



# Schoeller Packaging B.V.

First Quarter 2021



Schoeller Allibert

MAKING PLASTIC PACKAGING TOO GOOD TO WASTE

**Schoeller Packaging B.V.**  
**First quarter ended 31 March 2021**  
**Unaudited condensed consolidated interim financial statements**

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

## Principal Activities

Schoeller Packaging B.V. (the “Company”) and its subsidiaries (collectively, the “Group” or “Schoeller Allibert”) is Europe’s largest manufacturer of plastic containers and returnable transit packaging (RTP). Schoeller Allibert offers a wide range of products to meet the storage, handling and distribution needs of large and medium sized companies on a local, regional and global level. Schoeller Allibert employs approximately 2,000 people with the majority employed in Europe, where the Group has production and sales activities in over 20 countries.

Schoeller Allibert’s products include tough stacking containers, rigid pallet containers (RPCs) for secure distribution, heavy-duty rigid and folding large containers (FLCs), pallets and dollies which have been designed to protect small, large or unusually shaped components; to timely deliver goods and, thanks to foldable or stackable units to save valuable space on return journeys. Manufactured to precise dimensions, to fit and function seamlessly with all handling equipment, Schoeller Allibert’s containers are the ideal handling medium for automated warehouses and distribution centers. They promote a reliable and consistent flow, withstanding heavy unit loads and allow fast movement through automated storage and retrieval systems, thereby helping customers to speed handling operations, reduce logistics costs and eliminate packaging waste.

Schoeller Allibert has extensive expertise in a range of industries, including agriculture, automotive, food and food processing, beverage, retail, industrial manufacturing and pooling. With more than 50 years of experience in developing industrial reusable packaging, Schoeller Allibert has built leading market positions by understanding its target industry sectors and applying extensive expertise to design and implement customized industrial reusable packaging solutions that address industry specific handling, logistics, storage and retrieval requirements.

## Key Financial Results

The table below shows the Group’s key consolidated financial results for the three months ended 31 March 2021 and 2020:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Revenue	128,347	*120,921
Revenue growth	6.1%	10.9%
Operating profit	4,921	2,240
Operating profit as % revenue	3.8%	1.9%
Adjusted EBITDA	15,943	12,098
EBITDA as a % of revenue	12.4%	10.0%
Profit (loss) before income taxes	(1,557)	(3,692)
Net capital expenditure	10,180	14,049
Net capital expenditure as a % of revenue	7.9%	11.5%
Cash generated from operations	9,815	8,381

\*Figures are restated following a re-measurement of principal versus agent accounting for a customer contract. In 2020, a customer contract has been re-assessed and contrary to prior year when it was treated under the assumption that the Group is a principal, it has been deemed that the Group acts as an agent under IFRS 15 guidance.

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

EUR'000	AS AT 31 MARCH	AS AT 31 DECEMBER
	2021	2020
Net working capital	(17,121)	(17,620)
Cash and cash equivalents	26,511	33,500
Total net loans and borrowings	306,904	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).

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

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

## Operating and Financial Review

### Revenue

The table below shows the Group's operating segment revenue for the three months ended 31 March 2021 and 2020:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Northern Europe	24,624	26,179
Central Europe	45,487	50,515
Southern Europe	22,201	21,726
United States of America	21,521	12,788
All Other Segments	14,514	*9,713
<b>Revenue</b>	<b>128,347</b>	<b>*120,921</b>

\*Figures are restated following a re-measurement of principal versus agent accounting for a customer contract. In 2020, a customer contract has been re-assessed and contrary to prior year when it was treated under the assumption that the Group is a principal, it has been deemed that the Group acts as an agent under IFRS 15 guidance.

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

- ▶ Northern Europe: Includes the manufacturing of RTP products and the sale thereof in the Netherlands and Belgium, UK and Ireland, Sweden, Finland, Latvia, Ukraine and Russia.
- ▶ Central Europe: Includes the manufacturing of RTP products and the sale thereof in Germany, Austria, Switzerland, Czech Republic, Romania, Slovakia, 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.

