INTERIM REPORT 2023

Packaging systems and solutions for better

for better

About SIG

SIG is a leading solutions provider of packaging for better – better for our customers, for consumers, and for the world. With our unique portfolio of aseptic carton, bag-in-box, and spouted pouch, we work in partnership with our customers to bring food and beverage products to consumers around the world in a safe, sustainable, and affordable way. Our technology and outstanding innovation capabilities 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 strive to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland, and listed at the SIX Swiss Exchange. The skills and experience of our approximately 9,000 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 100 countries. In 2022, SIG produced 49 billion packs and generated €3.1 billion in pro forma revenue (incl. unaudited revenue from recent acquisitions). SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics, a Platinum CSR rating by EcoVadis, and is included in the FTSE4Good Index.

For more information, visit our website.

For insights into trends that drive the food and beverage industry, visit the SIG blog.

Content

OVERVIEW

Samuel Sigrist, CEO of SIG Group:

> "I am pleased to report a solid first half financial performance demonstrating the resilience of our business. We are recovering cost inflation and our adjusted EBITDA margin has improved despite the foreseen dilutive impact of acquisitions. These acquisitions are meeting our expectations and we continue to identify and to realize cross-selling opportunities between our aseptic carton and bag-in-box, spouted pouch and chilled carton businesses. These, together with our strong pipeline of aseptic carton filling lines, will underpin robust revenue growth in the years ahead.
>
> Given our strong pipeline and exciting growth opportunities we are investing to ensure we can capitalize on these developments. Our strategic investments include our first aseptic carton plants in Mexico and India, and we are expanding the emerging market presence of our bag-in-box and spouted pouch businesses, which in the past have been more focused on developed markets. Our portfolio is ideally suited to these markets where the demand for safe, sustainable and affordable food and beverages is constantly rising."

The tables below present an overview of our performance in the six months ended June 30, 2023.

Revenue performance

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022	Change Reported currency	Change Constant currency	Organic[1] Constant currency
Total revenue	1,540.0	1,142.6	34.8%	35.1%	6.6%

1 Organic growth represents aseptic carton and excludes the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses.

Key performance indicators

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Adjusted EBITDA	383.7	280.5
Adjusted EBITDA margin	24.9%	24.6%
EBITDA	350.1	238.0
Adjusted net income	144.4	124.5
Net income	52.6	66.6
Free cash flow	(213.2)	(9.4)
Diluted EPS (in €)	0.14	0.19
Adjusted diluted EPS (in €)	0.38	0.36

Key events in 2023 impacting the financial position of the Group

Repayment of notes

The Group accessed an unsecured bridge loan facility of €350 million on June 16, 2023. The proceeds from this bridge loan, together with available cash, were used to repay €450 million of the Group's senior unsecured notes on June 20, 2023.

Updates on 2022 acquisitions

We acquired 100% of Scholle IPN on June 1, 2022. Scholle IPN provides bag-in-box and spouted pouch packaging solutions for food and beverages. The acquisition accounting is now final. There have been no material adjustments to the fair values initially recognized.

We acquired Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") on August 2, 2022 from Evergreen Packaging International LLC ("Evergreen"). The acquisition accounting has not yet been finalized. As of June 30, 2023, the fair value of certain asset and liabilities has been measured on a provisional basis. There have been no material adjustments to the fair values initially recognized.

For further details, refer to note 16 of the consolidated interim financial statements for the six months ended June 30, 2023.

OUR OPERATING PERFORMANCE

This section covers our operating performance at Group as well as at segment level. It includes alternative 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.

Revenue

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

	Six months ended June 30, 2023	Six months ended June 30, 2022	Change		Organic[1]
(In € million)			Reported currency	Constant currency	Constant currency
Europe	491.4	376.2	30.6%	30.6%	10.5%
MEA	162.7	155.4	4.7%	4.2%	4.2%
APAC	450.3	367.4	22.5%	26.1%	-0.8%
Americas	435.3	243.1	79.1%	73.9%	14.1%
Group Functions	0.3	0.5			
Total revenue	**1,540.0**	**1,142.6**	**34.8%**	**35.1%**	**6.6%**

1 Organic growth represents aseptic carton and excludes the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses.

The **Group** reported strong revenue growth of 35.1% at constant currency for the six months ended June 30, 2023. Excluding the acquisitions, revenue grew by 6.6% at constant currency. Organic growth was driven by price increases to recover cost inflation, particularly in 2022. We are pleased with the performance of our chilled business, which is performing ahead of the market. Our bag-in-box and spouted pouch businesses performed as expected and we continue to identify and to realize cross-selling opportunities. The resin pass through clauses impacted the constant currency revenue growth to a lessor extent than in 2022.

The bag-in-box, spouted pouch and chilled carton businesses contributed €377.3 million to our top line in the first half of 2023.

Revenue growth in **Europe** on a constant currency basis was 30.6% in the first half of 2023 compared with the prior period. On a comparable basis, excluding the consolidation of the acquired businesses, organic revenue increased by 10.5% at constant currency. Performance was driven by price increases to recover cost inflation which, particularly in 2022, included higher raw material, energy and freight costs. The region saw strong demand for its SIG Terra packaging solutions, which are aluminum-free and/or use forest-based polymers, compared with the prior period.

The revenue contribution from the bag-in-box and spouted pouch businesses was €89.6 million in the six months ended June 30, 2023 (€12.5 million in the prior period).

