THIS IS SIG

We contribute to bringing healthy, nutritious foods and beverages to people around the world in a safe, sustainable and affordable way.

INTERIM REPORT 2021

Who we are

SIG is a leading systems and solutions provider for aseptic carton packaging. We work in partnership with our customers to bring food and beverage products to consumers across the world in a safe, sustainable and affordable way.

Our unique technology and outstanding innovation capacity enable us to provide our customers with end-to-end solutions for differentiated products, smarter factories and connected packs, all to address the ever-changing needs of consumers. Sustainability is integral to our business and we are going Way Beyond Good to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 5,900 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 60 countries.

In 2020, SIG produced 38 billion carton packs and generated €1.8 billion in revenue. SIG has an AA ESG rating by MSCI, an 18.8 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis.

For more information, visit www.sig.biz

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Financial review

OVERVIEW

The tables below present an overview of our performance in the six months ended 30 June 2021. Further details, including definitions of the performance measures, are provided throughout this report.

Revenue performance

(In € million or %)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change		Like-for-like change[1]
			Reported currency	Constant currency	Constant currency
Core revenue	950.9	849.7	11.9%	15.3%	8.8%
Total revenue	965.8	860.0	12.3%	15.7%	9.2%

Key performance indicators

(In € million or %)	Six months ended 30 June 2021	Six months ended 30 June 2020
Adjusted EBITDA	264.1	215.7
Adjusted EBITDA margin	27.3%	25.1%
EBITDA	283.5	213.9
Adjusted net income	109.6	79.6
Net income	92.0	10.0
Free cash flow	25.0	28.1
Diluted earnings per share (in €)[2]	0.28	0.03
Adjusted earnings per share diluted (in €)[3]	0.33	0.25

[1] Including MEA.

[2] Calculated based on the weighted average number of shares (diluted) for the period.

[3] Adjusted net income divided by the weighted average number of shares (diluted) for the period.

OUR OPERATING PERFORMANCE

This section covers our operating performance at a Group as well as at a segment level. It includes performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

When discussing our performance, and when relevant for comparative purposes, we state the percentage change between two periods on a constant currency basis. For this purpose, the prior period amount is translated at the foreign currency exchange rate of the current period.

Key events and transactions impacting the performance of the Group

Acquisition of the remaining shares of the joint ventures in the Middle East

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East ("the acquisition") from the joint venture partner Al Obeikan Group for Investment Company CJS ("OIG") for a consideration of €490.3 million, split into cash of €167.0 million and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million at the time of closing. The new SIG shares were issued out of authorised share capital. The acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence. For additional information about the acquisition, see note 21 of the consolidated interim financial statements.

New segmentation

The acquisition of the remaining shares of the joint ventures in the Middle East has resulted in a split of the segment Europe, Middle East and Africa ("EMEA") into two segments: segment Europe and segment Middle East and Africa ("MEA"). See further note 7 of the consolidated interim financial statements.

Sale of New Zealand paper mill

After the Group's announcement in March 2021 that it would close its paper mill in New Zealand (Whakatane), it was approached by potential buyers. The Group sold the paper mill on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The sale of the mill resulted in a loss of €12.6 million. In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of restructuring costs relating to the employees of the mill were recognised in the six months ended 30 June 2021. See further note 20 of the consolidated interim financial statements.

Revenue

The below table provides an overview of core revenue by segment as well as core revenue and revenue at Group level.

(In € million or %)	Six months ended 30 June 2021	Six months ended 30 June 2020	Change	
			Reported currency	Constant currency
EMEA[1]	119.3	386.6		
Europe[1]	237.7	-		
MEA[1]	100.6	-		
APAC	315.8	305.4	3.4%	6.5%
Americas	174.2	151.3	15.1%	28.4%
Group Functions[2]	3.3	6.4		
Core revenue from transactions with external customers[3]	**950.9**	**849.7**	**11.9%**	**15.3%**
Revenue from sale of folding box board	14.9	10.3		
Total revenue	**965.8**	**860.0**	**12.3%**	**15.7%**

1 Two months' revenue for EMEA in 2021; four month's revenue for Europe and MEA in 2021.

2 Group Functions include activities that are supportive to the Group's business.

3 Core revenue represents revenue from transactions with external customers and excludes revenue from sales of folding box board to third parties.

With effect from the end of February 2021, revenues of the former joint ventures in the Middle East and Africa are fully consolidated and presented in the new segment MEA. Prior to the acquisition, the joint ventures were accounted for using the equity method. The EMEA segment, which relates to the Group's reporting structure prior to acquisition of the joint ventures, was only in place for the first two months of 2021. In addition, due to the sale of the New Zealand paper mill, sales of folding box board have ceased as of the beginning of June 2021.

In February 2021, the Company communicated its 2021 revenue guidance on a like-for-like constant currency basis. Like-for-like revenue growth at constant currency is calculated on the following basis:

- Revenue recognised by the Group from sales to the former joint ventures in the Middle East, previously presented as Group core revenue from external customers, has been eliminated as if the joint ventures had been fully consolidated by the Group from the end of February 2020.
- Sales by the former joint ventures to their external customers have been treated as if the former joint ventures in the Middle East had been fully consolidated by the Group from the end of February 2020 (i.e. treated as Group core revenue from external customers).

See also the section "Alternative performance measures and comparative information".

In the six months ended 30 June 2021, core revenue grew by 11.9% (up 15.3% at constant currency and 8.8% on a like-for-like constant currency basis), increasing from €849.7 million for the six months ended 30 June 2020 to €950.9 million. The core revenue increase reflected growth with existing and new customers, filler deployments and the ramping up of fillers placed. Changes in foreign currency exchange rates had a €25.0 million unfavourable impact, primarily due to the stronger Euro against the Brazilian Real and US Dollar. The acquisition of the former joint ventures in the Middle East generated incremental revenue of €68.4 million.

In Europe, revenue in the first half of 2021 was 1% higher at like-for-like constant exchange rates. Starting in March, performance was measured against the period in 2020 marked by the onset of the COVID-19 pandemic. The consumer stockpiling followed by customer and retailer re-stocking did not recur in 2021. However, the liquid dairy business continued to benefit from high at-home consumption due to ongoing restrictions on office working.

In the Middle East and Africa, like-for-like constant currency growth for the four months to June 2021 was 2.1%. Exceptionally high sales in March were followed by a more muted second quarter, also measured against a very strong Q2 2020. The non-carbonated soft drinks market has been negatively affected by COVID-19, with lower out-of-home consumption. At the same time, drought in South Africa temporarily affected the liquid dairy business.

Asia Pacific saw a significant boost to sales from re-stocking in the first quarter, which was followed by slower growth in the second quarter. Market conditions in China have returned to more normal levels although some COVID-19 effects remain. Demand for white milk is robust due to its acknowledged health benefits. The situation in South-East Asia continues to be affected by COVID-19 and on-the-go consumption, which plays a key role in these countries, remains constrained.

The Americas saw exceptional growth reflecting the contribution of fillers deployed in Brazil in the course of 2020. At-home consumption continued to drive demand in both Brazil and Mexico. Revenue in the USA benefited from the re-opening of restaurants and a re-stocking of foodservice products packed in SIG cartons.

Total revenue for the six months ended 30 June 2021 increased by 12.3%, or €105.8 million (15.7% increase on a constant currency basis, 9.2% on a like-for-like constant currency basis), from €860.0 million for the six months ended 30 June 2020 to €965.8 million. The drivers for the growth of total revenue are discussed above.

Operating expenses

Cost of sales

In the six months ended 30 June 2021, cost of sales increased by 15%, or €99.2 million (17% increase on a constant currency basis), from €659.0 million in the six months ended 30 June 2020 to €758.2 million. The increase in cost of sales is primarily due to an increase in the top line, which includes the first time consolidation of the former joint ventures in the Middle East. The increase also included restructuring costs related to the New Zealand paper mill and the closure of the Australian manufacturing operations, and a €10.4 million fair value adjustment on inventories related to the acquisition of the former joint ventures in the Middle East. These costs were partly offset by foreign currency movements and lower raw material costs (lower hedged prices for polymers and aluminium). Cost of sales was 79% of total revenue (77% in the comparative period). Excluding production related restructuring costs and fair value adjustments on inventories, described above, cost of sales as a percentage of total revenue has slightly decreased when compared to the prior year.

Net other income and expenses

Net other income and expenses moved from €7.3 million of expenses in the six months ended 30 June 2020 to €61.6 million of income in the six months ended 30 June 2021. The primary drivers of this change were a €48.8 million gain on the pre-existing interest in the former joint ventures (refer to note 21 in the consolidated interim financial statements), a net increase in gains of €20.4 million on unrealised commodity and foreign currency derivatives, and a positive net change in foreign currency exchange losses of €10.9 million (a net foreign currency exchange loss of €11.8 million was recognised in the comparative period,). The positive net change in foreign currency exchange was due to the depreciation of the Brazilian Real and Thai Baht against the Euro and the US Dollar in 2020, which did not recur to the same degree in the current period. These upsides were offset by the €12.6 million loss on the sale of the New Zealand paper mill.

Selling, marketing and distribution expenses

Selling, marketing and distribution expenses in the six months ended 30 June 2021 increased by 14%, or €5.4 million (19% increase on a constant currency basis), from €37.6 million in the six months ended 30 June 2020 to €43.0 million. The increase was primarily driven by the acquisition and first time consolidation of the former joint ventures in the Middle East. As a percentage of total revenue, selling, marketing and distribution expenses remained stable at 4%.

General and administrative expenses

General and administrative expenses in the six months ended 30 June 2021 were broadly unchanged despite the impact from the acquisition and first time consolidation of the former joint ventures in the Middle East (2% increase on a constant currency basis) and decreased by €0.2 million from €88.8 million in the six months ended 30 June 2020 to €88.6 million. As a percentage of total revenue, general and administrative expenses were 9% (10% in the comparative period).

EBITDA and adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. We believe that adjusted EBITDA provides investors with further transparency into our operational performance and facilitates comparison of our performance on a period-to-period basis and versus peers.

We define EBITDA as profit or loss before net finance expense, income tax expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets. Adjusted EBITDA is defined as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs and share of profit or loss of joint ventures, and to include the cash impact of dividends received from joint ventures.

The following table reconciles profit to EBITDA and adjusted EBITDA.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Profit for the period	**92.0**	**10.0**
Net finance expense	15.2	55.2
Income tax expense	28.8	9.2
Depreciation and amortisation	147.5	139.5
EBITDA	**283.5**	**213.9**
Adjustments to EBITDA:		
Unrealised gain on derivatives	(21.4)	(1.0)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	-
Restructuring costs, net of reversals	22.1	0.6
Loss on sale of subsidiary	12.6	-
Transaction- and acquisition-related costs	6.8	1.3
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in joint ventures	(48.8)	-
Out of period indirect tax recoveries	(5.9)	-
Other	3.2	0.9
Adjusted EBITDA	**264.1**	**215.7**

Adjusted EBITDA in the six months ended 30 June 2021 increased by €48.4 million, primarily due to the growth in revenue, the acquisition of the former joint ventures in the Middle East and raw material benefits that were partially offset by negative foreign currency impacts.

EBITDA in the six months ended 30 June 2021 increased by €69.6 million, driven by the factors affecting adjusted EBITDA, acquisition-related adjustments for the joint ventures in the Middle East included in the table above (€32.9 million), out of period indirect tax recoveries and unrealised hedging benefits on raw materials (primarily

polymers). This was offset by the loss on the sale of the New Zealand paper mill and related restructuring costs (€22.4 million) mostly related to this sale and to the closure of the Australian manufacturing operations (€7.1 million).

The following table provides details about adjusted EBITDA at a Group as well as at a segment level.

