total equity	(110,028)	(111,703)	1,675
Net loss for the year	665	644	21

EUR'000	Consolidated Financial Statements	Company Financial Statements	2021 Difference
Total equity	(103,797)	(105,278)	1,481
Net loss for the year	1,908	1,991	(83)

Total equity of Consolidated Financial statements and Company financial statements show a difference of EUR 1,675 thousand while Net loss for the year shows a difference of EUR 21 thousand due to non-controlling interest.

9. EMPLOYEES

The Company did not have any employees during 2021. Please refer to note 30 of the consolidated financial statements.

10. PROPOSED APPROPRIATION OF LOSS

The General Meeting will be asked to approve that the profit of EUR 1,991 thousand is added to the Accumulated deficit.

11. EVENTS AFTER THE REPORTING DATE

See note 35 on page 89 of the accounts for the events after the reporting date

The Company financial statements on pages 93 to 97 were authorised for issue by the Board of Directors on 15 April 2022 and were signed on its behalf:

Hoofddorp, 15 April 2022 | **L.S.C. Gielen**

The Board of Directors: | **H.A. Kerkhoven**

OTHER INFORMATION

Provisions in the Articles of Association relating to result appropriation

The results as determined through the adoption of the financial statements shall be at the disposal of the General Meeting. The General Meeting may decide to make a distribution, to the extent that the shareholders' equity exceeds the reserves that must be maintained by law.

A resolution to make a distribution shall not take effect as long as the Management Board has not given its approval. The Management Board may only withhold such approval if it knows or should reasonably foresee that, following the distribution, the Company will be unable to continue paying its due and payable debts

INDEPENDENT AUDITOR'S REPORT

This report is set on pages 101 to 109

Schoeller Packaging B.V.

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Independent auditor's report

To the shareholders of Schoeller Packaging B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Schoeller Packaging B.V., based in Hoofddorp, The Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Schoeller Packaging B.V. as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Schoeller Packaging B.V. as at 31 December 2021, and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2021.

2. The following statements for 2021: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2021.

2. The company profit and loss account for 2021.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Schoeller Packaging B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 6.0 million. The materiality is based on 1% of revenues (2020 – EUR 5.4 million). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Component audits are performed using materiality levels determined by the judgment of the group audit team, considering materiality for the consolidated financial statements as a whole and the reporting structure of the group. Component materiality did not exceed EUR 1.8 million.

We agreed with management that misstatements in excess of EUR 0.3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Schoeller Packaging B.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Schoeller Packaging B.V.

Because we are ultimately responsible for the opinion, we are directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for components. The extent of the procedures has been determined based on size and a number of more qualitative circumstances. Such circumstances include the financial performance of the foreign entities and the maturity of markets these entities are operating in. On this basis, we selected components for which an audit, specified audit procedures or review had to be carried out on the component financial information.

This resulted in the coverage-percentages as presented below:
- Revenue audit coverage 87%
- Total Assets audit coverage 87%

Our group audit mainly focused on the significant components in Germany and in US and other components.

We have:

- Assessed group-wide internal controls that have been implemented by the Board of Directors to monitor and manage the financial and operating performance of the various operating units and have scoped our audit procedures responding to this situation. In particular, we have consistently allocated the materiality to the operating entities (components and significant components) and we made a choice to increase our coverage and perform specified audit procedures at a group level. Furthermore the group audit team performed audit procedures on the key audit areas such as the consolidation process, IT systems, going concern, (bond-) loans and borrowings and testing of journal entries.

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- Involved Deloitte experts for IT, auditing and accounting matters.

- Used the work of other auditors when auditing component audit teams for the significant components in Germany and the United States. For a number of other larger entities we also engaged the Deloitte network. For all those entities, the group audit team provided detailed written instructions to communicate requirements, significant audit areas and create awareness for (fraud) risks related to management override of controls. Furthermore, we developed a plan for overseeing each component audit team based on its relative significance and certain other risk characteristics. This included procedures such as performing file reviews, attending virtual meetings and reviewing component audit team deliverables. For smaller components we planned to perform analytical procedures or specified audit procedures. During our work we have noted considerable practical and logistical implications of COVID-19. As a consequence physical review meetings were replaced with electronical meetings. Closing meetings with Schoeller Packaging representatives were conducted virtually through Skype, Teams or Zoom. By applying the alternative procedures as a result of operating in a COVID-19 environment as described, we have been able to obtain sufficient assurance and to conclude upon the audit of the consolidated financial statements.

- Performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to management. The key audit matters are not a comprehensive reflection of all matters discussed.

DESCRIPTION OF THE KEY AUDIT MATTERS	
1. ASSESSMENT OF THE GOING CONCERN	
DESCRIPTION	***HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT***
In note 2.3 to the consolidated financial statements (Going concern) the management elaborates on its negative equity of EUR 103.8 million as well as loans and borrowings of EUR 348.4 million. Furthermore, management indicates it has a stable financing structure provided by senior secured notes due in 2024, access to a EUR 30 million revolving credit and to a credit facility of up to EUR 65 million from its shareholder Brookfield, subject to shareholder consent, of which EUR 10.1 million including capitalized and accrued interest was drawn as per 31 December 2021. The group also has a positive cash balance as of 31 December 2021.	For our audit of the going concern assumption as disclosed in note 2.3 to the consolidated financial statements we evaluated and tested the models, assumptions, and data used by the company. We have assessed the historical accuracy of management's cash flow forecast and noted limited predictive accuracy of the company in the past, particularly around the lead time between development and revenues for new products. Accordingly, we requested management to stress test the original forecasts by assuming the business continues at the 2021 actual levels in terms of revenue and EBITDA margins.