In **Middle East and Africa ("MEA")** organic growth of 4.2% at constant currency in the first half of 2023 was impacted by temporary restrictions to foreign currency in Egypt and a strong prior period comparison. Sub-Sahara and West Africa led growth, primarily in liquid dairy.

SIG's broad presence in over 30 countries in the region ensures temporary fluctuations in one country are offset over the longer term through a portfolio effect.

In **Asia Pacific ("APAC"),** revenue growth at constant currency, including the impact from acquisitions, was 26.1% in the first half of 2023. On an organic basis, revenue at constant currency declined by 0.8% compared to the first half of 2022. Following a weak first quarter of 2023, notably in China, revenue recovered strongly in the second quarter with organic growth of 7%. In South East Asia, the Group's filling solutions for a range of carton sizes is helping customers tackle inflation.

Integration of the chilled carton business is progressing well. The business is achieving revenue growth ahead of the market due to product improvements and enhanced customer service in line with SIG's operating model.

The revenue contribution from the chilled carton, spouted pouch and bag-in-box businesses was €102.0 million in the first half of 2023 (€6.0 million in the prior period).

Revenue growth at constant currency in the **Americas** was 73.9% in the first half of 2023, which reflected the contribution from the bag-in-box and spouted pouch businesses. On an organic constant currency basis, revenue growth was 14.1%. Food service in beverage carton and bag-in-box continued to perform well in the first half of the year. In the aseptic carton business, price increases and the deployment of new filling lines for portion packs contributed to growth in South America.

The region secured aseptic spouted pouch and bag-in-box wins with our largest aseptic carton customers in the USA and Brazil, including a full system solution.

The revenue contribution from the bag-in-box and spouted pouch businesses was €185.7 million in the first half of 2023 (€31.3 million in the prior period).

Adjusted EBITDA

The following table reconciles profit for the period to EBITDA and adjusted EBITDA.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Net finance expense/(income)	58.5	(15.1)
Income tax expense	36.3	17.3
Depreciation and amortization	202.7	169.2
EBITDA	**350.1**	**238.0**
Adjustments to EBITDA:		
Unrealized loss on operating derivatives	10.9	13.2
Restructuring costs, net of reversals	2.1	4.2
Transaction- and acquisition-related costs	-	16.6
Integration costs	7.4	6.3
Realized gain on settlement of deal-contingent derivative	-	(11.9)
Fair value adjustment on inventories	-	9.3
Change in fair value of contingent consideration	12.3	-
Impairment losses	0.9	3.0
Other	-	1.8
Adjusted EBITDA	**383.7**	**280.5**

Adjusted EBITDA for the six months ended June 30, 2023 increased by €103.2 million, from €280.5 million for the six months ended June 30, 2022 to €383.7 million for the six months ended June 30, 2023. The adjusted EBITDA margin remained relatively stable compared to the prior period (24.9% versus 24.6% in the first half of 2022), despite the foreseen dilutive impact of the acquisitions and the mathematical dilution of the price increases. The margin was 140 basis points above the full year 2022 adjusted EBITDA margin.

Top line growth, driven by price and mix improvements, offset cost inflation during the period. Increased production costs reflected higher wage and energy costs as well as ramp-up costs for the new aseptic carton sleeves plant in Mexico. In the latter half of the period, the Group benefited from a decline in freight costs. An increase in selling, general and administrative ("SG&A") expenses reflected wage inflation but also investments to support growth, including investments in R&D and regional expansion. SG&A as a percentage of revenue as of June 30, 2023 was 12.7% compared to 12.1% as of June 30, 2022. Foreign currencies continued to provide tailwinds in the first half of the year.

EBITDA for the six months ended June 30, 2023 increased by €112.1 million to €350.1 million (€238.0 million in the prior period). The increase in adjusted EBITDA was offset by a negative fair value change of the contingent consideration for Scholle IPN (see further note 24 of the consolidated interim financial statements).

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

	Six months ended June 30, 2023		Six months ended June 30, 2022	
(In € million)	Adjusted EBITDA margin	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBITDA
Europe	27.8%	136.8	26.3%	99.0
MEA	30.0%	48.7	25.7%	40.0
APAC	28.8%	129.5	31.6%	116.1
Americas	23.8%	103.4	22.0%	53.6
Group Functions		(34.7)		(28.2)
Total	24.9%	383.7	24.6%	280.5

The **Europe** adjusted EBITDA margin increased compared to the prior period and reflected the impact of the strong pricing contribution to recover cost inflation. This positive contribution was partly offset by year-on-year headwinds from higher input costs and the foreseen dilution from the bag-in-box and spouted pouch acquisition. **MEA** had a strong margin performance in the first half of 2023, with positive top line contribution and reduced freight costs. Positive top line margin contribution in **APAC** was offset by the impact of a full six months of the bag-in-box, spouted pouch and chilled carton businesses. The **Americas** adjusted EBITDA margin was positively impacted by top-line contributions and foreign currency tailwinds. This was partly offset by the acquisition of the bag-in-box and spouted pouch businesses, which has a large presence in the Americas. Ramp-up costs for the new aseptic carton sleeves plant in Mexico also had a negative impact on the margin.