	Six months ended 30 June 2021		Six months ended 30 June 2020		
(In € million or %)	**Adjusted EBITDA margin**[1]	**Adjusted EBITDA**	**Adjusted EBITDA margin**[1]	**Adjusted EBITDA**	**Reported currency change**
EMEA[2]	32.2%	38.4	31.6%	122.1	
Europe[2]	33.2%	78.8			
MEA[2]	32.2%	32.4			
APAC	27.4%	90.6	29.0%	91.4	(0.8%)
Americas	28.6%	49.8	23.0%	34.8	43.0%
Group Functions[3]		(25.9)		(32.6)	
Total	27.3%	264.1	25.1%	215.7	22.4%

1 Adjusted EBITDA divided by revenue from transactions with external customers.

2 Two months' adjusted EBITDA for EMEA in 2021, four months' adjusted EBITDA for Europe and MEA in 2021.

3 Group Functions include activities that are supportive to the Group business.

The adjusted EBITDA margin for the six months ended 30 June 2021 was positively impacted by operating leverage and by lower raw material costs due to hedge contracts entered into during 2020. These impacts more than offset the negative impact of higher spot prices for aluminium and polymers. SG&A costs were also lower compared with the first half of 2020.

The former EMEA segment and current Europe segment adjusted EBITDA margin was positively impacted by the raw material hedge contracts benefits described above. In APAC, the adjusted EBITDA margin was negatively impacted by higher spot prices of raw material. The positive hedging effects related to these headwinds are reported in the former segment EMEA and now Europe. The Americas adjusted EBITDA margin was positively impacted by the operational leverage from its strong growth offset by continued foreign currency headwinds albeit to a lesser extent than in 2020.

Net income and adjusted net income

Adjusted net income is used by management to measure performance. We believe that adjusted net income is a meaningful measure because, by removing certain non-recurring charges and non-cash expenses, our operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides better consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

Adjusted net income is defined as profit or loss adjusted to exclude certain items of significant or unusual nature including, but not limited to, the non-cash foreign exchange impact of non-functional currency loans, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the SIG Group was acquired by Onex in 2015.

The below table is a summary of the reconciliation of profit for the period to adjusted net income.

(In € million)	Six months ended 30 June 2021	Six months ended 30 June 2020
Profit for the period	**92.0**	**10.0**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(10.6)	6.3
Amortisation of transaction costs	1.8	1.3
Net change in fair value of derivatives	-	(0.5)
Onex acquisition PPA depreciation and amortisation	53.4	64.4
Net effect of early repayment of former joint venture loans	3.7	-
Net effect of early repayment of secured term loans	-	19.7
Interest on out of period indirect tax recoveries	(2.2)	-
Adjustments to EBITDA	(19.4)	1.8
Tax effect on above items	(9.1)	(23.4)
Adjusted net income	**109.6**	**79.6**

Adjusted net income increased from €79.6 million in the six months ended 30 June 2020 to €109.6 million in the six months ended 30 June 2021. This increase was primarily driven by the increase in adjusted EBITDA described above, offset by additional depreciation from the acquisition and first time consolidation of the former joint ventures in the Middle East and the related PPA depreciation and amortisation (approximately €15 million on an annualised basis),

Net income (profit for the period) increased from €10.0 million in the six months ended 30 June 2020 to €92.0 million in the six months ended 30 June 2021. The increase was driven by the impacts discussed above and includes the adjustments in the reconciliation table above.

The effective tax rate changed from 48% in the six months ended 30 June 2020 to 24% in the six months ended 30 June 2021. Our adjusted effective tax rate changed from 29% in the six months ended 30 June 2020 to 26% in the six months ended 30 June 2021. The improvement in the effective tax rate was driven by the relative mix of profits and losses taxed at varying tax rates in the jurisdictions in which we operate.

Cash flows

The table below provides an overview of cash flows.

(In € million)	Six months ended 30 June 2021	Six months ended 30 June 2020
Net cash from operating activities	150.5	127.9
Net cash used in investing activities	(176.0)	(94.2)
Net cash used in financing activities	(182.0)	(133.7)
Net decrease in cash and cash equivalents	**(207.5)**	**(100.0)**

Net cash from operating activities increased by €22.6 million in the six months ended 30 June 2021. The increase was primarily a function of adjusted EBITDA contributions offset by negative net working capital contributions.

Net cash used in investing activities increased by €81.8 million in the six months ended 30 June 2021, primarily due to the acquisition and higher filling machine capex spending in the current period. The positive impacts on filling machine capex from the collection of upfront cash in the period are reflected in the net cash from operating activities.

Net cash used in financing activities increased by €48.3 million in the six months ended 30 June 2021. This increase was primarily due to the repayment of the external debt of one of the former joint ventures in the Middle East, which was partially funded by cash on the balance sheet. Higher dividend and lease payments also contributed to the increase. The higher lease payments are primarily related to the new sleeves manufacturing facility in China.

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities.

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Net cash from operating activities	**150.5**	**127.9**
Dividends received from joint ventures	-	7.1
Acquisition of PP&E and intangible assets	(113.0)	(100.2)
Payment of lease liabilities	(12.5)	(6.7)
Free cash flow	**25.0**	**28.1**
Cash conversion[1]	74.3%	62.8%

1 Adjusted EBITDA less net capital expenditure divided by adjusted EBITDA.

After taking into consideration the increase in net cash from operating activities described above, which includes the upfront cash received for filling machines, the €3.1 million decrease in free cash flow in the six months ended 30 June 2021 is a consequence of higher gross capex spending on filling machines, and higher payments of lease liabilities, primarily related to the new sleeves manufacturing facility in China.

The cash conversion rate increased period-on-period as a result of increased adjusted EBITDA and higher upfront cash.

Net capital expenditure ("net capex")

The table below provides an overview of capital expenditure.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
PP&E (excl. filling machines)	29.1	30.9
Gross filling machines	83.9	69.3
Capital expenditure (gross)	**113.0**	**100.2**
Upfront cash (for filling machines)	(45.0)	(20.0)
Net capital expenditure	**68.0**	**80.2**
In % of total revenue	7.0%	9.3%

Gross filling machine capital expenditure relates to the deployment of new filling machines with customers, as well as the replacement of existing filling machines. In connection with the deployment of our filling machines, we typically receive a portion of the total consideration as an upfront payment from the customer, which we define as upfront cash. As a result, the cash outflow related to filling machines is generally lower than implied by the gross filling machine capital expenditure figure. Management therefore focuses on net capex, which is defined as capital expenditure less upfront cash. Upfront cash is defined as consideration received from our customers as an upfront payment for the filling machines. Net capex is a better indicator of how cash generative the business is than gross capital expenditure.

Net capex as a percentage of total revenue decreased from 9.3% in the six months ended 30 June 2020 to 7.0% in the six months ended 30 June 2021 largely due to higher upfront cash, which was driven by the regional mix of filler placements.

OUR CAPITAL STRUCTURE

This section includes information about any updates to our financing in the form of loans and borrowings. Note 16 of the consolidated interim financial statements includes additional details about loans and borrowings. For information about the additional share capital that was issued in connection with the acquisition, see the above section “Key events and transactions impacting the performance of the Group”

Unsecured credit facility

Since March 2021, the Group has a new unsecured credit facility of €100.0 million. Cash from the new credit facility was drawn in two tranches of €50.0 million each on 31 March 2021, with repayment in six and nine months (at an interest rate lower than the applicable interest rate on the revolving credit facility). The amounts drawn have, together with available cash, been used to repay external loans of one of the former joint ventures in the Middle East in the total amount of €139.5 million.

Lease liabilities

The Group’s lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars. The increase in lease liabilities since 31 December 2020 is largely attributable to the full consolidation of the former joint ventures in the Middle East in 2021 but also to an increased number of leases of production equipment for closures.

Debt rating

	Company rating		As of
Moody's	Ba2	Stable	October 2019
S&P	BBB-	Stable	March 2020

Net debt and leverage

The below table presents the components of net debt and the net leverage ratio as of 30 June 2021, 31 December 2020 and 30 June 2020. Net debt represents the Group’s current and non-current loan and borrowings (including lease liabilities) and cash and cash equivalents.

(In € million)	**As of 30 June 2021**	**As of 31 Dec. 2020**	**As of 30 Jun 2020**
Gross total debt	1,828.4	1,697.0	1,609.8
Cash and cash equivalents[1]	152.0	355.1	159.9
Net total debt	1,676.4	1,341.9	1,449.9
Total net leverage ratio (last twelve months)[2]	**2.9x**	**2.7x**	**2.9x**

1 Includes restricted cash.

2 Net total debt divided by LTM adjusted EBITDA. LTM adjusted EBITDA for 2021 includes the LTM adjusted EBITDA of the acquired joint ventures and SIG and deducts the dividend SIG received from the joint ventures in the LTM period.

Cash and cash equivalents decreased from €355.1 as of 31 December 2020 to €152.0 million as of 30 June 2021. In addition to the normal cash flow seasonality in our business, the reduction in cash and cash equivalents in the six months ended 30 June 2021 was primarily driven by the payment of the dividend to our shareholders, the cash component of the consideration for the acquisition of the remaining shares of the joint ventures in the Middle East, net of cash acquired, and the repayment of external debt of one of the former joint ventures, which was partially funded by cash on the balance sheet and a new credit facility.

The increase in gross debt from €1,697.0 million to €1,828.4 million is primarily a result of the new credit facility (€100 million), which was drawn to repay the external debt of one of the former joint ventures and an increase in lease liabilities of €31.4 million.

The increase in leverage from 31 December 2020 is driven by the cash flow seasonality. Leverage as of 30 June 2021 was unchanged compared with 30 June 2020. See further the section on seasonality below.

Net finance expense

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Interest income	3.3	2.6
Net foreign currency exchange gain/(loss)	7.4	(12.0)
Net change in fair value of derivatives	-	0.5
Net interest expense on interest rate swaps	-	(0.6)
Interest expense on:		
- Notes	(10.1)	(0.7)
- Senior unsecured/secured credit facilities	(2.6)	(15.4)
- Lease liabilities	(4.4)	(1.1)
Amortisation of original issue discount	(0.1)	(1.2)
Amortisation of transaction costs	(1.8)	(1.3)
Net effect of early repayment of secured term loans	-	(19.7)
Net effect of early repayment of former joint venture loans	(3.7)	-
Other	(3.2)	(6.3)
Net finance expense	(15.2)	(55.2)

Net finance expense in the six months ended 30 June 2021 decreased by €40.0 million. The decrease was primarily due to €19.7 million net expense effect of early repayment of term loans in the comparative period and a positive net change of €19.4 million in translation effects on intra-group loan payables, with the net loss in the prior period resulting primarily from the weakening of the Brazilian Real against the Euro and the US Dollar. Excluding the items of the net financing expense that are adjusted out of net income, net finance expense in the period remained stable

OUTLOOK

For the full year, the Company expects core revenue growth on a like-for-like basis of 4-6% at constant currency. Whereas earlier in the year growth was expected to be in the lower half of this range, the strong first half performance opens up the possibility of growth in the upper half of the range. The outturn will, however, depend on the evolution of COVID-19 related uncertainties in the second half.

Assuming no major deterioration in exchange rates, the adjusted EBITDA margin is expected to be within the 27-28% range. Net capital expenditure is forecast to be within the targeted 8-10% of revenue range in 2021 and mid-term.

OTHER DISCLOSURES

Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to reflect consumption patterns and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter.

Dividends

A dividend of CHF 0.42 per share, totalling CHF 141.8 million (€128.1 million) was paid to shareholders out of the capital contribution reserve in April 2021 (CHF 0.38 per share, totalling CHF 121.6 million (€114.8 million) was paid in the comparative period of year 2020).

Foreign currencies

We operate internationally and transact business in a range of currencies. Denomination differences between costs and sales expose us to foreign currency exchange rate risks. While our reporting currency is Euro, we generate a significant portion of our revenue and costs in currencies other than Euro. We therefore translate results, as well as assets and liabilities, into Euro at exchange rates in effect during or at the end of each reporting period, as applicable. Increases or decreases in the value of the Euro against other currencies in countries where we operate can affect our results of operations and the value of balance sheet items denominated in foreign currencies.