Revenue in Northern Europe decreased by EUR 1.6 million, or 5.9%, to EUR 24.6 million for the three months ended 31 March 2021 from EUR 26.2 million for the three months ended 31 March 2020. This decrease in revenue was primarily attributable to lower pooling volumes in the quarter partially offset by higher volumes in food processing and automotive customers.

Revenue in Central Europe decreased by EUR 5.0 million, or 10.0%, from EUR 50.5 million for the three months ended 31 March 2020 to EUR 45.5 million for the three months ended 31 March 2021. This decline in revenue was driven by lower volumes mainly from beverage customers, pooling services and automotive clients offset partly by higher sales in agriculture market.

Revenue in Southern Europe increased by EUR 0.5 million, or 2.2%, to EUR 22.2 million for the three months ended 31 March 2021 from EUR 21.7 million for the three months ended 31 March 2020. This increase was primarily attributable to higher sales to retail customers partially offset by lower sales in pooling sector.

Revenue in the USA increased by EUR 8.7 million, or 68.3%, to EUR 21.5 million for the three months ended 31 March 2021 from EUR 12.8 million for the three months ended 31 March 2020. This increase was attributable to higher pooling volumes.

Revenue in all Other Segments increased by EUR 4.8 million, or 49.4%, to EUR 14.5 million for the three months ended 31 March 2021 from EUR 9.7 million for the three months ended 31 March 2020. This increase is attributable to higher revenues due to better turnover from the Services and International business and 2020 revenue being impacted by Covid-19.





## Operating result

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Operating profit	4,921	2,240

Operating profit increased by EUR 2.7 million, to EUR 4.9 million for the three months ended 31 March 2021 compared to EUR 2.2 million for the three months ended 31 March 2020. The higher profit resulted mainly from higher revenue for the quarter.

The following table shows a breakdown of operating result by geographic segment for the three months ended 31 March 2021 and 2020:

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Northern Europe	2,068	553
Central Europe	1,523	784
Southern Europe	(912)	(1,242)
United States of America	1,396	(1,660)
All Other Segments	846	3,805
<b>Operating profit</b>	<b>4,921</b>	<b>2,240</b>

## Adjusted EBITDA– reconciliation

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

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Operating profit	4,921	2,240
Adjusting items	1,416	937
Shareholder management fees	-	250
Depreciation and impairment expense	9,088	8,213
Amortisation and impairment expense	518	458
<b>Adjusted EBITDA</b>	<b>15,943</b>	<b>12,098</b>

Adjusting items increased by EUR 0.5 million from EUR 0.9 million for three months ended 31 March 2020 to EUR 1.4 million for three months ended 31 March 2021.

Adjusting items for three months ended 31 March 2021 relate to non-recurring items arising from:

- ▶ EUR 1.1 million of employee severance costs;
- ▶ EUR 0.3 million mainly consultancy fees.

Adjusting items for three months ended 31 March 2020 relate to non-recurring items arising from:

- ▶ EUR 0.6 million of employee severance costs;
- ▶ EUR 0.1 million provision for probable commercial settlements;
- ▶ EUR 0.2 million of other non-material adjusting items.

### Net finance expense

Net finance expense for the three months ended 31 March 2021 was EUR 6.5 million (expense for the three months ended 31 March 2020: EUR 5.9 million).

### Profit (loss) before income taxes

The loss before income taxes was EUR 1.6 million for the three months ended 31 March 2021 (the three months ended 31 March 2020: loss of EUR 3.7 million).

### Cash generated from operations

Cash generated from operations during the three months ended 31 March 2021 amounted to a EUR 9.8 million inflow (the three months ended 31 March 2020 EUR 8.4 million inflow).

### Net capital expenditure

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

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Proceeds from sale of property, plant and equipment	21	(31)
Acquisition of property, plant and equipment	(9,160)	(12,351)
Acquisition of intangible assets	(1,041)	(1,667)
<b>Net Capital Expenditure</b>	<b>(10,180)</b>	<b>(14,049)</b>

### Net working capital

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

As of 31 March 2021, the receivables from related parties were equal to EUR nil million (31 March 2020: EUR nil million) and the payables due to related parties were equal to EUR 0.2 million (31 December 2020: EUR 0.2 million).