Net income and adjusted net income

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

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Non-cash foreign currency exchange impact of non-functional currency loans and realized foreign currency exchange impact due to refinancing	1.4	(19.0)
Amortization of transaction costs	2.1	3.9
Net change in fair value of financing-related derivative	(1.5)	-
Realized gain on settlement of deal-contingent derivative (relating to repayment of loan)	-	(15.5)
PPA depreciation and amortization – Onex acquisition	51.7	51.2
PPA amortization – other acquisitions[1]	23.5	10.5
Net effect of early repayment of loan	-	1.0
Adjustments to EBITDA[2]	33.6	42.5
Tax effect on above items[1]	(19.0)	(16.7)
Adjusted net income	**144.4**	**124.5**

1 The comparative adjusted net income number has been increased by €9.5 million to reflect a refinement of the definition of adjusted net income that was made in the year ended December 31, 2022. For further details, see note 9 of the consolidated financial statements for the year ended December 31, 2022.

2 For the different adjustments to EBITDA, refer to the adjusted EBITDA table at the beginning of this section.

Adjusted net income increased by €19.9 million, from €124.5 million for the six months ended June 30, 2022 to €144.4 million for the six months ended June 30, 2023. The increase was primarily driven by higher adjusted EBITDA, partially offset by higher interest expense in the current period due to a higher interest environment and the new debt that was taken up in connection with the acquisitions of Scholle IPN and Evergreen Asia in 2022. Higher depreciation and tax expenses also negatively impacted adjusted net income in the period.

Net income (profit for the period) decreased by €14.0 million, from €66.6 million for the six months ended June 30, 2022 to €52.6 million for the six months ended June 30, 2023. In addition to the impacts on adjusted net income discussed above, foreign currency exchange movements on inter-company loans negatively impacted the year-over-year net income performance. The prior period net income also included a realized gain on the settlement of a deal-contingent derivative that did not recur in the current period. An increase in intangible asset amortization due to the acquisitions of the bag-in-box, spouted pouch and chilled carton businesses also effected the result in the period.

The **effective tax rate** changed from 21% for the six months ended June 30, 2022 to 41% for the six months ended June 30, 2023. The **adjusted effective tax** rate changed from 21% to 28%. The change in the adjusted effective tax rate was negatively impacted by the mix of profits and losses taxed at varying tax rates in the jurisdictions in which we operate and includes the full impact of the bag-in-box and spouted pouch businesses for the period.

Net capital expenditure ("net capex")

The table below provides an overview of capital expenditure.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
PP&E and intangible assets (net of sales and excluding filling lines and other related equipment)[1]	93.4	16.7
Filling lines and other related equipment	129.0	70.2
Capital expenditure[1]	**222.4**	**86.9**
Upfront cash	(51.0)	(71.4)
Net capital expenditure[1]	**171.4**	**15.5**

[1] The comparative amounts for capital expenditure for PP&E and intangible assets, total capital expenditure and net capital expenditure have each been decreased by €19.3 million to reflect a refinement of the definition of capital expenditure for PP&E and intangible assets that was made in the year ended December 31, 2022. For further details, see note 11 of the consolidated financial statements for the year ended December 31, 2022.

Net capital expenditure increased by €155.9 million in the six months ended June 30, 2023, from €15.5 million in the six months ended June 30, 2022 to €171.4 million in the six months ended June 30, 2023. The increase reflected further expansion into growth markets, including the Group's first sites in Mexico and India for the production of aseptic carton sleeves, footprint rationalization and capacity expansion for the bag-in-box and spouted pouch businesses in North America as well as expansion of these substrates into emerging markets. In addition, investments in digital printing in Germany will bring new benefits to customers. A high level of activity at filling machine assembly plants reflected strong customer demand for SIG systems. Upfront cash received for filling line placements, presented in net cash from operating activities, was lower than in the prior period. Net capital expenditure as a percentage of revenue was 11% as of June 30, 2023.

In the second half of the year, gross capital expenditure is expected to reduce compared to the first half of 2023 and upfront payments from customers are expected to increase due to the phasing of filling line projects. For the full year, net capital expenditure is expected to remain within the guided range of 7% to 9% of revenue.

Cash flows

The Group's cash generation is weighted towards the second half of the year. The cash flow generation in the first half of the year is impacted by customer incentive payments.

The table below provides an overview of cash flows.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Net cash from operating activities	30.7	93.5
Net cash used in investing activities	(220.9)	(428.9)
Net cash (used in)/from financing activities	(96.2)	541.2
Net (decrease)/increase in cash and cash equivalents	**(286.4)**	**205.8**

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

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Net cash from operating activities	**30.7**	**93.5**
Acquisition of property, plant and equipment and intangible assets (net of sales)	(222.4)	(86.9)
Payment of lease liabilities	(21.5)	(16.0)
Free cash flow	**(213.2)**	**(9.4)**

Net cash from operating activities decreased by €62.8 million in the six months ended June 30, 2023 compared with the prior period, from €93.5 million to €30.7 million, as further described below.

Free cash flow at negative €213.2 million in the six months ended June 30, 2023 decreased by €203.8 million compared with the prior period. Strong EBITDA performance in the first half of the year was offset by higher capital expenditure, as described above. Other net working capital movements also negatively impacted net cash from operating activities, including higher trade payable outflows and payments of customer incentives. Net working capital also included an elevated level of inventories following supply chain constraints; as these constraints have now largely eased, the Group expects to reduce inventory levels. Opportunities to reduce the net working capital levels of the recent acquisitions have also been identified. Net cash from operating activities also includes upfront cash payments for our filling machines which, in the current period, were lower than in the prior period.