We supply semi-finished and finished goods to certain of our non-European operations in Euro and a number of our key raw material suppliers charge us for raw materials in Euros or in US Dollars. As a result, a greater portion of our costs is denominated in Euros and, to a lesser extent, US Dollars as compared to the related revenue generated in those currencies. Accordingly, changes in the exchange rates of the Euro and the US Dollar compared to the currencies in which we sell our products could adversely affect our results of operations. We expect to mitigate some of these cost mismatches with the opening and expansion of local production facilities in certain markets, continuing efforts to qualify local suppliers and by using foreign currency exchange derivatives.

In addition, certain loans within the Group have been borrowed or lent in currencies that are not the functional currency of the respective legal entities involved in the transaction. As a result, foreign currency exchange gains and losses may occur upon the translation of these debts into the functional currencies of the respective entities. These foreign currency exchange gains or losses are recognised in the net finance expenses.

The significant exchange rates against the Euro applied during the periods are presented below.

	Average rate for the period ended			Spot rate as of		
	30 June 2021	30 June 2020	31 Dec. 2020	30 June 2021	30 June 2020	31 Dec. 2020
Australian Dollar (AUD)	1.56228	1.67500	1.65383	1.58531	1.63439	1.58960
Brazilian Real (BRL)	6.48620	5.34713	5.81232	5.90500	6.11180	6.37350
Chinese Renminbi (CNY)	7.79817	7.74562	7.86713	7.67420	7.92190	8.02250
Swiss Franc (CHF)	1.09427	1.06408	1.07034	1.09800	1.06510	1.08020
Mexican Peso (MXN)	24.32457	23.60504	24.35846	23.57842	25.94698	24.41599
New Zealand Dollar (NZD)	1.68039	1.75724	1.75466	1.70259	1.74801	1.69840
Thai Baht (THB)	37.13431	34.80548	35.66255	38.11799	34.62400	36.72701
US Dollar ($ or USD)	1.20549	1.10135	1.13971	1.18840	1.11980	1.22710

Alternative performance measures and comparative numbers

Additional information about the alternative performance measures used by management (including reconciliations to measures defined in IFRS) is included in the consolidated interim financial statements for the six months ended 30 June 2021. See notes 6, 9, 10, 11 and 24.

In addition, for the definition of like-for-like and change in our calculation methodology for constant currency please refer to the following link: https://reports.sig.biz/annual-report-2020/services/glossary.html

The like-for-like presentation of comparative revenue information (for Europe and MEA) in this Financial Review is made as if the former joint ventures in the Middle East had been acquired a year before the actual acquisition date in February 2021. This like-for-like presentation gives an indication of what the performance would have been in the comparative period. However, such pro-forma like comparative information has not been included in the consolidated interim financial statements (see note 7). We do not believe that, under the IFRS guidance, a meaningful quantitative comparability can be achieved considering the nature of changes in the relationship between the parties pre- and post-acquisition.

Consolidated interim financial statements for the six months ended 30 June 2021

SIG Combibloc Group AG

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Consolidated interim statement of profit or loss and other comprehensive income

(In € million)	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
Revenue	6, 7	965.8	860.0
Cost of sales		(758.2)	(659.0)
Gross profit		**207.6**	**201.0**
Other income	8	82.5	6.1
Selling, marketing and distribution expenses		(43.0)	(37.6)
General and administrative expenses		(88.6)	(88.8)
Other expenses	8	(20.9)	(13.4)
Share of (loss)/profit of joint ventures		(1.6)	7.1
Profit from operating activities		**136.0**	**74.4**
Finance income		10.7	3.1
Finance expenses		(25.9)	(58.3)
Net finance expense	17	**(15.2)**	**(55.2)**
Profit before income tax		**120.8**	**19.2**
Income tax expense		(28.8)	(9.2)
Profit for the period	9	**92.0**	**10.0**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognised in translation reserve		25.7	(74.0)
- transfer from translation reserve	20, 21	(3.5)	-
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	18	24.7	(3.1)
Total other comprehensive income, net of income tax		**46.9**	**(77.1)**
Total comprehensive income		**138.9**	**(67.1)**
Basic earnings per share *(in €)*	10	0.28	0.03
Diluted earnings per share *(in €)*	10	0.28	0.03

Consolidated interim statement of financial position

(In € million)	Note	As of 30 June 2021	As of 31 Dec. 2020
Cash and cash equivalents	19	152.0	355.1
Trade and other receivables	15	247.6	222.0
Inventories		214.0	170.7
Current tax assets		2.5	2.8
Other current assets		61.7	28.5
Total current assets		**677.8**	**779.1**
Non-current receivables		4.6	6.3
Investments in joint ventures	21	0.6	184.5
Deferred tax assets		35.4	30.5
Property, plant and equipment	12	1,210.2	986.6
Right-of-use assets	13	171.5	141.1
Intangible assets	14	2,912.3	2,292.8
Employee benefits	18	194.7	178.5
Other non-current assets		25.2	23.0
Total non-current assets		**4,554.5**	**3,843.3**
Total assets		**5,232.3**	**4,622.4**
Trade and other payables		530.9	501.2
Loans and borrowings	16	128.6	24.0
Current tax liabilities		31.2	37.3
Employee benefits		46.0	50.5
Provisions		24.3	14.1
Other current liabilities		82.8	59.8
Total current liabilities		**843.8**	**686.9**
Non-current payables		9.6	12.3
Loans and borrowings	16	1,688.2	1,659.7
Deferred tax liabilities		144.7	132.4
Employee benefits	18	130.8	131.5
Provisions		17.7	18.5
Other non-current liabilities		248.3	167.4
Total non-current liabilities		**2,239.3**	**2,121.8**
Total liabilities		**3,083.1**	**2,808.7**
Share capital	18	3.0	2.8
Additional paid-in capital		2,140.0	1,945.0
Translation reserve		(198.5)	(220.7)
Treasury shares		(0.1)	(0.1)
Retained earnings		204.8	86.7
Total equity		**2,149.2**	**1,813.7**
Total liabilities and equity		**5,232.3**	**4,622.4**

Consolidated interim statement of changes in equity

(In € million)	Note	Share capital	Additional paid-in capital	Translation-reserve	Treasury shares	Retained earnings	Total equity
Equity as of 1 January 2021		**2.8**	**1,945.0**	**(220.7)**	**(0.1)**	**86.7**	**1,813.7**
Profit for the period						**92.0**	**92.0**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				25.7			**25.7**
- transfer from translation reserve	20, 21			(3.5)			**(3.5)**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						24.7	**24.7**
Total other comprehensive income, net of income tax		**-**	**-**	**22.2**	**-**	**24.7**	**46.9**
Total comprehensive income for the period		**-**	**-**	**22.2**	**-**	**116.7**	**138.9**
Issue of shares		0.2	323.1				**323.3**
Share-based payments	23					1.7	**1.7**
Purchase of treasury shares					(0.3)		**(0.3)**
Settlement of share-based payment plans and arrangements					0.3	(0.3)	**-**
Dividends	18		(128.1)				**(128.1)**
Total transactions with owners		**0.2**	**195.0**	**-**	**-**	**1.4**	**196.6**
Equity as of 30 June 2021		**3.0**	**2,140.0**	**(198.5)**	**(0.1)**	**204.8**	**2,149.2**
Equity as of 1 January 2020		**2.8**	**2,059.8**	**(82.1)**	**(0.1)**	**8.3**	**1,988.7**
Profit for the period						**10.0**	**10.0**
Other comprehensive income							
Items that may be reclassified to profit or loss							
Currency translations of foreign operations:							
- recognised in translation reserve				(74.0)			**(74.0)**
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plans						(3.1)	**(3.1)**
Total other comprehensive income, net of income tax		**-**	**-**	**(74.0)**	**-**	**(3.1)**	**(77.1)**
Total comprehensive income for the period		**-**	**-**	**(74.0)**	**-**	**6.9**	**(67.1)**
Share-based payments	23		-			1.6	**1.6**
Purchase of treasury shares					(0.3)		**(0.3)**
Settlement of share-based payment plans and arrangements			-		0.3	(0.3)	**-**
Dividends	18		(114.8)				**(114.8)**
Total transactions with owners		**-**	**(114.8)**	**-**	**-**	**1.3**	**(113.5)**
Equity as of 30 June 2020		**2.8**	**1,945.0**	**(156.1)**	**(0.1)**	**16.5**	**1,808.1**

Consolidated interim statement of cash flows

(In € million)	Note	Six months ended 30 June 2021	Six months ended 30 June 2020
Cash flows from operating activities			
Profit for the period		92.0	10.0
Adjustments for:			
Depreciation and amortisation	12, 13, 14	147.5	139.5
Impairment losses		1.1	0.6
Change in fair value of derivatives		(21.4)	(2.7)
Share-based payment expense	23	1.7	1.6
Gain on sale of property, plant and equipment and non-current assets		(0.1)	(0.2)
Loss on sale of subsidiary	20	12.6	-
Gain on pre-existing interest in joint ventures	21	(48.8)	-
Share of (loss)/profit of joint ventures		1.6	(7.1)
Net finance expense	17	15.2	55.2
Interest paid		(20.6)	(20.3)
Payment of transaction and other costs relating to financing	16	-	(8.8)
Income tax expense		28.8	9.2
Income taxes paid, net of refunds received		(38.0)	(42.2)
		171.6	**134.8**
Change in trade and other receivables		15.3	59.9
Change in inventories		(31.2)	(32.8)
Change in trade and other payables		(49.8)	(57.5)
Change in provisions and employee benefits		14.5	(4.4)
Change in other assets and liabilities		30.1	27.9
Net cash from operating activities	11	**150.5**	**127.9**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	21	(63.6)	(2.5)
Sale of subsidiary, net of cash disposed of	20	(0.5)	-
Acquisition of property, plant and equipment and intangible assets		(113.0)	(100.2)
Dividends received from joint ventures		-	7.1
Interest received		1.1	1.4
Net cash used in investing activities	11	**(176.0)**	**(94.2)**
Cash flows from financing activities			
Proceeds from loans and borrowings	16	100.0	1,550.0
Repayment of loans and borrowings	16	(139.5)	(1,560.9)
Payment of lease liabilities	16	(12.5)	(6.7)
Purchase of treasury shares		(0.3)	(0.3)
Payment of dividends	18	(128.1)	(114.8)
Other		(1.6)	(1.0)
Net cash used in financing activities	11	**(182.0)**	**(133.7)**
Net decrease in cash and cash equivalents		**(207.5)**	**(100.0)**
Cash and cash equivalents as of the beginning of the period		355.1	261.0
Effect of exchange rate fluctuations on cash and cash equivalents		4.4	(1.1)
Cash and cash equivalents as of the end of the period	19	**152.0**	**159.9**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It also includes details about the preparation of the consolidated interim financial statements and explains the structure of the consolidated interim financial statements.

1 Reporting entity and overview of the Group

SIG Combibloc Group AG ("SIG" or the "Company") is domiciled in Switzerland and has since 28 September 2018 been listed on SIX Swiss Exchange.

The consolidated interim financial statements for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and the joint venture reflected in the consolidated interim financial statements for the six months ended 30 June 2021 are listed in note 26 of the consolidated financial statements for the year ended 31 December 2020. For information about the acquisition of the remaining shares of the joint ventures in the Middle East and the sale of the paper mill in New Zealand, see notes 20 and 21.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products, ranging from juices and milk to soups and sauces. Its solutions offering consists of aseptic carton packaging filling machines, aseptic carton packaging sleeves and closures as well as after-market services.

2 Preparation of the consolidated interim financial statements

The consolidated unaudited interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They were approved by the Board of Directors of the Company on 22 July 2021. They also comply with the Listing Rules of SIX Swiss Exchange and with Swiss company law.

These consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020. They do not include all of the information required for a complete set of IFRS financial statements. However, they include information required to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the consolidated financial statements for the year ended 31 December 2020 and certain other information deemed relevant.

3 Structure of the consolidated interim financial statements

The consolidated interim financial statements are structured into different sections that should facilitate an overview and understanding of the Group's operations, financial position and performance. The notes are included in these sections based on their relevance and include information that is material and relevant to the consolidated interim financial statements.