EUR'000	AS AT 31 MARCH	AS AT 31 DECEMBER
	2021	2020
Total current assets	145,527	141,104
Cash and cash equivalents	(26,511)	(33,500)
Current receivable from related parties	(16)	(17)
<b>Total current working capital assets</b>	<b>119,000</b>	<b>107,587</b>
Total current liabilities	154,071	141,669
Bank overdrafts	-	-
Current portion of loans and borrowings	(17,799)	(16,300)
Current payable to related parties	(151)	(162)
<b>Total current working capital liabilities</b>	<b>136,121</b>	<b>125,207</b>
<b>Net Working Capital</b>	<b>(17,121)</b>	<b>(17,620)</b>

As of 31 March 2021, the Group had a negative net working capital of EUR 17.1 million (31 December 2020 negative net working capital of EUR 17.6 million).

## Cash and cash equivalents

Cash and cash equivalents is defined as cash and cash equivalents on the balance sheet less bank overdrafts. The group had a net cash and cash equivalents of EUR 26.5 million as of 31 March 2021 (31 December 2020: EUR 33.5 million) on its balance sheet.

As at 31 March 2021, the Group had one revolving credit facility of EUR 30 million (31 December 2020: EUR 30 million). As at 31 March 2021 we have drawn EUR 1.6 million against this credit facility for bank guarantee (31 December 2020: EUR 1.6 million).

## Total net loans and borrowings

Net loans and borrowings is defined as total current and non-current loans and borrowings excluding deferred financing costs less cash and cash equivalents, which increased to EUR 306.9 million as at 31 March 2021 (31 December 2020: EUR 299.7 million).

	AS AT 31 MARCH	AS AT 31 DECEMBER
EUR'000	2021	2020
Senior secured note	250,000	250,000
Lease liabilities	50,991	50,418
Other credit institutions	22,983	23,578
<b>Total debt excl shareholder credit facility</b>	<b>323,974</b>	<b>323,996</b>
Shareholder credit facility (incl accrued interest)	9,441	9,192
<b>Total debt incl shareholder credit facility</b>	<b>333,415</b>	<b>333,188</b>
Total deferred financing costs	(5,194)	(5,627)
<b>Total loans and borrowings as per note 12</b>	<b>328,221</b>	<b>327,561</b>
EUR'000	2020	2020
Total loans and borrowings as per note 12	328,221	327,561
Less: Total deferred financing costs	(5,194)	(5,627)
Cash and cash equivalents	26,511	33,500
<b>Net loans and borrowings</b>	<b>306,904</b>	<b>299,688</b>

## Unaudited Condensed Consolidated Income Statement

		THREE MONTHS ENDED 31 MARCH	
EUR'000	Note	2021	2020
Revenue	8	128,347	*120,921
Other income		10	(32)
<b>Total revenue</b>		<b>128,357</b>	<b>120,889</b>
Raw materials and consumables used		(57,236)	(54,885)
Costs for subcontracting		(1,185)	(467)
Employee benefit expense		(33,891)	(32,861)
Other operating costs		(21,518)	(21,765)
Depreciation and impairment expense		(9,088)	(8,213)
Amortisation and impairment expense		(518)	(458)
<b>Total operating expenses</b>		<b>(123,436)</b>	<b>(118,649)</b>
<b>Operating profit</b>		<b>4,921</b>	<b>2,240</b>
Finance income		48	379
Finance expense		(6,526)	(6,301)
<b>Net Finance Expense</b>	10	<b>(6,478)</b>	<b>(5,922)</b>
Share in result of equity accounted investments		-	(10)
<b>Profit (loss) before income taxes</b>		<b>(1,557)</b>	<b>(3,692)</b>
Income tax	11	(838)	(102)
<b>Profit (loss) for the period</b>		<b>(2,395)</b>	<b>(3,794)</b>
Attributable to:			
Owners of the Company		(2,355)	(3,719)
Non-controlling interests		(40)	(75)

\*Figures are restated following a re-measurement of principal versus agent accounting for a customer contract. In 2020, a customer contract has been re-assessed and contrary to prior year when it was treated under the assumption that the Group is a principal, it has been deemed that the Group acts as an agent under IFRS 15 guidance.