Interest payments were higher in the current period compared to the prior period due to a higher interest environment and the new debt that was taken up in connection with the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Net cash used in investing activities decreased by €208.0 million in the six months ended June 30, 2023 compared with prior period, from €428.9 million to €220.9 million. The prior period was impacted by the cash portion of the consideration for Scholle IPN but benefited from cash inflows from the settlement of a deal contingent derivative related to the cash consideration for Scholle IPN and a sale of a production-related building. The Group's capital expenditure was higher in the current period as described above.

Net cash used in financing activities was €96.2 million in the six months ended June 30, 2023 compared with a financing cash inflow of €541.2 million in the prior period, a decrease of €637.4 million. The prior period includes the impacts of financing activities for the acquisitions. In the current period, net cash used in financing activities was primarily driven by the financing required for the repayment of unsecured notes in June 2023.

OUR CAPITAL STRUCTURE

Our loans and borrowings consist of senior unsecured Euro-denominated notes, senior unsecured credit facilities, an unsecured US Dollar term loan, unsecured Euro *Schuldscheindarlehen* ("SSD", a private German debt placement) and an unsecured Euro bridge loan facility. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. In addition, the Group has access to local credit facilities. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

The following section includes an overview of changes to the Group's loans and borrowings compared to December 31, 2022. Note 16 of the consolidated interim financial statements for the six months ended June 30, 2023 includes additional details. Note 22 of the consolidated financial statements for the year ended December 31, 2022 includes information about our other loans and borrowings.

Repayment of notes, new bridge loan facility and use of other credit facilities

To finance the €450 million senior unsecured notes repayment on June 20, 2023, the Group used available cash and €350 million from an unsecured bridge loan facility that was accessed on June 16, 2023.

As of June 30, 2023, the Group has used €150 million of its multi-currency revolving credit facility to cover cash requirements in the first half of 2023 and €65.2 million of local unsecured credit lines to cover seasonal working capital needs.

Debt rating

	Company rating		As of
Moody's	Ba1	Stable	March 2023
S&P	BBB-	Stable	April 2023

Net debt and leverage

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

(In € million)	As of June 30, 2023[1]	As of Dec. 31, 2022[2]	As of June 30 2022[3]
Gross debt	2,794.4	2,684.1	2,637.7
Cash and cash equivalents	(211.6)	(503.8)	(526.2)
Net debt	**2,582.8**	**2,180.3**	**2,111.5**
Net leverage ratio (last twelve months)	**3.4x**	**3.1x**	**3.1x**

1 In the calculation of the net leverage ratio as of June 30, 2023, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Evergreen Asia from July 1, 2022.

2 In the calculation of the net leverage ratio as of December 31, 2022, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from January 1, 2022.

3 In the calculation of the net leverage ratio as of June 30, 2022, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Scholle IPN from July 1, 2021.

The **net debt** as of June 30, 2023 was higher compared with December 31, 2022 as a result of the increase in loans and borrowings, the cash seasonality of the business, capital investments and the dividend payment in April 2023. Strong adjusted EBITDA performance over the last twelve months positively contributed to the Group's **net leverage ratio**, which was 3.4x as of June 30, 2023.

The Group is committed to reduce its gross debt by year end 2023 and remains on track to meet its target of a 2.5x net leverage ratio by the end of 2024.

Net finance expense/income

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest income	1.9	1.2
Net foreign currency exchange gain	-	24.9
Realized gain on settlement of deal-contingent derivative	-	15.5
Net change in fair value of financing-related derivatives	1.5	-
Net interest income on interest rate swap	2.4	-
Interest expense on:		
- Loan and borrowings (excluding lease liabilities)	(44.6)	(13.6)
- Lease liabilities	(6.9)	(4.9)
Amortization of original issue discount	(0.2)	(0.2)
Amortization of transaction costs	(2.1)	(3.9)
Net foreign currency exchange loss	(3.9)	-
Net effect of early repayment of loan	-	(1.0)
Other	(6.6)	(2.9)
Net finance (expense)/income	**(58.5)**	**15.1**

The **net finance expense** for the period was €58.5 million compared to a net finance income of €15.1 million for the six months ended June 30, 2022, a change of 73.6 million.

The increase in net finance expense compared to the prior period is partly due to a higher interest rate environment but also due to the new debt that was taken up in connection with the financing of the acquisitions of Scholle IPN and Evergreen Asia in 2022. The current period also did not benefit from foreign currency gains and a realized gain on a deal-contingent derivative related to the repayment of a US Dollar loan of Scholle IPN as of the acquisition date.

OUTLOOK

Guidance for 2023 remains unchanged. The Company expects revenue growth of 20-22% at constant currency. The bag-in-box and spouted pouch businesses will be consolidated for an additional five months and the chilled carton business for an additional seven months respectively (pass through resin escalators for the bag-in-box and the spouted pouch businesses are excluded from the guidance). Organic constant currency revenue growth for the aseptic carton business is expected to be 7-9%. Price increases in the carton business are expected to continue to contribute to top-line growth. The adjusted EBITDA margin is expected to increase by 50-150 basis points, implying a range of 24-25%. The expected improvement compared with 2022 is subject to input cost and foreign currency volatility. Net capital expenditure is forecast to be within a range of 7-9% of revenue and the dividend pay-out ratio is expected to be within a range of 50-60% of adjusted net income.