BASIS OF PREPARATION	OUR OPERATING PERFORMANCE	OUR OPERATING ASSETS AND LIABILITIES	OUR FINANCING AND FINANCIAL RISK MANAGEMENT	OUR GROUP STRUCTURE AND RELATED PARTIES	OUR PEOPLE	OTHER
1 Reporting entity and overview of the Group 2 Preparation of the consolidated interim financial statements 3 Structure of the consolidated interim financial statements 4 Key events and transactions 5 General accounting policies and topics	6 Revenue 7 Segment information 8 Other income and expenses 9 Alternative performance measures 10 Earnings per share 11 Cash flow information	12 Property, plant and equipment 13 Right-of-use assets 14 Intangible assets 15 Trade and other receivables	16 Loans and borrowings 17 Finance income and expenses 18 Equity 19 Financial risk management	20 Group entities 21 Business combination 22 Related parties	23 Share-based payment plans and arrangements	24 Financial instruments and fair value information 25 Contingent liabilities 26 Subsequent events

4 Key events and transactions

The following key events and transactions took place during the six months ended 30 June 2021.

Acquisition completed of the remaining shares of the joint ventures in the Middle East

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East ("the acquisition") from the joint venture partner Al Obeikan Group for Investment Company CJS ("OIG") for a consideration of €490.3 million, split into cash of €167.0 million and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million at the time of closing. The new SIG shares were issued out of authorised share capital (see note 18). The acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence. For additional information about the acquisition, see note 21.

After the acquisition, the Group repaid loans of one of the former joint ventures by using available cash and a new unsecured credit facility of €100.0 million. See note 16.

New segmentation

The acquisition of the remaining shares of the joint ventures in the Middle East has resulted in a split of the segment Europe, Middle East and Africa ("EMEA") into two segments: segment Europe and segment Middle East and Africa ("MEA"). See further note 7.

Organisational changes in the Group Executive Board and the Board of Directors

As previously reported, the former Chief Financial Officer (Samuel Sigrist) was appointed Chief Executive Officer effective 1 January 2021 following the voluntary departure of the former Chief Executive Officer (Rolf Stangl). On the same date, the appointment of Frank Herzog as Chief Financial Officer took effect. José Matthijsse took over the position of President and General Manager of Europe effective 1 February 2021.

Abdelghany Eladib, the former Chief Operating Officer of the former joint ventures in the Middle East, became a member of the Group Executive Board effective 28 February 2021. He has taken on the newly created role of President and General Manager of Middle East and Africa.

Abdallah al Obeikan, Chief Executive Officer of OIG and, prior to the acquisition, Chief Executive Officer of the Group's former joint ventures in the Middle East, was elected to SIG's Board of Directors at the Annual General Meeting in April 2021.

Martine Snels was elected as a new member of SIG's Board of Directors at the Annual General Meeting in April 2021. She has considerable experience in the food industry, including roles with GEA and FrieslandCampina.

Sale of New Zealand paper mill

After the Group's announcement in March 2021 that it would close its paper mill in New Zealand (Whakatane), it was approached by potential buyers. The Group sold the paper mill on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The sale of the mill resulted in a loss of €12.6 million. In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of restructuring costs relating to the employees of the mill were recognised in the six months ended 30 June 2021. See also notes 9, 20 and 26.

5 General accounting policies and topics

5.1 Application of accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements for the six months ended 30 June 2021 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2020. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total profit or loss.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations were effective for annual periods beginning on 1 January 2021. The applicable standards and interpretations had no, or no material, impact on the consolidated interim financial statements. This also applies in respect of the amendments to IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* and IFRS 16 *Leases* issued by the IASB as a result of the global reform of interest rate benchmarks.

5.3 Adoption of standards and interpretations in 2022 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2022 or later and have not been applied in preparing these consolidated interim financial statements. The Group does not plan to adopt these standards and interpretations before their effective dates. Many of them are not applicable to the Group or are expected to have no, or no material, impact on the consolidated financial statements.

5.4 Critical accounting judgements, estimates and assumptions

The significant judgements made by management and the key estimates and assumptions used in the preparation of the consolidated interim financial statements for the six months ended 30 June 2021 are consistent with those disclosed in note 5.4 of the consolidated financial statements for the year ended 31 December 2020, with the exception of estimates required in determining taxes on income in interim periods (see note 5.1). For specific topics involving significant judgements and/or estimates in the six months ended 30 June 2021, see further notes 7 and 21.

Management evaluates on an ongoing basis how the COVID-19 pandemic impacts the Group's financial position and performance. Management considers that the business of SIG is well placed to withstand the impacts of the COVID-19 pandemic due to its role in the supply chain for essential food and beverages and its broad geographic reach. Considering that the Group and its customers are in an industry that assures the distribution of essential food and beverages, the Group overall is currently not significantly impacted by the COVID-19 pandemic.

OUR OPERATING PERFORMANCE

This section covers our operating performance at a Group as well as at a segment level. It includes alternative performance measures that management believes are relevant in evaluating the Group's performance and liquidity.

6 Revenue

Revenue derives from the sale of goods (i.e. sleeves, closures, board and filling lines) and the provision of after-market services and is presented net of returns, trade discounts, volume rebates and other customer incentives. The Group also presents income from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and revenue under royalty agreements as part of revenue.

Composition of revenue

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Revenue from sale and service contracts (including royalty agreements)	904.7	811.3
Revenue from filling line contracts accounted for as operating leases	61.1	48.7
Total revenue	**965.8**	**860.0**
of which		
Core revenue	**950.9**	**849.7**

Core revenue represents revenue generated from the Group's core activities and excludes revenue from sales of folding box board, which amounted to €14.9 million for the six months ended 30 June 2021 and €10.3 million for the six months ended 30 June 2020. Core revenue is not a defined performance measure in IFRS (see note 9). Since the Group's acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the revenue of the former joint ventures is fully consolidated and included in core revenue (see notes 7 and 21).

The Group's total revenue is further disaggregated by major product/service lines in the below table. Filling line revenue is composed of revenue from the deployment of filling lines under contracts that qualify to be accounted for as operating leases and from the sale of filling lines. Service revenue relates to after-market services in relation to the Group's filling lines. Revenue under royalty agreements and from sale of folding box board and liquid paper board is included in other revenue.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Revenue from sale of sleeves and closures	809.3	707.9
Filling line revenue	68.9	53.9
Service revenue	66.0	55.9
Other revenue	21.6	42.3
Total revenue	**965.8**	**860.0**

Other revenue has decreased compared to the comparative period. As a consequence of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the royalty agreement with the former joint ventures was terminated. The Group's sales of liquid paper board are mainly to the former joint ventures and are since the acquisition intra-group sales rather than third-party sales. Sales of folding box board have ceased as the Group sold its paper mill in June 2021 (see note 20).

The Group's four segments (Europe, MEA, APAC and Americas) provide the same aseptic carton packaging solutions, comprising filling machines, sleeves and closures as well as after-market services. The split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same at Group level, between the Group's segments and over recent years (also for the new MEA segment). Other revenue was, until the acquisition of the remaining shares of the joint ventures in the Middle East, mainly divided between EMEA and APAC. See note 7 for additional information about the Group's segments.

Seasonality

The Group's business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to reflect consumption patterns and to avail themselves of annual volume rebates, typically resulting in higher sales during the fourth quarter. Historically, this has resulted in relatively low sales in the first quarter, with inventory returning to normal levels and the settlement of performance incentives that have been accrued over the course of the year. These factors contribute to an increase in working capital levels and lower cash flows from operating activities in the first quarter.

7 Segment information

Prior to the acquisition of the remaining shares of the joint ventures in the Middle East, the Group had three operating segments, which were also the reportable segments: Europe, Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and Americas. The acquisition has resulted in a split of EMEA into two operating (and reportable) segments: segment Europe and segment Middle East and Africa ("MEA"). Since the acquisition, the Group's chief operating decision maker ("CODM") receives separate financial information on a regular basis for Europe and for MEA for the purposes of resource allocation and assessment of the performance of the segments. All four segments provide the same aseptic carton packaging solutions.

Overview of changes to the Group's segments and to Group Functions

Until the end of February 2021, when the remaining shares of the joint ventures in the Middle East were acquired, the former segment **EMEA** included sleeves manufacturing as well as production of closures for the Group's customers in Europe. EMEA also supplied Americas and APAC with sleeves and, to a lesser extent, closures from its manufacturing and production facilities in Europe. EMEA further included the result from the sale of supply from the Group's European manufacturing entities to the Middle Eastern markets. The Group's central procurement activities were part of EMEA, with the European sleeves manufacturing and closures production entities being the main internal customers. The Group's former joint ventures in the Middle East contributed to the performance of EMEA through dividend payments and royalty payments related to the use of SIG technical solutions and sleeves sales in the Middle East and Africa.

From March 2021 onwards, segment **Europe** includes sleeves manufacturing as well as production of closures for the Group's customers in Europe. Europe also supplies Americas, APAC and MEA with sleeves and, to a lesser extent, closures from its manufacturing and production facilities in Europe. The Group's central procurement activities are part of Europe, with the European sleeves manufacturing and closures production entities being the main internal customers.

From March 2021 onwards, segment **MEA** includes sleeves manufacturing, which supplies customers in the Middle East and Africa with sleeves. The operations of the former joint ventures in the Middle East are part of this segment.

APAC includes sleeves manufacturing for the Group's customers in China, South East Asia and Oceania. The China-based filling machine assembly facility is also included in APAC. Until the beginning of June 2021, when the Group sold its paper mill in New Zealand, APAC also included the production of liquid paper board and folding box board (see note 20). The liquid paper board was mainly used by the sleeves manufacturing facilities in Asia and the former joint ventures in the Middle East.

Americas covers the Group's customers in North and South America. North America is primarily supplied by sleeves from the European and Asian sleeves manufacturing facilities. South America has its own sleeves manufacturing facility.

The **Group Functions** include activities that are supportive to the Group's business, such as the global filling machine assembly, global technology (including R&D), information technology, marketing, finance, legal, human resources and other support functions. Global filling machine assembly sells filling machines and spare parts, and provides assembly-related services, to all of the segments. The Group Functions are not involved in any significant transactions with third parties. Their sales of filling lines to the former joint ventures in the Middle East were reported as third party sales until the Group obtained control over the joint ventures as of the end of February 2021.

Segment financial information

The following tables present financial information about the Group's segments and Group Functions. The same measurement basis is used when presenting the segment information as is used in the Group's consolidated financial statements.

The increase from three to four segments in the six months ended 30 June 2021 has not resulted in any material changes that would require restatement of segment information presented in the comparative period. The Group's reporting structure changed as a consequence of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021. The Group did not have control over these entities before the acquisition. The Group accounted for the joint ventures using the equity method as it only had joint control. The results of the former joint ventures in the Middle East are now fully consolidated and reported in the new segment MEA. Sales by various Group companies to the former joint ventures were, prior to the acquisition, reported as external sales. After the acquisition, sales to the former joint ventures are reported as inter-segment transactions.

Revenue and adjusted EBITDA are reported for the former segment EMEA for the first two months of 2021. The former joint ventures in the Middle East contributed to the performance of EMEA through dividend payments and royalty payments. The royalty agreement was terminated and dividend payments ceased upon the Group's acquisition of the remining shares of the former joint ventures in the Middle East. No dividends were paid by the joint ventures to the former joint venture partners in the first two months of 2021. For the two new segments Europe and MEA, revenue and adjusted EBITDA are reported for the last four months of the six months ended 30 June 2021.

Based on the facts above, the Group does not believe that a meaningful quantitative comparability can be achieved considering the nature of changes in the relationship between the parties pre- and post-acquisition. Therefore, the following tables should be read in conjunction with the above descriptions.