<table>
<tr>
<td rowspan="3">Management has prepared an assessment supporting the going concern assumption for the period until 31 December 2023. The cash flow forecast includes elements of the 2022 budget for that year approved by the Supervisory Board in January 2022, and five-year forecasts prepared in the fall of 2021. The 2022 cashflow forecast has been prepared during 2021 and includes the actual implications of COVID-19. The budget and cashflow forecasts include important assumptions around the production, marketing and sales of newly developed products. The implications of COVID-19 are deemed not to significantly impact the projections anymore.

The subsequent event of the impact of the War in Ukraine is not expected to have significant financial implications. The company has only limited operations in Russia and Ukraine. The company is exposed to higher energy cost and potential higher cost of virgin resin. As most of the contracts with customers include price escalation clauses for raw material the company does not expect material implications.

Based on the company's analysis it has less headroom compared to prior year.</td>
<td>We have tested this stress test with 2021 actuals and 2020 actuals corrected for one-off cash in-or outflows like a new loan obtained throughout the year and compared the cashflows from the stress test with the total financing facilities at hand and we determined that it is reasonable to expect there is free cash for the period until 31 December 2023, even under these more stressed scenarios. We have evaluated the Company's options available (deferring certain R&D projects and Capital Expenditures and drawing under the shareholder facility) to mitigate pressure on the liquidity particularly. We have obtained confirmation of the availability of the undrawn part of the EUR 65 million loan facility (around EUR 55 million) of the shareholder.</td>
</tr>
<tr>
<td>OBSERVATION</td>
</tr>
<tr>
<td>The bond will need to be refinanced in 2024. The company does not have sufficient free cash to repay the senior secured notes per 1 November 2024 which is the maturity date. Accordingly, the bond needs to be refinanced. For the period until 31 December 2023, we have evaluated management's going concern analysis. Based on that, we concur with the application of the going concern basis of accounting.</td>
</tr>
</table>

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2. IMPACT OF (IT GENERAL) CONTROL DEFICIENCIES ON THE AUDIT	
DESCRIPTION	***HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT***
Implementation of a new ERP system The company is in the process of deploying and implementing IFS, a new ERP solution for all entities. During 2020 and 2021 multiple operating entities have migrated to this system. IFS will be implemented in a number of entities in 2022 to complete the transition. With the implementation of one common platform for ERP and financial reporting, we spend more time on understanding the risks in connection with the implementation and transition and on the design of the IT-controls. We refer to these controls as General IT Controls or "GITC". With the new ERP environment, Schoeller also starts moving to a new, more standardized way of working. Commonly, a period of implementation and change comes with elevated risks for unintentional errors. Controls are not yet fully up to speed and ways of working still need to mature. From an auditor's point of view we therefore have spent more time in assessing and addressing risks for unintentional errors.	We performed testing of the existing general IT-controls. For the first year it is common to perform so-called design and implementation testing of the GITC and subsequently, when identified design failures are remediated, typically would be the testing of the operating effectiveness of the GITC (have the controls actually worked in the year under review). We engaged our Deloitte IT-audit experts to assess the design and implementation of general IT controls. We did not plan to rely on the IT-controls in 2021 as it is common that upon an IT-audit the first year after implementation, certain issues surface that need to be subsequently repaired. During the review of the design of the GITC, we observed a number of design deficiencies, particularly in the area of access controls and segregation of duties. We also noted a number of weaknesses during the transitional period that potentially could result in unintentional errors in financial reporting. As we did not rely on controls, we obtained the required level of assurance from additional audit procedures including but not limited to; data analytics, external confirmations from suppliers, reconciliations to source data and recalculations of system generated reports used in the data. Our IT-audit experts were engaged to assist in designing additional procedures to mitigate the risks. Furthermore, we have performed specific procedures in the period after implementation to address the risk of unintentional errors. Management is in the process of remediating the observations. We have identified the internal control environment and specifically the general IT-controls as a key audit matter because of the risks and the time we spent on addressing these. We reported deficiencies to the Board.