OTHER DISCLOSURES

Seasonality

The Group's aseptic carton business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programs relating to carton sleeves that generally end in the fourth quarter. Customers tend to purchase additional carton sleeves prior to the end of the year to meet seasonal demand 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. The chilled carton, bag-in-box and spouted pouch businesses are not significantly exposed to seasonality.

Dividends

A dividend of CHF 0.47 per share, totaling CHF 179.6 million (€180.2 million) was paid to shareholders out of the capital contribution reserve in April 2023. In the prior period, CHF 0.45 per share, totaling CHF 151.9 million (€147.9 million) was paid.

Foreign currencies

We operate internationally and transact business in a range of currencies. 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.

Alternative performance measures

Additional information about 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 June 30, 2023. Definitions of the Group's alternative performance measures can also be found via the following link:
https://www.sig.biz/investors/en/performance/definitions

Consolidated interim financial statements for the six months ended June 30, 2023

SIG Group AG

See note 3 for further details on the consolidated interim financial statements.

Consolidated interim statement of profit or loss and other comprehensive income

(In € million)	Note	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue	6, 7	1,540.0	1,142.6
Cost of sales		(1,175.4)	(908.1)
Gross profit		**364.6**	**234.5**
Other income	8	11.7	17.0
Selling, marketing and distribution expenses		(68.1)	(47.8)
General and administrative expenses		(127.8)	(91.0)
Other expenses	8	(33.0)	(43.9)
Profit from operating activities		**147.4**	**68.8**
Finance income		5.8	41.6
Finance expenses		(64.3)	(26.5)
Net finance (expense)/income	17	**(58.5)**	**15.1**
Profit before income tax		**88.9**	**83.9**
Income tax expense		(36.3)	(17.3)
Profit for the period	9	**52.6**	**66.6**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Currency translations of foreign operations:			
- recognized in translation reserve		(65.1)	127.2
Cash flow hedges:			
- effective portion of changes in fair value	21	-	27.7
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	18	31.5	(50.9)
Total other comprehensive income, net of income tax		**(33.6)**	**104.0**
Total comprehensive income		**19.0**	**170.6**
Basic earnings per share (in €)	10	0.14	0.19
Diluted earnings per share (in €)	10	0.14	0.19

Consolidated interim statement of financial position

(In € million)	Note	As of June 30, 2023	As of Dec. 31, 2022
Cash and cash equivalents	19	211.6	503.8
Trade and other receivables	15	474.4	460.3
Inventories		465.1	402.7
Current tax assets		19.6	18.0
Other current assets		39.6	26.8
Total current assets		**1,210.3**	**1,411.6**
Non-current receivables		13.5	18.8
Investments in joint ventures		0.5	0.6
Deferred tax assets		58.5	60.0
Property, plant and equipment	12	1,737.7	1,667.8
Right-of-use assets	13	243.1	243.6
Intangible assets	14	4,119.7	4,246.2
Employee benefits	18	152.4	114.6
Other non-current assets		34.8	35.9
Total non-current assets		**6,360.2**	**6,387.5**
Total assets		**7,570.5**	**7,799.1**
Trade and other payables		824.8	1,036.8
Loans and borrowings	16	607.5	489.2
Current tax liabilities		54.4	46.3
Employee benefits		60.7	60.9
Provisions		25.7	26.6
Other current liabilities	21	169.7	116.2
Total current liabilities		**1,742.8**	**1,776.0**
Non-current payables		16.0	17.4
Loans and borrowings	16	2,178.6	2,185.5
Deferred tax liabilities		249.7	261.3
Employee benefits		105.9	104.6
Provisions		24.4	21.1
Other non-current liabilities	21	365.7	378.0
Total non-current liabilities		**2,940.3**	**2,967.9**
Total liabilities		**4,683.1**	**4,743.9**
Share capital	18	3.4	3.4
Additional paid-in capital	18	2,685.1	2,868.6
Translation reserve		(144.3)	(79.2)
Treasury shares	18	(1.4)	(1.3)
Retained earnings		344.6	263.7
Total equity		**2,887.4**	**3,055.2**
Total liabilities and equity		**7,570.5**	**7,799.1**