	Six months ended 30 June 2021								
(In € million)	**EMEA**	**Europe**	**MEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Recon-ciling items**	**Total**
Revenue from transactions with external customers	119.3	237.7	100.6	330.7	174.2	**962.5**	3.3	-	**965.8**
Revenue from inter-segment transactions	40.8	112.1	1.3	6.8	-	**161.0**	28.7	(189.7)	**-**
Segment revenue	160.1	349.8	101.9	337.5	174.2	**1,123.5**	32.0	(189.7)	**965.8**
Core revenue from transactions with external customers[1]	119.3	237.7	100.6	315.8	174.2	**947.6**	3.3	-	**950.9**
Adjusted EBITDA[2]	**38.4**	**78.8**	**32.4**	**90.6**	**49.8**	**290.0**	**(25.9)**	-	**264.1**

	Six months ended 30 June 2020						
(In € million)	**EMEA**	**APAC**	**Americas**	**Total segments**	**Group Functions**	**Reconciling items**	**Total**
Revenue from transactions with external customers	386.6	315.7	151.3	**853.6**	6.4	-	**860.0**
Revenue from inter-segment transactions	118.0	7.1	0.3	**125.4**	22.1	(147.5)	**-**
Segment revenue	504.6	322.8	151.6	**979.0**	28.5	(147.5)	**860.0**
Core revenue from transactions with external customers[1]	386.6	305.4	151.3	**843.3**	6.4	-	**849.7**
Adjusted EBITDA[2]	**122.1**	**91.4**	**34.8**	**248.3**	**(32.6)**	**-**	**215.7**

1 Core revenue from transactions with external customers represents revenue from transactions with external customers, excluding revenue from sale of folding box board to third parties. Core revenue is not a defined performance measure in IFRS (see note 9).

2 The performance of the segments is presented with reference to adjusted EBITDA. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature and to include the cash impact of dividends received from joint ventures. EBITDA and adjusted EBITDA are not defined performances measures in IFRS. Refer to note 9 for the detailed definitions of these performance measures and the reconciliation between the Group's profit, EBITDA and adjusted EBITDA.

8 Other income and expenses

Other income and expenses relate to activities and transactions that are outside the Group's principal revenue generating activities. Foreign currency exchange gains and losses as well as fair value changes on commodity and foreign currency exchange derivatives entered into as part of the operating business are also presented as other income and expenses. Activities and transactions of a significant or unusual nature are generally adjusted for in the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Net change in fair value of derivatives	21.4	1.0
Income from miscellaneous services	1.3	1.9
Rental income	0.4	0.3
Gain on pre-existing interest in joint ventures	48.8	-
Indirect tax recoveries	7.0	-
Other	3.6	2.9
Total other income	**82.5**	**6.1**
Net foreign currency exchange loss	(0.9)	(11.8)
Transaction- and acquisition-related costs	(6.8)	(1.3)
Loss on sale of subsidiary	(12.6)	-
Other	(0.6)	(0.3)
Total other expenses	**(20.9)**	**(13.4)**

For the six months ended 30 June 2021, the Group recognised an unrealised net gain on commodity and foreign currency derivatives of €21.4 million. This arose primarily because the Group has entered into commodity derivative contracts fixing the price for mainly polymers but also for aluminium at lower prices than the currently higher forward prices.

For the six months ended 30 June 2020, a net foreign currency exchange loss of €11.8 million was recognised. This was mainly due to the depreciation of the Brazilian Real and Thai Baht against the Euro and the US Dollar.

The indirect tax recoveries of €7.0 million in the six months ended 30 June 2021 relate to a recent Supreme Court ruling on sales tax in Brazil that is beneficial to the Group. Out-of-period indirect tax recoveries of €5.9 million are excluded in the calculation of adjusted EBITDA and adjusted net income (see note 9).

See note 9 for information about the gain on the pre-existing interest in joint ventures, transaction- and acquisition-related costs and the loss on sale of a subsidiary. These items are excluded in the calculation of adjusted EBITDA and adjusted net income.

9 Alternative performance measures

Management uses a number of measures to assess the performance of the Group that are not defined in IFRS, including core revenue, adjusted EBITDA, adjusted net income, adjusted earnings per share, net capital expenditure, free cash flow and net leverage ratio.

These alternative non-IFRS performance measures are presented as management believes that they are important supplemental measures of the Group's performance. Management believes that they are useful and widely used in the markets in which the Group operates as a means of evaluating performance. In certain cases, these alternative performance measures are also used to determine compliance with covenants in the Group's credit agreement and compensation of certain members of management. However, these alternative performance measures should not be considered as substitutes for the information contained elsewhere in these consolidated interim financial statements.

This note includes information about adjusted EBITDA and adjusted net income. Core revenue is presented in notes 6 and 7, adjusted earnings per share in note 10 and net capital expenditure and free cash flow in note 11. Information about the Group's net leverage ratio is included in note 16.

Adjusted EBITDA

Adjusted EBITDA is used by management for business planning and to measure operational performance. Management believes that adjusted EBITDA provides investors with further transparency into the Group's operational performance and facilitates comparison of the performance of the Group on a period-to-period basis and versus peers.

EBITDA is defined by the Group as profit or loss before net finance expense, income tax expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write-downs and share of profit or loss of joint ventures, and to include the cash impact of dividends received from joint ventures.

The following table reconciles profit to EBITDA and adjusted EBITDA.

(In € million)	Six months ended 30 June 2021	Six months ended 30 June 2020
Profit for the period	**92.0**	**10.0**
Net finance expense	15.2	55.2
Income tax expense	28.8	9.2
Depreciation and amortisation	147.5	139.5
EBITDA	**283.5**	**213.9**
Adjustments to EBITDA:		
Unrealised gain on derivatives	(21.4)	(1.0)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	-
Restructuring costs, net of reversals	22.1	0.6
Loss on sale of subsidiary	12.6	-
Transaction- and acquisition-related costs	6.8	1.3
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in joint ventures	(48.8)	-
Out of period indirect tax recoveries	(5.9)	-
Other	3.2	0.9
Adjusted EBITDA	**264.1**	**215.7**

The restructuring costs for the six months ended 30 June 2021 mainly relate to the Group's paper mill in New Zealand (€9.8 million, net of reversals of provisions – see also notes 4 and 20) and to the closure of the Australian manufacturing operations (€7.1 million). In the light of the opening of the Group's new sleeves manufacturing facility in China in 2020, the Group has decided to close its Australian manufacturing operations and consolidate the manufacturing of packaging sleeves into the Group's existing plants. The Australian production plant was part of the Visy Cartons acquisition in 2019. Production is expected to finish by the end of 2021 with the site vacated during 2022.

A loss of €12.6 million arose upon the sale of the Group's paper mill in New Zealand in June 2021. See note 20.

For the six months ended 30 June 2021, costs of €5.5 million relating to the acquisition of the remaining shares of the joint ventures in the Middle East are presented as part of transaction- and acquisition related costs, which also include costs for pursuing other initiatives.

The fair value adjustment on inventories of €10.4 million in the six months ended 30 June 2021 relates to the fair value increase of the inventories of the former joint ventures in the Middle East that was made in connection with the acquisition accounting (see further note 21). These inventories have subsequently been sold.

The remeasurement to fair value of the Group's pre-existing 50% interest in the former joint ventures in the Middle East resulted in a gain of €48.8 million in the six months ended 30 June 2021 (see further note 21).

Adjusted net income

Adjusted net income is used by management to measure performance. Management believes that adjusted net income is a meaningful measure because by removing certain non-recurring charges and non-cash expenses, the Group's operating result directly associated with the period's performance is presented. The use of adjusted net income may also be helpful to investors because it provides better consistency and comparability with past performance and facilitates period-to-period comparisons of results of operations.

Adjusted net income is defined by the Group as profit or loss adjusted to exclude certain items of significant or unusual nature including, but not limited to, the non-cash foreign exchange impact of non-functional currency loans, amortisation of transaction costs, the net change in fair value of financing-related derivatives, purchase price allocation ("PPA") depreciation and amortisation, adjustments made to reconcile EBITDA to adjusted EBITDA and the estimated tax impact of the foregoing adjustments. The PPA depreciation and amortisation arose due to the acquisition accounting that was performed when the SIG Group was acquired by Onex in 2015. No adjustments are made for PPA depreciation and amortisation other than in connection with the Onex acquisition.

The following table reconciles profit for the period to adjusted net income.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Profit for the period	**92.0**	**10.0**
Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing	(10.6)	6.3
Amortisation of transaction costs	1.8	1.3
Net change in fair value of derivatives	-	(0.5)
Onex acquisition PPA depreciation and amortisation	53.4	64.4
Net effect of early repayment of former joint venture loans	3.7	-
Net effect of early repayment of secured term loans	-	19.7
Interest on out of period indirect tax recoveries	(2.2)	-
Adjustments to EBITDA:		
Unrealised gain on derivatives	(21.4)	(1.0)
Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures	1.6	-
Restructuring costs, net of reversals	22.1	0.6
Loss on sale of subsidiary	12.6	-
Transaction- and acquisition-related costs	6.8	1.3
Fair value adjustment on inventories	10.4	-
Gain on pre-existing interest in joint ventures	(48.8)	-
Out of period indirect tax recoveries	(5.9)	-
Other	3.2	0.9
Tax effect on above items	(9.1)	(23.4)
Adjusted net income	**109.6**	**79.6**

10 Earnings per share

Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the consolidated profit for the period by the weighted average number of shares in issue during the period, excluding the weighted average number of treasury shares. Diluted earnings per share reflects the effect of potentially dilutive shares under the Group's share-based payment plans and arrangements.

The following table shows the profit attributable to shareholders and the weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share. The Group issued shares on 24 February 2021 (see note 18).

(In € million unless indicated)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Profit for the period	92.0	10.0
Weighted average number of shares for the period - basic *(in numbers)*	332,206,805	320,043,979
Basic earnings per share *(in €)*	**0.28**	**0.03**
Profit for the period	92.0	10.0
Weighted average number of shares for the period - diluted *(in numbers)*	332,800,856	320,065,117
Diluted earnings per share *(in €)*	**0.28**	**0.03**

Adjusted earnings per share

Adjusted earnings per share is defined by the Group as adjusted net income divided by the weighted average number of shares. Management believes that (basic) adjusted earnings per share is a useful measure as adjusted net income is used to measure performance. Adjusted net income and adjusted earnings per share are not defined performance measures in IFRS (see note 9).

The below table shows the adjusted net income and the weighted average number of outstanding shares used in the calculation of basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Adjusted net income	109.6	79.6
Weighted average number of shares for the period - basic *(in numbers)*	332,206,805	320,043,979
Adjusted earnings per share - basic *(in €)*	**0.33**	**0.25**
Adjusted net income	109.6	79.6
Weighted average number of shares for the period - diluted *(in numbers)*	332,800,856	320,065,117
Adjusted earnings per share - diluted *(in €)*	**0.33**	**0.25**

11 Cash flow information

This note includes certain information about the Group's cash flows and non-cash transactions.

Net capital expenditure

The Group's capital expenditure primarily relates to investments in own production, plant and equipment (PP&E capital expenditure, excluding filling machines) and to the manufacture and deployment of filling machines with customers under contracts accounted for as operating leases (filling machine capital expenditure).

Net capital expenditure is defined by the Group as capital expenditure less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling machines from customers. Net capital expenditure is not a defined performance measure in IFRS (see note 9).

Management uses net capital expenditure as it demonstrates better than gross capital expenditure how cash generative the business is. As the Group typically receives a portion of the total consideration for a filling machine as an upfront payment from the customer, the cash outflow relating to filling machines is generally lower than implied by the gross capital expenditure figure. Payments received for filling lines (including upfront payments) are included in cash flows from operating activities.

The following table reconciles capital expenditure to net capital expenditure.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
PP&E (excl. filling machines)	29.1	30.9
Gross filling machines	83.9	69.3
Capital expenditure (gross)	**113.0**	**100.2**
Upfront cash (for filling machines)	(45.0)	(20.0)
Net capital expenditure	**68.0**	**80.2**

Free cash flow

Free cash flow is used by management to evaluate the performance of the Group. Free cash flow is defined by the Group as net cash from operating activities plus dividends received from the joint ventures less capital expenditure and payments of lease liabilities. Free cash flow is not a defined performance measure in IFRS (see note 9).