## Unaudited Condensed Consolidated Statement of Comprehensive Income

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Profit (loss) for the period	(2,395)	(3,794)
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences - foreign operations, net of tax	2,259	(82)
<b>Total comprehensive loss for the period, net of income tax</b>	<b>(136)</b>	<b>(3,876)</b>
Attributable to:		
Owners of the Company	(80)	(3,719)
Non-controlling interests	(56)	(157)
<b>Total comprehensive loss for the period</b>	<b>(136)</b>	<b>(3,876)</b>

## Unaudited Condensed Consolidated Balance Sheet

		AS AT 31 MARCH	AS AT 31 DECEMBER
EUR'000	Note	2021	2020
ASSETS			
Non-current assets			
Property, plant and equipment		123,575	119,353
Right of use assets		54,364	52,824
Intangible assets		13,648	13,092
Equity accounted investments		845	845
Other financial assets		17,563	16,727
Deferred income tax assets		12,884	12,386
Total non-current assets		222,879	215,227
Current assets			
Inventories		53,488	38,021
Trade and other receivables		55,266	58,487
Current income tax assets		744	709
Prepayments		9,518	10,387
Cash and cash equivalents		26,511	33,500
Total current assets		145,527	141,104
TOTAL ASSETS		368,406	356,331
EQUITY			
Share capital		-	-
Share premium		106,979	106,979
Other reserves		(144,105)	(146,381)
Accumulated deficit		(74,661)	(72,306)
Equity attributable to owners of the Company		(111,788)	(111,708)
Non-controlling interests		1,623	1,680
Total equity		(110,164)	(110,028)
LIABILITIES			
Non-current liabilities			
Loans and borrowings	12	310,422	311,185
Employee benefits		8,752	8,750
Provisions	13	395	440
Deferred income tax liabilities		4,930	4,240
Total non-current liabilities		324,499	324,615
Current liabilities			
Loans and borrowings	12	17,799	16,375
Bank Overdraft	12	-	-
Provisions	13	485	515
Current income tax liabilities		1,962	1,659
Trade and other payables		133,825	123,195
Total current liabilities		154,071	141,744
Total liabilities		478,570	465,359
TOTAL EQUITY AND LIABILITIES		368,406	356,330

## Unaudited Condensed Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2021	-	106,979	(146,381)	(72,306)	(111,708)	1,679	(110,028)
Loss for the period	-	-	-	(2,355)	(2,355)	(40)	(2,395)
Foreign currency translation differences – foreign operations; net of income tax	-	-	2,276	-	2,275	(16)	2,259
<b>Total comprehensive loss for the year</b>	-	-	<b>2,276</b>	<b>(2,355)</b>	<b>(80)</b>	<b>(56)</b>	<b>(136)</b>
<b>Balance as at 31 March 2021</b>	-	<b>106,979</b>	<b>(144,105)</b>	<b>(74,661)</b>	<b>(111,788)</b>	<b>1,623</b>	<b>(110,164)</b>

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
Balance as at 1 January 2020	-	106,979	(145,881)	(73,380)	(109,282)	607	(108,676)
Loss for the period	-	-	-	(3,719)	(3,719)	(75)	(3,794)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(1,477)	-	(1,477)	(82)	(1,558)
<b>Total comprehensive loss for the year</b>	-	-	<b>(1,477)</b>	<b>(3,719)</b>	<b>(5,196)</b>	<b>(157)</b>	<b>(5,352)</b>
<b>Balance as at 31 March 2020</b>	-	<b>106,979</b>	<b>(144,358)</b>	<b>(77,099)</b>	<b>(114,478)</b>	<b>450</b>	<b>(114,027)</b>