Consolidated interim statement of changes in equity

(In € million)	Note	Share capital	Additional paid-in capital	Translation reserve	Hedging reserve	Treasury shares	Retained earnings	Total equity
Equity as of January 1, 2023		**3.4**	**2,868.6**	**(79.2)**	**-**	**(1.3)**	**263.7**	**3,055.2**
Profit for the period							**52.6**	**52.6**
Other comprehensive income								
Items that may be reclassified to profit or loss								
Currency translations of foreign operations:								
- recognized in translation reserve				(65.1)				**(65.1)**
Items that will not be reclassified to profit or loss								
Remeasurement of defined benefit plans	18						31.5	**31.5**
Total other comprehensive income, net of income tax		**-**	**-**	**(65.1)**	**-**	**-**	**31.5**	**(33.6)**
Total comprehensive income for the period		**-**	**-**	**(65.1)**	**-**	**-**	**84.1**	**19.0**
Acquisition of non-controlling interest	20						(3.3)	**(3.3)**
Share-based payments	23						3.9	**3.9**
Purchase of treasury shares	18					(8.1)		**(8.1)**
Settlement of share-based payment plans and arrangements	18, 23		(3.3)			8.0	(3.8)	**0.9**
Dividends	18		(180.2)					**(180.2)**
Total transactions with owners		**-**	**(183.5)**	**-**	**-**	**(0.1)**	**(3.2)**	**(186.8)**
Equity as of June 30, 2023		**3.4**	**2,685.1**	**(144.3)**	**-**	**(1.4)**	**344.6**	**2,887.4**
Equity as of January 1, 2022		**3.0**	**2,140.0**	**(122.3)**	**-**	**(0.1)**	**307.6**	**2,328.2**
Profit for the period							**66.6**	**66.6**
Other comprehensive income								
Items that may be reclassified to profit or loss								
Currency translations of foreign operations:								
- recognized in translation reserve				127.2				**127.2**
Cash flow hedges:								
- effective portion of changes in fair value	21				27.7			**27.7**
Items that will not be reclassified to profit or loss								
Remeasurement of defined benefit plans	18						(50.9)	**(50.9)**
Total other comprehensive income, net of income tax		**-**	**-**	**127.2**	**27.7**	**-**	**(50.9)**	**104.0**
Total comprehensive income for the period		**-**	**-**	**127.2**	**27.7**	**-**	**15.7**	**170.6**
Adjustment of goodwill	21				**(11.7)**			**(11.7)**
Issue of shares, net of costs	18, 21	0.4	886.3					**886.7**
Share-based payments	23						2.3	**2.3**
Purchase of treasury shares	18					(16.3)		**(16.3)**
Settlement of share-based payment plans and arrangements	18, 23		(9.8)			14.4	(4.6)	**-**
Dividends	18		(147.9)					**(147.9)**
Total transactions with owners		**0.4**	**728.6**	**-**	**-**	**(1.9)**	**(2.3)**	**724.8**
Equity as of June 30, 2022		**3.4**	**2,868.6**	**4.9**	**16.0**	**(2.0)**	**321.0**	**3,211.9**

Consolidated interim statement of cash flows

(In € million)	Note	Six months ended June 30, 2023	Six months ended June 30, 2022
Cash flows from operating activities			
Profit for the period		52.6	66.6
Adjustments for:			
Depreciation and amortization		202.7	169.2
Impairment losses		0.9	3.0
Net change in fair value of operating derivatives		10.1	12.9
Realized gain on settlement of deal-contingent derivative	21	-	(11.9)
Share-based payment expense	23	3.9	2.3
Gain on sale of property, plant and equipment and non-current assets		(0.4)	(0.3)
Share of (profit)/loss of joint venture		-	-
Net finance expense/(income)	17	58.5	(15.1)
Interest paid		(55.8)	(21.7)
Income tax expense		36.3	17.3
Income taxes paid, net of refunds received		(43.4)	(43.1)
		265.4	**179.2**
Change in trade and other receivables		(31.2)	(18.5)
Change in inventories		(68.5)	(53.5)
Change in trade and other payables		(183.3)	(28.8)
Change in provisions and employee benefits		3.3	(18.1)
Change in other assets and liabilities		45.0	33.2
Net cash from operating activities	11	**30.7**	**93.5**
Cash flows from investing activities			
Acquisition of business, net of cash acquired	21	(0.5)	(368.9)
Settlement of deal-contingent derivative	21	-	25.5
Acquisition of property, plant and equipment and intangible assets		(223.6)	(106.2)
Proceeds from sale of property, plant and equipment and other assets	21	1.2	19.3
Interest received		2.0	1.4
Net cash used in investing activities	11	**(220.9)**	**(428.9)**
Cash flows from financing activities			
Proceeds from issue of shares	18	-	203.5
Payment of costs for placement of shares	18	-	(3.6)
Acquisition of non-controlling interest	20	(3.3)	-
Proceeds from loans and borrowings	16	567.6	1,450.0
Repayment of loans and borrowings	16	(450.0)	(942.7)
Settlement of deal-contingent derivative	21	-	15.5
Payment of lease liabilities		(21.5)	(16.0)
Purchase of treasury shares	18, 23	(8.1)	(16.3)
Sale of treasury shares	18, 23	0.9	-
Payment of dividends	18	(180.2)	(147.9)
Other		(1.6)	(1.3)
Net cash (used in)/from financing activities	11	**(96.2)**	**541.2**
Net (decrease)/increase in cash and cash equivalents		**(286.4)**	**205.8**
Cash and cash equivalents as of the beginning of the period		503.8	304.5
Effect of exchange rate fluctuations on cash and cash equivalents		(5.8)	15.9
Cash and cash equivalents as of the end of the period	19	**211.6**	**526.2**

BASIS OF PREPARATION

This section includes information on the parent company and the Group. It further contains certain details about the preparation of the consolidated interim financial statements, including general accounting policies and topics. An overview of the structure of the consolidated interim financial statements is also provided. In addition, the key events and transactions in the period are highlighted.

1 Reporting entity and overview of the Group

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

The consolidated interim financial statements for the six months ended June 30, 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint venture reflected in the consolidated interim financial statements are listed in note 26 of the consolidated financial statements for the year ended December 31, 2022.