The following table reconciles net cash from operating activities to free cash flow.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Net cash from operating activities	**150.5**	**127.9**
Dividends received from joint ventures	-	7.1
Acquisition of PP&E and intangible assets	(113.0)	(100.2)
Payment of lease liabilities	(12.5)	(6.7)
Free cash flow	**25.0**	**28.1**

Non-cash transactions

Non-cash transactions for the six months ended 30 June 2021 include the issue of and subsequent transfer of 17,467,632 SIG shares (with a nominal value of CHF 0.01 per share) to OIG as part of the consideration for the remaining shares of the joint ventures in the Middle East on 25 February 2021. The fair value of the shares was €323.3 million (see also notes 18 and 21). Non-cash transactions for the six months ended 30 June 2021 also include the derecognition of capitalised transaction costs of €3.7 million resulting from the post-acquisition repayment of loans of one of the former joint ventures. Non-cash transactions for the comparative period include the derecognition of capitalised transaction costs and original issue discount in the amount of €17.6 million resulting from the repayment of the secured term loans in June 2020. See further notes 16 and 17.

Other non-cash transactions include the initial recognition of leases on the statement of the financial position (see note 16) and the granting of instruments under the Group's 2020 and 2021 share-based equity-settled plans and arrangements (see note 23).

OUR OPERATING ASSETS AND LIABILITIES

This section includes certain information about the Group's operating assets and liabilities. The main operating assets relate to the Group's production equipment and its deployed filling lines accounted for as operating leases. The Group also has right-of-use assets resulting from lease contracts entered into as a lessee. The Group's trade receivables balance is reduced by selling trade receivables under securitisation and factoring programmes. A substantial part of the Group's assets relates to goodwill and other intangible assets. The main operating liabilities relate to trade payables and accruals for various incentive programmes and are presented as part of trade and other payables. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts accounted for as operating leases.

12 Property, plant and equipment

Overview

Property, plant and equipment ("PP&E") is mainly composed of filling lines that are deployed at customers' sites under contracts that qualify to be accounted for as operating leases and the Group's plant and production equipment. PP&E also includes work in progress, which relates to construction of filling machines and to filling lines under installation at customers' sites as well as to construction of various types of production equipment used by the Group in its manufacturing and assembly facilities.

The increase in PP&E since 31 December 2020 mainly relates to the full consolidation of the former joint ventures in the Middle East. On the acquisition date, the Group recognised additional items of PP&E (mainly filling lines and production equipment) in the amount of €182.5 million.

Depreciation of PP&E

Depreciation of PP&E is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Cost of sales	77.4	79.4
Selling, marketing and distribution expenses	0.3	0.7
General and administrative expenses	3.0	2.5
Total depreciation	**80.7**	**82.6**

Capital expenditure commitments

As of 30 June 2021, the Group had entered into contracts to incur capital expenditure of €128.4 million (€62.0 million as of 31 December 2020) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's sleeves manufacturing facilities. The increase since 31 December 2020 is mainly due to new commitments for down-stream equipment.

13 Right-of-use assets

Overview

The Group generally purchases its production-related buildings and equipment. However, it also enters into lease contracts. Right-of-use assets relate to lease contracts that the Group has entered into as a lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

The increase in right-of-use assets since 31 December 2020 is largely attributable to the full consolidation of the former joint ventures in the Middle East in 2021 but also to an increased number of leases of production equipment for closures. The sleeves manufacturing facility of the former joint venture in Saudi Arabia is leased, with a remaining lease term of twelve years. See also notes 16 and 21.

Depreciation of right-of-use assets

Depreciation of right-of-use assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Cost of sales	9.0	3.8
Selling, marketing and distribution expenses	2.1	1.2
General and administrative expenses	1.5	1.3
Total depreciation	**12.6**	**6.3**

Lease commitments

The present value of estimated future lease payments under signed, but not yet commenced, lease contracts is approximately €48 million as of 30 June 2021 (€35 million as of 31 December 2020). The future lease payments relate primarily to leases of production equipment for closures.

14 Intangible assets

Overview

The largest portion of the Group's intangible assets is goodwill, which primarily arose as a result of the acquisition of the SIG Group by Onex in 2015. The acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 resulted in an increase in goodwill of €512.5 million and an increase in other intangible assets of €149.2 million (see note 21). The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The trademarks have indefinite useful lives.

The goodwill that arose upon the acquisition of the remaining shares of the joint ventures in the Middle East has been allocated to the new operating segment MEA (see also note 7).

Amortisation of intangible assets

Amortisation of intangible assets is recognised in the following components in the statement of profit or loss and other comprehensive income.

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Cost of sales	36.1	31.8
Selling, marketing and distribution expenses	0.1	-
General and administrative expenses	18.0	18.8
Total amortisation	**54.2**	**50.6**

15 Trade and other receivables

Trade and other receivables mainly comprise trade receivables.

The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its sleeves-related trade receivables to a special purpose entity. It also has a small number of minor factoring programmes. The trade receivables sold qualify for derecognition by the Group. The total off-balance sheet trade receivables amounted to €131.6 million as of 30 June 2021 (€128.9 million as of 31 December 2020).

OUR FINANCING AND FINANCIAL RISK MANAGEMENT

This section includes certain information about the Group's financing in the form of loans and borrowings and equity. The expenses for the financing are also presented in this section. Lastly, the Group's financial risk management policy and exposure to liquidity, market and credit risks are summarised.

16 Loans and borrowings

Since a refinancing transaction in June 2020, the Group's loans and borrowings mainly consist of senior unsecured Euro-denominated notes and senior unsecured credit facilities. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. Since March 2021, the Group's loans and borrowings also consist of a new unsecured credit facility of €100.0 million that has been used to repay loans of one of the former joint ventures in the Middle East. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

The obligations under the notes are guaranteed on a senior subordinated basis by Group subsidiaries. The obligations under the senior unsecured credit facilities are also guaranteed by Group subsidiaries. The Group was, both regarding the notes and the senior unsecured credit facilities, in compliance with all related covenants and there were no events of default as of 30 June 2021.

In June 2020, the Group fully repaid its secured term loans existing as of that time without premium or penalty by using available cash and the proceeds from the issue of notes and its new term loan. The difference between the carrying amount of the secured term loans as of the repayment date and the amount paid is presented as part of the net finance expense. The derivatives associated with the secured term loans were also derecognised.

Composition of loans and borrowings

The below table shows the carrying amount of the Group's loans and borrowings.

(In € million)	**As of 30 June 2021**	**As of 31 Dec. 2020**
Unsecured credit facility	100.0	-
Lease liabilities	28.6	24.0
Current loans and borrowings	**128.6**	**24.0**
Senior unsecured notes	993.3	992.2
Senior unsecured credit facilities	545.1	544.5
Lease liabilities	149.8	123.0
Non-current loans and borrowings	**1,688.2**	**1,659.7**
Total loans and borrowings	**1,816.8**	**1,683.7**

The following table presents the components of the carrying amount of the loans and borrowings.

(In € million)	**As of 30 June 2021**	**As of 31 Dec. 2020**
Principal amount	1,000.0	1,000.0
Deferred transaction costs	(6.7)	(7.8)
Senior unsecured notes	**993.3**	**992.2**
Principal amount (including repayments)	550.0	550.0
Deferred original issue discount	(1.2)	(1.4)
Deferred transaction costs	(3.7)	(4.1)
Senior unsecured credit facilities	**545.1**	**544.5**
Unsecured credit facility	**100.0**	**-**
Lease liabilities	**178.4**	**147.0**
Total loans and borrowings	**1,816.8**	**1,683.7**

Notes

On 18 June 2020, SIG Combibloc PurchaseCo S.à r.l. issued €1,000 million aggregate principal amount of senior unsecured notes. The notes are traded on the Global Exchange Market of Euronext Dublin. The below table provides a summary of the main terms of the senior unsecured notes.

	Principal amount	**Maturity date**	**Interest rate**
2023 notes	€450 million	18 June 2023	1.875%
2025 notes	€550 million	18 June 2025	2.125%

Senior unsecured credit facilities (term loan and revolving credit facility)

Certain subsidiaries, including SIG Combibloc PurchaseCo S.à r.l., entered in June 2020 into new senior unsecured credit facilities, consisting of one Euro-denominated term loan and a multi-currency revolving credit facility. The below table provides a summary of the main terms of the unsecured term loan and the revolving credit facility.

	Principal amount	**Maturity date**	**Interest rate**
Term loan	€550 million	June 2025	Euribor+0.9%, with a Euribor floor of 0.00%
Revolving credit facility	€300 million	June 2025	Euribor+0.9%, with a Euribor floor of 0.00%

The amount available under the multi-currency revolving credit facility is €300.0 million as of 30 June 2021 (€299.4 million as of 31 December 2020 due to €0.6 million in letters of credit being outstanding under an ancillary facility).

Unsecured credit facility

Since March 2021, the Group has a new unsecured credit facility of €100.0 million. The Group does not pay a fee for any undrawn amount for the right to use the credit facility.

Cash from the new credit facility was drawn in two tranches of €50.0 million each on 31 March 2021, with repayment in six and nine months (at an interest rate lower than the applicable interest rate on the revolving credit facility). The amounts drawn have, together with available cash, been used to repay external loans of one of the former joint ventures in the Middle East in the total amount of €139.5 million. The difference of €3.7 million between the carrying amount of the loans as of the repayment date and the amount paid is presented as part of the net finance expense (see note 17).

Lease liabilities

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars. The increase in lease liabilities since 31 December 2020 is largely attributable to the full consolidation of the former joint ventures in the Middle East in 2021 but also to an increased number of leases of production equipment for closures. The recognition of the twelve-year remaining lease of the sleeves manufacturing facility of the former joint venture in Saudi Arabia resulted in a lease liability of €23.4 million as of the acquisition date. See also notes 13 and 21.

Net debt and net leverage

As part of monitoring the Group's financial position, the Directors evaluate the Group's net debt and development of its net leverage ratio. Net leverage is defined by the Group as net debt divided by adjusted EBITDA. Net debt comprises the Group's current and non-current loans and borrowings (including lease liabilities, and with notes and credit facilities at principal amounts) less cash and cash equivalents (including any restricted cash). See note 9 for the definition of adjusted EBITDA. The Group is under the credit agreement for its senior unsecured credit facilities required to not exceed a net leverage ratio of 4.5x until 31 December 2020, 4.25x until 31 December 2021 and 4.0x thereafter.

The below table presents the components of net debt and the net leverage ratio.

(In € million)	**As of 30 June 2021[1]**	**As of 31 Dec. 2020**
Gross total debt	1,828.4	1,697.0
Cash and cash equivalents	152.0	355.1
Net total debt	1,676.4	1,341.9
Total net leverage ratio (last twelve months)	**2.9x**	**2.7x**

1 In the calculation of the net leverage ratio as of 30 June 2021, adjusted EBITDA (last twelve months) includes the adjusted EBITDA (last twelve months) of the former joint ventures in the Middle East but excludes the dividends that the Group has received from the former joint ventures.

17 Finance income and expenses

The Group's net finance expense is mainly related to finance expenses for the Group's loans and borrowings, fair value changes on associated derivative instruments and foreign exchange gains and losses relating to loans and borrowings.

Composition of net finance expenses

(In € million)	**Six months ended 30 June 2021**	**Six months ended 30 June 2020**
Interest income	3.3	2.6
Net foreign currency exchange gain	7.4	-
Net change in fair value of derivatives	-	0.5
Finance income	**10.7**	**3.1**
Interest expense on:		
- Senior unsecured notes	(10.1)	(0.7)
- Senior unsecured/secured credit facilities	(2.6)	(15.4)
- Lease liabilities	(4.4)	(1.1)
Amortisation of original issue discount	(0.1)	(1.2)
Amortisation of transaction costs	(1.8)	(1.3)
Net foreign currency exchange loss	-	(12.0)
Net interest expense on interest rate swaps	-	(0.6)
Net effect of early repayment of secured term loans	-	(19.7)
Net effect of early repayment of former joint venture loans	(3.7)	-
Other	(3.2)	(6.3)
Finance expenses	**(25.9)**	**(58.3)**
Net finance expense	**(15.2)**	**(55.2)**

In the six months ended 30 June 2021, the Group used available cash and proceeds from its new credit facility to repay loans of one of the former joint ventures in the Middle East. The net expense effect of the early repayment of these loans was €3.7 million. In the six months ended 30 June 2020, the Group used proceeds from its new term loan and issue of notes in June 2020 as well as available cash to repay its existing secured term loans. The net expense effect of the early repayment of the existing secured term loans was €19.7 million, of which €2.1 million related to cash settlement of interest rate swaps. See also note 16.