## Unaudited Condensed Consolidated Statement of Cash Flows

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
<b>Operating result for the year</b>	<b>4,921</b>	<b>2,240</b>
Adjustments for:		
Depreciation of property, plant and equipment and ROUA	9,088	8,213
Amortisation of intangible assets	518	458
Gain on sale of property, plant and equipment	(10)	32
Other non-cash items	153	(2,014)
Change in:		
Inventories	(14,945)	(5,924)
Trade and other receivables	4,071	10,875
Prepayments	1,158	1,985
Trade and other payables	4,899	(8,360)
Provisions and employee benefits	(38)	246
<b>Cash generated from operations</b>	<b>9,815</b>	<b>8,381</b>
Net finance cost paid	(1,084)	(903)
Income tax paid	(406)	(282)
<b>Net cash inflow from operating activities</b>	<b>8,325</b>	<b>7,195</b>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	21	(31)
New long term loans receivable granted	(785)	(48)
Acquisition of property, plant and equipment	(9,160)	(12,351)
Acquisition of intangible assets	(1,041)	(1,667)
<b>Net cash (outflow) from investing activities</b>	<b>(10,965)</b>	<b>(14,097)</b>
Cash flows from financing activities		
Payment of transaction costs related to loans and borrowings	(55)	(482)
Proceeds from borrowings	-	864
Repayment of borrowings	(426)	(842)
Payment of lease liabilities	(4,356)	(3,825)
<b>Net cash (outflow) from financing activities</b>	<b>(4,837)</b>	<b>(4,284)</b>
Net change in cash and cash equivalents	(7,477)	(11,187)
Cash and cash equivalents at beginning of period	33,500	21,687
Net effect of exchange rate fluctuations on cash and cash equivalents	488	(409)
<b>Cash and cash equivalents at end of period</b>	<b>26,511</b>	<b>10,091</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

## 1. General information

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

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 Holding B.V. After this transaction, Schoeller Allibert Group B.V. is a wholly owned subsidiary of the Company.

Because the Company did not exist prior to 30 September 2019, no consolidated financial information was prepared by the Company for the period before that date. The financial information before 30 September 2019 was derived from the consolidated financial statements of Schoeller Allibert Group B.V. and its direct and indirect subsidiaries. The Company is the continuation of the operations of Schoeller Allibert Group B.V. as the business is transferred to the Company in common control transaction. This transaction was primarily created to facilitate the refinancing of the Senior Secure Notes.

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., ultimately 100% held 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.

## 2. Basis of Preparation

The interim financial information for the first quarter ended 31 March 2021 has been prepared on a going concern basis and in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union. The interim condensed consolidated financial statements are presented in euros and rounded to the nearest thousand, unless otherwise stated. The interim condensed consolidated financial statements do not include all the information and disclosures required in the complete set of annual financial statements and should be read in conjunction with the audited Annual Report of Schoeller Packaging B.V. for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

## 3. Going concern

In Q1 2021, the Group increased its revenue and operating profit by EUR 7.4 million and EUR 2.7 million, however, the Group still registered a net loss for the quarter of EUR 2.4 million, negative working capital of EUR 17.1 million and negative equity of EUR 110.2 million which should be carefully considered when considering the entity's ability to continue as a going concern. In spite of this, the Group has taken several measures and has reported improvements in its performance that will ensure the Company's future.

In a COVID-19 impacted economic environment, the Group has managed to increase revenue level versus last year and at the same time improve profitability by EUR 1.4 million through a combination of improved pricing and cost efficiency measures.

Furthermore, cash flow from operating activities improved from EUR 7.2 million last year to EUR 8.3 million this year (+ 15.7%). Even in the unsettled economic climate as an impact of the pandemic, the Group managed to improve net profit and the company was able to benefit from clients that operate in sectors that have been positively impacted by the pandemic. There were also minimal government grants received by some of the components of the Group. The Group managed to keep all operations going in spite of the Covid-19 environment and minimal government grants were received by some of the entities of the Group.

The Group has a stable financing structure provided by senior secured notes due in 2024, a solid cash position of EUR 26.5 million as at 31 March 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 9.4 million including capitalized and accrued interest was drawn as per 31 March 2021.

The Group has invested and continues to invest in new innovative products that contribute to revenue and operating result in current and future financial years.

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

#### **4. Auditor involvement**

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

#### **5. Accounting policies**

The accounting policies applied are consistent with those applied in the audited Annual Report 2020 of Schoeller Packaging B.V., except for the adoption of new and amended standards.