For information about the acquisitions of Scholle IPN on June 1, 2022 and Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") on August 2, 2022, see note 21.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products. Following the acquisitions in 2022, the Group also offers bag-in-box and spouted pouch packaging solutions on a global basis for beverage, food and non-food products as well as chilled carton packaging solutions in Asia. The packaging solution offerings consist of filling lines and other related equipment, packaging material and after-market services.

2 Preparation of the consolidated interim financial statements

The consolidated interim financial statements for the six months ended June 30, 2023 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 Company's Board of Directors on July 20, 2023. They also comply with the Listing Rules of SIX Swiss Exchange and with Swiss company law.

The consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. They do not include all the information required for a complete set of IFRS financial statements. However, they include information required to explain events and transactions that are significant for an understanding of the changes in the Group's financial position and performance since the consolidated financial statements for the year ended December 31, 2022 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 provide information that is material and relevant to the consolidated 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 combinations 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 in the six months ended June 30, 2023.

Repayment of notes

The Group accessed an unsecured bridge loan facility of €350 million on June 16, 2023. The proceeds from this bridge loan, together with available cash, were used to repay €450 million of the Group's senior unsecured notes on June 20, 2023. See further note 16.

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

On April 1, 2023, Gavin Steiner joined the Group Executive Board as Chief Technology Officer and Ian Wood became Chief Supply Chain Officer.

Florence Jeantet was elected to the Board of Directors at the Annual General Meeting on April 20, 2023. Colleen Goggins did not stand for re-election.

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 June 30, 2023 are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. The income tax expense for the interim period is determined by applying the expected annual tax rate to the profit before income tax for the interim period.

5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations became effective for annual periods beginning on January 1, 2023. The applicable standards and interpretations had no, or no material, impact on the consolidated interim financial statements.

5.3 Adoption of standards and interpretations in 2024 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on January 1, 2024 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 June 30, 2023 are consistent with those disclosed in note 5.4 of the consolidated financial statements for the year ended December 31, 2022, with the exception of estimates required in determining taxes on income in interim periods (see note 5.1). The impact of global economic uncertainty on the Group remains unchanged (see note 5.4 of the consolidated financial statements for the year ended December 31, 2022).

OUR OPERATING PERFORMANCE

This section covers our operating performance at Group as well as at 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 such as carton sleeves, closures, bag-in-box and spouted pouches with associated materials (barrier film and fitments), filling lines and other related equipment as well as the provision of after-market services. Revenue is presented net of returns, trade discounts, volume rebates and other customer incentives. In addition, the Group presents income from the deployment of filling lines and other related equipment under contracts that qualify to be accounted for as operating leases as part of revenue.

Composition of revenue

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue from sale and service contracts	1,461.3	1,062.9
Revenue from filling line and other related equipment contracts accounted for as operating leases	78.7	79.7
Total revenue	**1,540.0**	**1,142.6**

The Group's total revenue is disaggregated by major product/service line in the table below.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue from the sale of carton, bag-in-box and spouted pouches	1,340.9	969.5
Filling line and other related equipment revenue	111.0	97.6
Service revenue	87.9	75.3
Other revenue	0.2	0.2
Total revenue	**1,540.0**	**1,142.6**

Revenue from the sale of carton, bag-in-box and spouted pouch is mainly composed of revenue from the sale of aseptic carton sleeves and closures. Since the acquisitions of Scholle IPN on June 1, 2022 and Evergreen Asia on August 2, 2022, this line item also includes revenue from the sale of bag-in-box and spouted pouches as well as carton sleeves for the chilled market in Asia.

Filling line and other related equipment revenue is composed of revenue from the deployment of equipment under contracts that qualify to be accounted for as operating leases and from the sale of equipment.

Service revenue relates to after-market services in relation to the Group's equipment.

The Group's revenue is disaggregated by type of business in the table below.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Revenue from the carton business	1,230.0	1,092.8
Revenue from the bag-in-box and spouted pouch businesses	310.0	49.8
Total revenue	**1,540.0**	**1,142.6**

Revenue from the carton business relates to the provision of aseptic carton packaging solutions and, since the acquisition of Evergreen Asia, chilled carton packaging solutions in Asia. Revenue from the bag-in-box and spouted pouch businesses relates to the provision of packaging solutions by Scholle IPN.

Seasonality

The Group's aseptic carton business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programs relating to carton sleeves that generally end in the fourth quarter. Customers tend to purchase additional carton sleeves prior to the end of the year to meet seasonal demand 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. The chilled carton, bag-in-box and spouted pouch businesses are not significantly exposed to seasonality.

7 Segment information

The Group has four operating segments, which are also the reportable segments: Europe, Middle East and Africa ("MEA"), Asia Pacific ("APAC") and Americas.

Prior to the acquisition of Scholle IPN on June 1, 2022, all segments provided the same aseptic carton packaging solutions, comprising aseptic carton filling lines, aseptic carton sleeves and closures as well as after-market services. The acquisition of Scholle IPN has not resulted in a change in the Group's segmentation. The business of Scholle IPN has been allocated to Europe, MEA, APAC and Americas. The segments now also provide bag-in-box and spouted pouch packaging solutions, including barrier film and fitments as well as filling lines and other equipment for bag-in-box and spouted pouches with related after-market services. Since the acquisition of Evergreen Asia on August 2, 2022, APAC also provides chilled carton packaging solutions, comprising carton filling lines, carton sleeves and closures as well as after-market services.