Net change in fair value of derivatives consists of fair value changes on financing-related derivatives.

In the six months ended 30 June 2021, the net foreign currency exchange gain primarily consisted of positive translation effects on intra-group loans resulting from the strengthening of the US Dollar and the Brazilian Real against the Euro. In the six months ended 30 June 2020, the net foreign currency exchange loss primarily consisted of negative translation effects on intra-group loan payables resulting from the weakening of the Brazilian Real against the Euro and the US Dollar.

Other finance expenses primarily consist of revolver commitment fees, securitisation and factoring expenses and interest expense on current tax liabilities.

18 Equity

Issue of shares

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital. The shares were, together with a payment of cash, part of the consideration transferred to OIG upon the acquisition of the remaining shares of the former two joint ventures in the Middle East on 25 February 2021 (see note 21). The newly issued shares have the same rights as the other ordinary shares of the Company. However, OIG has agreed to an average lock-up period for these shares of 18 months, subject to customary exceptions.

The Company has 337,520,872 shares in issue as of 30 June 2021 (320,053,240 shares as of 31 December 2020).

Dividends

For the year ended 31 December 2020, a dividend of CHF 0.42 per share, totalling CHF 141.8 million (€128.1 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2021. The dividend payment was not recognised as a liability as of 31 December 2020. For the year ended 31 December 2019, a dividend of CHF 0.38 per share, totalling CHF 121.6 million (€114.8 million) was paid to shareholders out of the capital contribution reserve (additional paid-in capital) in April 2020. The dividend payment was not recognised as a liability as of 31 December 2019.

19 Financial risk management

There have been no changes in the Group's objectives, polices and processes for managing its exposure to financial risks summarised below since 31 December 2020.

Liquidity risk

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. It has a multi-currency revolving credit facility in place to cover potential shortfalls and access to local working capital facilities in various jurisdictions, which are available if needed to support the cash management of local operations. The Group had unrestricted cash and cash equivalents in the amount of €148.5 million (€353.3 million as of 31 December 2020) and access to an additional €300.0 million under its multi-currency revolving credit facility as of 30 June 2021 (€299.4 million as of 31 December 2020).

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 30 June 2021. The table includes both interest and principal cash flows. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

		Contractual cash flows				
(In € million)	**Carrying amount**	**Total**	**Up to 1 year**	**1-2 years**	**2-5 years**	**More than 5 years**
As of 30 June 2021						
Trade and other payables	(533.2)	**(533.2)**	(523.7)	(2.6)	(5.4)	(1.5)
Loans and borrowings:						
- Senior unsecured notes	(993.3)	**(1,063.0)**	(20.1)	(469.9)	(573.0)	-
- Senior unsecured credit facilities	(545.1)	**(573.8)**	(6.0)	(6.0)	(561.8)	-
- Unsecured credit facility	(100.0)	**(100.0)**	(100.0)	-	-	-
- Lease liabilities	(178.4)	**(271.7)**	(36.8)	(31.3)	(73.2)	(130.4)
Total non-derivative financial liabilities	**(2,350.0)**	**(2,541.7)**	**(686.6)**	**(509.8)**	**(1,213.4)**	**(131.9)**

The credit facility borrowing of €100.0 million relates to the Group's new unsecured credit facility taken up in March 2021 for the purpose of repaying loans of one of the former joint ventures in the Middle East (see note 16).

Market risks

Currency risk

As a result of the Group's international operations, foreign currency exchange risk exposures exist on sales, purchases, borrowings and dividend payments that are denominated in currencies that are not the functional currency of the entity involved in the transaction. The Group is also exposed to translation currency risk arising from the translation of the assets, liabilities and results of its foreign entities into Euro, the Group's presentation currency, from their respective functional currencies.

In accordance with the Group's Treasury policy, the Group seeks to minimise transaction currency risk via natural hedging and operational offsets to the extent possible. Therefore, when commercially feasible, the Group incurs costs in the same currencies in which cash flows are generated. In addition, the Group systematically hedges its major transactional currency exposures, using a twelve-month rolling layered approach.

Commodity price risk

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminium. The Group's objective is to ensure that the commodity price risk exposure in the current year is kept at an acceptable level. The Group generally purchases commodities at spot market prices and uses derivatives to hedge the exposure in relation to the cost of polymers (and their feedstocks) and aluminium. Due to this strategy, the Group is able to fix the raw material prices at the start of the year for approximately 80% of the anticipated polymers and aluminium purchases, which substantially reduces the exposure to raw material price fluctuations over that period.

Interest rate risk

The Group's interest rate risk primarily arises from its term loan and drawings of the revolving credit facility at variable interest rates (see note 16) but also from its cash and cash equivalents. The Group pays a fixed interest rate on its notes and the amounts drawn under its new credit facility.

A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the term loan would increase the annual interest expense by €2.7 million as of 30 June 2021 (€2.6 million as of 31 December 2020).

Credit risk

Credit risk arises principally from the Group's receivables from its customers. Historically, there has been a low level of losses resulting from default by customers. The Group limits its exposure to credit risk by executing a credit limit policy, requiring advance payments in certain instances, taking out insurance for specific debtors as well as utilising securitisation and non-recourse factoring programmes. As the Group's customers are in the food and beverage industry, management does not believe that there are any material changes to the Group's exposure to credit risk due to the COVID-19 pandemic.

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides information about changes to the Group structure and related parties, including the acquisition of the remaining shares of the joint ventures in the Middle East.

20 Group entities

There have been no significant changes in relation to the Group subsidiaries and joint ventures in the six months ended 30 June 2021, except as described below.

Acquisition of the remaining shares of the joint ventures in Middle East

The Company acquired the remaining 50% of the shares of its two joint ventures in Saudi Arabia and the United Arab Emirates ("UAE") on 25 February 2021 (see further note 21). The entity in UAE has four subsidiaries.

The following tables presents an overview of the changes to the Group structure following the acquisition. The ownership and the voting interests are the same. The reporting date of the new subsidiaries is 31 December.

	As of 30 June 2021		
Companies and countries	**Share capital**		**Interest**
Egypt			
SIG Combibloc Obeikan Egypt LLC, Cairo	10,000	EGP	100%
Nigeria			
SIG Combibloc Obeikan Nigeria Ltd., Lagos	10,000,000	NGN	100%
Saudi Arabia			
Al Obeikan SIG Combibloc Company Ltd., Riyadh[1]	75,000,000	SAR	100%
South Africa			
SIG Combibloc Obeikan (South Africa) Pty. Limited, Cape Town	1,000	ZAR	100%
Turkey			
SIG Combibloc Paketleme ve Ticaret Ltd. Sirketi, Istanbul	170,000	TRY	100%
UAE			
SIG Combibloc Obeikan FZCO, Dubai	24,000,000	AED	100%

1 Previously SIG Combibloc Obeikan Company Ltd., renamed to Al Obeikan SIG Combibloc Company Ltd. in the third quarter of 2020.

Sale of New Zealand paper mill

The Group announced in March 2021 that it would close the paper mill in New Zealand (Whakatane Mill Ltd.) and increase the sourcing of liquid paper board from existing third-party suppliers. The mill primarily produced liquid paper board for use by SIG entities and the Group's former joint ventures in the Middle East. After the closure announcement, the Group was approached by potential buyers.

The paper mill was sold on 3 June 2021 for NZD 1 to a consortium of investors who will enable the paper mill to continue to operate. The net cash outflow amounts to €0.5 million due to cash equivalents in the same amount that were part of the sold net assets, which mainly consisted of net working capital and provisions.

The sale resulted in a loss of €12.6 million that is presented in other expenses (see notes 8 and 9). Subsequent to 30 June 2021, the parties of the transaction have agreed to the majority of the proposed net working capital and other adjustments of the completion settlement. €3.1 million of adjustments that have been agreed upon in

favour of the Group are recognised in other receivables as of 30 June 2021 and considered in the calculation of the loss of €12.6 million. The Group does not expect any material adjustments from the finalisation of the completion accounts. The Group has no ongoing obligations relating to the mill following the completion of the sale except for customary representations and warranties (including tax indemnifications). The Group expects to be released from two guarantees outstanding to suppliers in the third quarter of 2021.

In connection with the initial decision to close the mill, the Group expected to incur plant decommissioning and redundancy costs of around €30 million. However, due to the sale, only €9.8 million of redundancy costs were recognised in the six months ended 30 June 2021.

Accounting policy

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

21 Business combination

Overview

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East (Al Obeikan SIG Combibloc Company Ltd. in Saudi Arabia and SIG Combibloc Obeikan FZCO in UAE) from the joint venture partner OIG. The joint ventures have thereby become fully owned subsidiaries of SIG. SIG and OIG commenced their partnership in the two joint ventures in 2001.

The former joint ventures provide aseptic carton packaging solutions in their respective geographic markets. Al Obeikan SIG Combibloc Company operates a sleeves manufacturing facility in Saudi Arabia from which it supplies sleeves to its customers and to SIG Combibloc Obeikan FZCO. Both of the entities deploy filling lines in the Middle East and Africa and provide sleeves and other associated products and services to their customers. They have approximately 500 full-time employees. The acquisition gives the Group control over a business with strong growth prospects in a growing market and expands its global presence.

The following table provides an overview of the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the fair value of the pre-existing interest held by the Group prior to the acquisition and the resulting goodwill. The amounts (other net liabilities acquired) have been determined on a provisional basis.

(in € million)	
Cash	167.0
Shares (17,467,632 ordinary SIG shares)	323.3
Fair value of consideration transferred	**490.3**
Intangible assets	149.2
Property, plant and equipment	182.5
Inventories	37.6
Cash and cash equivalents	103.4
Deferred tax liabilities	(9.4)
Other net liabilities acquired	(254.6)
Fair value of identifiable net assets acquired (100%)	**208.7**
Fair value of consideration transferred	490.3
Fair value of pre-existing interest	230.9
Total consideration	**721.2**
Fair value of identifiable net assets	(208.7)
Goodwill	**512.5**

For the four months ended 30 June 2021, the acquisition of the former joint ventures contributed incremental revenue of €68.4 million and a loss of €2.4 million (excluding the gain on pre-existing interest in joint ventures and transaction costs but including fair value adjustments) to the Group's results. If the acquisition had occurred on 1 January 2021, management estimates that for the six months ended 30 June 2021, consolidated revenue would have been €981.8 million and consolidated profit would have been €93.6 million. In determining these amounts, management has assumed that the fair value adjustments as of the acquisition date would have been the same if the acquisition had occurred on 1 January 2021.

The Group has incurred total acquisition-related costs of €6.9 million in 2020 and 2021, of which €5.5 million have been booked in the six months ended 30 June 2021 (as part of other expenses).

Consideration transferred

The Group transferred €167.0 million in cash and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million to OIG as consideration for the remaining shares in the joint ventures on 25 February 2021. The shares were issued out of authorised share capital on 22 February 2021 (see note 18). The fair value of the shares was determined by reference to SIG's closing share price of CHF 20.50 on 24 February 2021 as the acquisition was completed prior to the opening of SIX Stock Exchange on 25 February 2021. As the acquisition has been completed using a locked box valuation approach, there have been and will be no post-closing adjustments to the consideration transferred.