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

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

#### **6. Critical accounting estimates and judgments**

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

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

In preparing these First Quarter condensed consolidated interim financial statements, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those that applied to the audited Annual Report 2020 of Schoeller Packaging B.V.

#### **7. Financial risk management**

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2020 of Schoeller Packaging B.V.

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

	2021		2020	
	March Closing	Three Month Average	March Closing	Three Month Average
British pound	0.8521	0.8686	0.8864	0.8577
US dollar	1.1725	1.1981	1.0956	1.1054
Swiss franc	1.1070	1.0950	1.0585	1.0686

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



For the three months ended 31 March 2021, approximately 57% of revenue was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and British pound could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

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

## 8. Revenue

THREE MONTHS ENDED 31 MARCH		
EUR'000	2021	2020
Sales of goods	116,345	108,056
Services rendered	12,002	*12,864
<b>Revenue</b>	<b>128,347</b>	<b>120,921</b>

\*Figures are restated following a re-measurement of principal versus agent accounting for a customer contract. In 2020, a customer contract has been re-assessed and contrary to prior year when it was treated under the assumption that the Group is a principal, it has been deemed that the Group acts as an agent under IFRS 15 guidance.

## 9. Segment Information

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

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

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

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

The segment results for the three months ended 31 March 2021 and 2020 are as follows:

THREE MONTHS ENDED 31 MARCH 2021							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	32,699	50,622	29,219	21,526	17,009	(22,728)	128,347
Inter-segment revenue	(8,075)	(5,135)	(7,018)	(5)	(4,495)	22,728	-
<b>Total revenue from external customers</b>	<b>24,624</b>	<b>45,487</b>	<b>22,201</b>	<b>21,521</b>	<b>14,514</b>	<b>-</b>	<b>128,347</b>
<b>Operating result</b>	<b>2,068</b>	<b>1,523</b>	<b>(912)</b>	<b>1,396</b>	<b>846</b>	<b>-</b>	<b>4,921</b>
Net finance cost							(6,477)
Income tax expense							(839)
<b>Loss for the period</b>							<b>(2,395)</b>
THREE MONTHS ENDED 31 MARCH 2020							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	36,332	55,744	30,181	12,889	*12,768	(26,993)	120,921
Inter-segment revenue	(10,153)	(5,229)	(8,455)	(100)	(3,055)	26,993	-
<b>Total revenue from external customers</b>	<b>26,179</b>	<b>50,515</b>	<b>21,726</b>	<b>12,788</b>	<b>*9,713</b>	<b>-</b>	<b>120,921</b>
<b>Operating result</b>	<b>553</b>	<b>784</b>	<b>(1,242)</b>	<b>(1,660)</b>	<b>3,805</b>	<b>-</b>	<b>2,240</b>
Other							(10)
Net finance cost							(5,922)

Income tax expense	(102)
<b>Loss for the period</b>	<b>(3,794)</b>

\*Figures are restated following a re-measurement of principal versus agent accounting for a customer contract. In 2020, a customer contract has been re-assessed and contrary to prior year when it was treated under the assumption that the Group is a principal, it has been deemed that the Group acts as an agent under IFRS 15 guidance.

## 10. Net finance cost

EUR'000	THREE MONTHS ENDED 31 MARCH	
	2021	2020
Interest income on loans and receivables	48	50
Net foreign exchange gain	-	330
Finance income	<b>48</b>	<b>380</b>
Interest expense on borrowings	(5,006)	(5,078)
Amortisation deferred financing fees	(489)	(660)
Net foreign exchange (loss)	(272)	-
Other financial expenses	(758)	(564)
Finance expense	<b>(6,525)</b>	<b>(6,302)</b>
<b>Net finance expense</b>	<b>(6,477)</b>	<b>(5,922)</b>

Net finance expense for the three months ended 31 March 2021 was EUR 6.5 million (expense for the three months ended 31 March 2020: EUR 5.9 million).

The net foreign exchange results are mainly attributable to the fluctuations of the Euro against the US dollar, British pound, Swiss franc and Swedish krona.