	OBSERVATION
	Based on the materiality we applied and in the context of the annual accounts as a whole, we did not identify material matters to report as a result of our audit procedures.
3. BILL AND HOLD SHIPPING CONDITIONS	
DESCRIPTION	***HOW THE KEY AUDIT MATTER WAS ADDRESSED IN THE AUDIT***
The company uses a variety of shipping conditions to transfer the control of the products to its customers. Shipping conditions are standards that define when the control (mostly including elements of risk and title) passes from supplier to customer. Revenue reporting follows this transfer of control. Schoeller has a number of customers for which it applies so-called "Bill and Hold" accounting. A bill-and-hold arrangement is a contract under which an entity bills a customer for a product but the entity retains physical possession of the product until it is transferred to the customer at a point in time in the future. As such when products have been produced and are available for the client to collect, the revenue is reported. Difference with a number of other shipping conditions is that the documentation (bill of lading, signature for acceptance or alternatives) are not standardized for the transfer of control of Bill and Hold.	We increased the number of samples to verify that the control over the goods have been transferred to the customer. We obtained confirmation from the customers that these transactions were accepted. ***OBSERVATION*** We concur with the financial reporting of the Bill and Hold revenue transactions. Based on the materiality we applied and in the context of the annual accounts as a whole, we did not identify material matters to report as a result of our audit procedures.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contain other information that consists of:

- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other Information.

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Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the annual meeting of shareholders as auditor of Schoeller Packaging B.V. on July 20, 2019, as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

In accordance with the Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Non-compliance with law and regulation may have a material effect on the financial statements as it may result in fines, litigation or other consequences for Schoeller Packaging B.V.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the system of internal control, including:

- The risk assessment process.
- Management's process for responding to the risks of fraud and monitoring the system of internal control.
- How the Supervisory Board exercises oversight.

We also obtained understanding of the outcomes of these processes.

We evaluated the design and implementation of the system of internal control and in particular the fraud risk assessment, including the code of conduct, whistle blower procedures and incident registration. We evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We involved Deloitte's forensic specialists in these processes. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

In connection with the presumed risks of financial statement fraud, we considered fraud in relation to management override of controls, including evaluating whether there was evidence of bias by the Management Board and other members of management. Our procedures include an assessment of the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, as these may be indicative of fraudulent financial reporting. With respect to the element of bias, we evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements represent a risk of fraudulent material misstatement. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

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We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. For significant transactions we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.

Recognition and measurement of provisions and contingencies, deferred tax assets and useful lives of non-current assets are significant areas to our audit as these are subject to significant management judgment.

We made inquiries with management, those charged with governance and with others within the company, including the Legal Counsel, Internal Audit, Compliance Department and Financial Reporting and Accounting. We refer to section "Risk Management – defining and managing risk" of the management report for management's fraud risk assessment and section "Supervisory Board committees" of the Supervisory Board report in which the Supervisory Board reflects on this fraud. We obtained written representations that all known instances of (suspected) fraud and other irregularities have been disclosed to us.

Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4.22 of the financial statements.

More specifically for Schoeller Packaging B.V. we addressed the following matters as part of our audit:

- We identified and considered the fraud risk related to the recording of revenue in the appropriate period ("cut-off"). The company has a number of different agreements with customers on the transfer of the control, ownership and risk and rewards of the products upon sale. Some of these contain stipulations that the control is transferred when the production is completed, and the goods are available for the client in the warehouse. For other customers, the control is transferred upon shipping or upon receipt and acceptance by the customers. These differences are considered as fraud risk as employees or management may override key controls or exercise undue influence on others to record improper or fictitious revenues to achieve certain targets.

- As part of our audit procedures to respond to these fraud risks, we evaluated the internal controls relevant to mitigate these risks and performed supplementary substantive audit procedures, including detailed testing of journal entries and supporting documentation in relation to post-closing adjustments. Data analytics, including testing journal entries based on certain risk-based characteristics, is part of our audit approach to address fraud risks. The cut-off risks have been addressed during the physical stock takes at year-end and by obtaining external confirmation of the customers that they have accepted the products that are stored in the Schoeller Packaging warehouses on their behalf.

- We have concluded the fraud risks leading to material misstatement in the financial statements related to regular revenue transactions to be low; based on the large number of low value transactions, the transparency of price-setting between buyers and sellers, the relatively simple pricing and bonus structures and the internal processes and controls.

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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Our procedures did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach risks of compliance with laws and regulations

Identifying and assessing the relevant risks and effects from non-compliance with laws and regulations as corporate tax laws and regulations, Channel Island exchange regulations, competition regulations, financial reporting regulations and the requirements under Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements to the extent material for the financial statements of Schoeller Packaging B.V. Apart from these, Schoeller Packaging B.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. As a response to relevant non-compliance risks, we evaluated the related procedures ("Do's and Don'ts") to identify non-compliance with the relevant laws and regulations and performed procedures that address these non-compliance risks. Our procedures included inquiries of management, those charged with governance and others within the group and we inspected board minutes, correspondence with relevant authorities and lawyers' letters. We also remained alert to indications of (suspected) non-compliance throughout the audit, both at component and group levels. We obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our procedures are more limited with respect to laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may however be fundamental to the operating aspects of the business, to Schoeller's ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility for these matters that indirectly impact the financial statement is limited to:

(i) Inquiry of the Management Board, the Supervisory Board, the Compliance Officer, the Risk Officer and others within the Company as to whether the Company is in compliance with such laws and regulations.

(ii) Request and obtain written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

We remained alert to indications of non-compliance throughout the audit.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

From the matters communicated with management, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 15 April 2022

Deloitte Accountants B.V.

Signed on the original: J. Hendriks