Identifiable net assets acquired

The intangible assets of €149.2 million mainly comprise customer relationships (€146.1 million) and a non-compete agreement. The useful lives of customer relationships are assessed to be ten years and the non-compete agreement will be amortised over three years. The property, plant and equipment balance primarily comprises production equipment and filling lines deployed under contracts that qualify to be accounted for as operating leases. The fair value of trade receivables was €45.7 million. Trade receivables comprised gross contractual amounts due of €58.5 million, of which €12.8 million was expected to be uncollectible as of the acquisition date.

Goodwill

The business combination resulted in goodwill of €512.5 million. The goodwill mainly comprises expectations about future new customers, entrance into new markets and the skills and competence of the workforce. There are no specific synergies or cost savings expected. The goodwill is not expected to be deductible for tax purposes.

Gain on pre-existing interest

The remeasurement to fair value of the Group's pre-existing 50% interest in the joint ventures resulted in a gain of €48.8 million. The gain is recognised as part of other income (see notes 8 and 9) and is calculated as follows:

(in € million)	
Fair value of pre-existing interest	230.9
Carrying amount of pre-existing interest	(178.8)
Reclassification of amounts in foreign currency translation reserve to profit or loss	(3.3)
Gain on pre-existing interest in joint ventures	**48.8**

Assessment of fair values

The Group applied generally accepted valuation methods in the assessment of the fair values of the acquired net assets. The fair value of the customer relationships was assessed by applying the multi-period excess earnings method while the fair value of the non-compete agreement was assessed by applying the direct income method. For property, plant and equipment, the fair values were primarily assessed by using the cost approach (the direct cost approach where possible). The fair value of inventories was estimated based on the estimated selling price in the ordinary course of business less the estimated cost of completion and sale, and reasonable profit margin.

The fair value of the Group's pre-existing 50% interest in the joint ventures has been assessed using the discounted cash flow method. The Group applied a unit of account approach where the fair value of the interest in the former joint ventures as a whole (100% interest) was assessed, taking into consideration a control premium. A control premium was applied as the Group has moved from only having joint control to having full control. Management believes that it therefore can more efficiently and effectively manage the strategy, operations and resources of the former joint ventures to increase the cash flows generated by these entities.

Accounting policy

Business combinations are accounted for using the acquisition method at the acquisition date when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group.

The consideration transferred is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Goodwill is measured at the acquisition date as the fair value of the consideration transferred (including, if applicable, the fair value of any previously held equity interests and any non-controlling interests) less the net recognised amount (which is generally fair value) of the identifiable assets acquired and liabilities assumed. If the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If such a contingent consideration depends on the achievement of future earnings or other performance targets, any changes in the fair value are recognised in profit or loss.

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

In a business combination achieved in stages, the equity interest in the acquired entity that was held by the Group before obtaining control is treated as it was sold and subsequently repurchased. The pre-existing interest in the acquired entity is remeasured at fair value at the acquisition date. Any resulting gain or loss is recognised in profit or loss. Amounts recognised in other comprehensive income in prior periods that are related to the previously held interest are treated on the same basis as if the Group had disposed of the interest to a third party.

Significant judgements and estimates

Significant judgements and estimates were made by management relating to the accounting for the acquisition of the remaining shares of the joint ventures in the Middle East. For example, the assessment of the fair value and the useful lives of the customer relationships and the assessment of the fair value of the pre-existing interest in the joint ventures involved significant judgement and estimates.

22 Related parties

This note includes certain information about some of the Group's related parties.

Key management changes and shareholdings

The former Chief Financial Officer (Samuel Sigrist) was appointed Chief Executive Officer effective 1 January 2021 following the voluntary departure of the former Chief Executive Officer (Rolf Stangl). Frank Herzog took over the role as Chief Financial Officer on the same date. José Matthijsse has been President and General Manager of Europe since 1 February 2021. Abdelghany Eladib, the former Chief Operating Officer of the former joint ventures in the Middle East, has been a member of the Group Executive Board since 28 February 2021 and is the President and General Manager of Middle East and Africa.

Abdallah al Obeikan, Chief Executive Officer of OIG, and prior to the acquisition, Chief Executive Officer of the Group's former joint ventures in the Middle East, has been a member of the Board of Directors since 21 April 2021. Martine Snels was elected as a new member of the Board of Directors at the same date.

The members of the Group Executive Board directly held 0.21% of the Company's shares as of 30 June 2021 (directly 0.3% as of 31 December 2020). The members of the Board of Directors directly held 0.08% and indirectly held 0.543% of the Company's shares as of 30 June 2021 (directly 0.07% as of 31 December 2020). See note 23 for information about the participation of the members of the Group Executive Board in share-based payment plans.

Related party transactions and balances

The nature of the Group's related party relationships, balances and transactions for the six months ended 30 June 2021 has changed compared to information disclosed by the Group in the consolidated financial statements for the year ended 31 December 2020. Since 25 February 2021, the Group's former joint ventures in the Middle East are 100% owned subsidiaries and thereby fully consolidated (see note 21).

Information about related party transactions and balances is provided in the following table.

	Transaction values for the six months ended		**Balance outstanding as of**	
(In € million)	**30 June 2021**	**30 June 2020**	**30 June 2021**	**30 June 2020**
Joint ventures[1]				
Sale of goods and services (sleeves, liquid paper board, filling machines and related goods and services), revenue under royalty agreements and other transactions / Net receivables	9.2	51.3	0.4	17.9
Purchase of goods	0.1	0.4		
Dividends received	-	7.1		
Onex portfolio companies[2]				
Purchase of goods (supplies and machine parts):				
- Erwepa / Davis Standard	-	6.3	-	

1 Transactions with the former joint ventures in the Middle East are reported until 24 February 2021.

2 Transactions with Onex portfolio companies are reported until 6 August 2020, when Onex ceased to be a related party to the Company.

OUR PEOPLE

This section includes certain information about the Group's share-based payment plans and arrangements. These plans and arrangements have an insignificant impact on the Group's result.

23 Share-based payment plans and arrangements

Share-based long-term incentive plans for SIG management

Since 2019, the Group annually grants performance share units ("PSUs") to the members of the Group Executive Board and certain other members of management. It also annually grants restricted share unit ("RSUs") to a small number of selected employees. The terms and vesting conditions of the 2021 PSU and RSU plans are equivalent to the terms and vesting conditions of the PSU and RSU plans from prior years. The grant date for the 2021 PSU and RSU plans was 1 April 2021. Under the 2021 PSU plan, 9 employees were granted in total 201,707 PSUs, of which 187,139 PSUs relate to members of the Group Executive Board.

In 2020, the Group introduced an equity investment plan ("EIP") for a wider group of management in leadership positions under which the participants have the choice to use own funds to invest into SIG shares at market value. The shares are blocked for three years. For each purchased share, the Group grants the participants two matching options to purchase another two shares at a pre-defined exercise price at the end of a three-year vesting period. The grant date for the 2021 EIP award was 31 May 2021. The fair value of one option is calculated using the Black-Scholes model. Under the 2021 EIP, 64 employees were granted in total 124,680 options.

Share-based payment arrangements for members of the Board of Directors

The members of the Board of Directors receive a part of their total compensation under share-based payment arrangements in the form of blocked shares. The blocked shares have been delivered by using treasury shares.

Share-based payment expense

The total share-based payment expense recognised in the six months ended 30 June 2021 amounts to €1.7 million (€1.6 million in the six months ended 30 June 2020), of which €1.1 million relates to members of the Group Executive Board (€1.1 million in the six months ended 30 June 2020) and €0.3 million relates to members of the Board of Directors (€0.3 million in the six months ended 30 June 2020).

OTHER

This section provides certain details about the Group's different categories of financial instruments, fair value information and off-balance sheet information.

24 Financial instruments and fair value information

Categories of financial instruments and fair value information

The following table presents the carrying amounts of financial assets and liabilities as of 30 June 2021. It also presents the respective levels in the fair value hierarchy for financial assets and liabilities measured at fair value. There have been no transfers between the fair value hierarchy levels since 31 December 2020 or changes in how the Group estimates the fair value.

	Carrying amount as of 30 June 2021			**Fair value hierarchy Level**		
(In € million)	**At amortised cost**	**At fair value through profit or loss (mandatorily)**	**Total**	**1**	**2**	**3**
Cash and cash equivalents	152.0		**152.0**			
Trade and other receivables	215.7	18.4	**234.1**		x	
Other financial assets	3.3		**3.3**			
Derivatives		38.0	**38.0**		x	
Total financial assets	**371.0**	**56.40**	**427.4**			
Trade and other payables	(533.2)		**(533.2)**			
Loans and borrowings:						
- Senior unsecured notes	(993.3)		**(993.3)**			
- Senior unsecured credit facilities	(545.1)		**(545.1)**			
- Unsecured credit facility	(100.0)		**(100.0)**			
- Lease liabilities	(178.4)		**(178.4)**			
Derivatives		(5.5)	**(5.5)**		x	
Total financial liabilities	**(2,350.0)**	**(5.5)**	**(2,355.5)**			

Fair value of financial assets and liabilities at amortised cost

The carrying amount of the financial assets and liabilities that are not measured at fair value is a reasonable approximation of fair value. Excluding transaction costs and an original issue discount, this is also the case for the Group's term loan that was entered into in June 2020. The fair value of the notes was €1,046 million as of 30 June 2021 (€1,042 million as of 31 December 2020).

Fair value of trade receivables to be sold under securitisation and factoring programmes

Trade receivables that will be sold under the Group's securitisation and factoring programmes are categorised as measured at fair value through profit or loss. They are sold shortly after being recognised by the Group and the amount initially recognised for these trade receivables is representative of their fair value.

Fair value of derivatives

The derivatives are entered into as part of the Group's strategy to mitigate operational risks (commodity and foreign currency exchange derivatives).

The Group measures derivative assets and liabilities at fair value. The fair value is calculated based on valuation models commonly used in the market. These include consideration of credit risk, where applicable, and discounts the estimated future cash flows based on the terms and maturity of each contract, using forward interest rates extracted from observable yield curves and market forward exchange rates at the reporting date. The derivatives are categorised as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on observable market data, either directly (i.e. as prices) or indirectly (i.e. derived from prices). All changes in fair value are recognised in profit or loss as the Group does not apply hedge accounting under IFRS 9.

25 Contingent liabilities

The Group has contingent liabilities relating to legal and other matters arising in the ordinary course of business. Based on legal and other advice, management is of the view that the outcome of any such proceedings will have no significant effect on the financial position of the Group beyond the recognised provision.

26 Subsequent events

There have been no events between 30 June 2021 and 22 July 2021 (the date these consolidated interim financial statements were approved) that would require an adjustment to or disclosure in these consolidated interim financial statements, except as described in note 20.

DISCLAIMER AND CAUTIONARY STATEMENT

The interim report contains certain "forward-looking statements" that are based on our current expectations, assumptions, estimates and projections about us and our industry. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "may", "will", "should", "continue", "believe", "anticipate", "expect", "estimate", "intend", "project", "plan", "will likely continue", "will likely result", or words or phrases with similar meaning. Undue reliance should not be placed on such statements because, by their nature, forward-looking statements involve risks and uncertainties, including, without limitation, economic, competitive, governmental and technological factors outside of the control of SIG Combibloc Group AG ("SIG", the "Company" or the "Group"), that may cause SIG's business, strategy or actual results to differ materially from the forward-looking statements (or from past results). Factors that could cause actual results to differ materially from the forward-looking statements are included without limitations into our offering circular for the issue of notes in June 2021. SIG undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise. It should further be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of the full-year results. Persons requiring advice should consult an independent adviser.

The declaration and payment by the Company of any future dividends and the amounts of any such dividends will depend upon SIG's ability to maintain its credit rating, its investments, results, financial condition, future prospects, profits being available for distribution, consideration of certain covenants under the terms of outstanding indebtedness and any other factors deemed by the Directors to be relevant at the time, subject always to the requirements of applicable laws.

Definitions of the alternative performance measures used by the SIG and their related reconciliations are posted under the following link: https://reports.sig.biz/annual-report-2020/services/glossary.html

Some financial information in this interim report has been rounded and, as a result, the figures shown as totals in this presentation may vary slightly from the exact arithmetic aggregation of the figures that precede them.