## 11. Income tax expense

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the three months ended 31 March 2021 amounted EUR 838 thousand (three months ended 31 March 2020 income tax expense: EUR 103 thousand).

## 12. Loans and borrowings

The carrying amounts of loans and borrowings are as follows:

EUR'000	AS AT 31 MARCH			AS AT 31 DECEMBER		
	Current	Non-current	2021 Total	Current	Non-current	2020 Total
Senior secured note	-	250,000	250,000	-	250,000	250,000
Deferred financing costs	-	(5,020)	(5,020)	-	(5,509)	(5,509)
<b>Senior secured note at amortised cost</b>	<b>-</b>	<b>244,980</b>	<b>244,980</b>	<b>-</b>	<b>244,491</b>	<b>244,491</b>
Other credit institutions	1,658	21,325	22,983	1,380	22,198	23,578
Shareholder credit facility (incl accrued interest)	-	9,441	9,441	-	9,192	9,192
Lease liabilities	16,140	34,850	50,991	14,996	35,4263	50,418
Deferred financing costs	-	(174)	(174)	-	(118)	(118)
<b>Total loans and borrowings</b>	<b>17,799</b>	<b>310,422</b>	<b>328,221</b>	<b>16,375</b>	<b>311,185</b>	<b>327,560</b>

### Movements during the period

#### Senior Secured Notes and the Guarantors

On 25 October 2019, the Group issued EUR 250,000 thousand 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 (Guarantors) and are secured by first-ranking security interest over the same assets that secure the Revolving Credit Facility (collateral).

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

Total loans and borrowings increased by EUR 0.6 million to EUR 328.2 million, mainly due to slightly higher lease liabilities.

As at 31 March 2021, the Group had one revolving credit facility of EUR 30 million (31 December 2020: EUR 30 million). The Group has drawn EUR 1.6 million from this facility for guarantees.

### 13. Provisions

EUR'000	Restructuring	Claims	Total
As at 1 January 2021	481	474	955
Provisions made during the year*	-	6	6
Provisions used during the year	-	-	-
Provisions reversed during the year	(45)	(16)	(61)
Effect of movements in exchange rates	-	-	-
<b>As at 31 March 2021</b>	<b>436</b>	<b>444</b>	<b>880</b>
Non-current	395	-	395
Current	41	444	485
<b>Total provisions</b>	<b>436</b>	<b>444</b>	<b>880</b>

  

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	-	-	-
<b>As at 31 December 2020</b>	<b>481</b>	<b>474</b>	<b>955</b>
Non-current	623	-	623
Current	615	390	1,005
<b>Total provisions</b>	<b>1,238</b>	<b>390</b>	<b>1,628</b>

#### 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 Q1 2021, the provision for claims included claims related to disputes with customers.

## 14. Contingencies

### Dutch fiscal unity

The wholly owned subsidiaries established in The Netherlands constitute a tax group for the purpose of corporate income tax together with the shareholder Schoeller Packaging Holding B.V. As a consequence, each Group in the tax group is jointly and severally liable for tax liabilities of the tax entity as a whole. The Group recognises the corporate income tax as if it is solely responsible for its own corporate income tax.

### Warranties

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

### Legal proceedings

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

## 15. Related party transactions

There have been no changes in the nature of the related party transactions in the three months ended 31 March 2021 as compared to the year ended 31 December 2021.

The Group has a commitment for a EUR 65 million investor facility from entities affiliated with Brookfield Business Partners L.P. As of 31 March 2021, an amount of EUR 9.4 million was drawn under this facility including capitalized and accrued interest.

## 16. Seasonality of Operations

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

## 17. Fair value of financial instruments

The fair values of financial assets and liabilities as at 31 March 2021 and 31 December 2020 are as follows.

EUR'000	AS AT 31 MARCH			AS AT 31 DECEMBER		
	2021			2020		
Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior secured note	250,000	260,775	1	250,000	260,938	1

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

## 18. Events after the balance sheet date

There have been no events after the reporting date that require recognition or disclosure in the Financial report for the period ended 31 March 2021. As per the company's performance during the year, there are no material impacts related to Covid-19 pandemic that are foreseen.

Hoofddorp, 15 May 2021



Schoeller Allibert

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