Overview of the segments and Group Functions

Refer to note 7 of the consolidated financial statements for the year ended December 31, 2022 for an overview of the different segments and Group Functions.

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.

	Six months ended June 30, 2023							
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Recon-ciling items	Total
Revenue from transactions with external customers	491.4	162.7	450.3	435.3	**1,539.7**	0.3	-	**1,540.0**
Revenue from inter-segment transactions	220.8	6.3	3.3	3.8	**234.2**	32.0	(266.2)	**-**
Segment revenue	712.2	169.0	453.6	439.1	**1,773.9**	32.3	(266.2)	**1,540.0**
Adjusted EBITDA[1]	136.8	48.7	129.5	103.4	**418.4**	(34.7)	-	**383.7**

	Six months ended June 30, 2022							
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Recon-ciling items	Total
Revenue from transactions with external customers	376.2	155.4	367.4	243.1	**1,142.1**	0.5	-	**1,142.6**
Revenue from inter-segment transactions	193.8	0.6	10.7	1.1	**206.2**	35.9	(242.1)	**-**
Segment revenue	570.0	156.0	378.1	244.2	**1,348.3**	36.4	(242.1)	**1,142.6**
Adjusted EBITDA[1]	99.0	40.0	116.1	53.6	**308.7**	(28.2)	-	**280.5**

1 The performance of the segments is presented with reference to adjusted EBITDA, excluding intra-group trademark and royalty payments. Refer to note 9 for additional details about adjusted EBITDA.

Disaggregation of segment revenue

The following tables present revenue from transactions with external customers for the segments, split by major product/service line.

	Six months ended June 30, 2023						
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Total
Revenue from the sale of carton, bag-in-box and spouted pouch	426.6	142.6	385.3	386.4	**1,340.9**	-	**1,340.9**
Filling line and other related equipment revenue	40.2	8.2	34.9	27.7	**111.0**	-	**111.0**
Service revenue	24.6	11.9	30.1	21.2	**87.8**	0.1	**87.9**
Other revenue	-	-	-	-	**-**	0.2	**0.2**
Total revenue	**491.4**	**162.7**	**450.3**	**435.3**	**1,539.7**	**0.3**	**1,540.0**

	Six months ended June 30, 2022						
(In € million)	Europe	MEA	APAC	Americas	Total segments	Group Functions	Total
Revenue from the sale of cartons, bag-in-boxes and spouted pouch	337.2	121.5	307.3	203.5	**969.5**	-	**969.5**
Filling line and other related equipment revenue	19.1	23.0	34.1	21.4	**97.6**	-	**97.6**
Service revenue	19.9	10.9	26.0	18.2	**75.0**	0.3	**75.3**
Other revenue	-	-	-	-	**-**	0.2	**0.2**
Total revenue	**376.2**	**155.4**	**367.4**	**243.1**	**1,142.1**	**0.5**	**1,142.6**

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 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 excluded in the calculation of the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

Composition of other income and expenses

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Net foreign currency exchange gain	5.2	-
Realized gain on settlement of deal-contingent derivative	-	11.9
Income from miscellaneous services	2.0	1.2
Rental income	0.4	0.4
Other	4.1	3.5
Total other income	**11.7**	**17.0**
Net foreign currency exchange loss	-	(7.8)
Net change in fair value of operating derivatives	(10.9)	(13.2)
Transaction- and acquisition-related costs	-	(16.6)
Integration costs	(7.4)	(6.3)
Change in fair value of contingent consideration	(14.7)	-
Total other expenses	**(33.0)**	**(43.9)**

For the six months ended June 30, 2023, the Group recognized an unrealized net loss on commodity and foreign currency derivatives of €10.9 million. This arose primarily because the Group has entered into derivative contracts fixing prices for polymers and foreign currencies at levels above the current forward prices.

For the six months ended June 30, 2022, the Group recognized an unrealized net loss on commodity and foreign currency derivatives of €13.2 million. This arose primarily because the Group had entered into commodity derivative contracts fixing prices for polymers and aluminum at levels above the current forward prices. The unrealized net loss included a €4.7 million unrealized gain that related to a deal contingent derivative that the Group had entered into relating to the consideration for the shares of Evergreen Asia (see note 21).

See note 9 for information about the realized gain on settlement of the deal-contingent derivative (relating to the acquisition of Scholle IPN), transaction- and acquisition-related costs, integration costs and the change in the fair value of the contingent consideration. 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 adjusted EBITDA, adjusted net income, adjusted earnings per share, net capital expenditure, free cash flow and net leverage ratio. See notes 9, 10, 11 and 21 of the consolidated financial statements for the year ended December 31, 2022 for information on why management believes that these alternative non-IFRS performance measures are important measures of the Group's performance.

Adjusted EBITDA and adjusted net income are presented in this note. See note 10 for adjusted earnings per share, note 11 for net capital expenditure and free cash flow and note 16 for the Group's net leverage ratio.

Adjusted EBITDA

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 amortization 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, integration costs, restructuring costs, unrealized gains or losses on operating 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 for the period to EBITDA and adjusted EBITDA.

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Net finance expense/(income)	58.5	(15.1)
Income tax expense	36.3	17.3
Depreciation and amortization	202.7	169.2
EBITDA	**350.1**	**238.0**
Adjustments to EBITDA:		
Unrealized loss on operating derivatives	10.9	13.2
Restructuring costs, net of reversals	2.1	4.2
Transaction- and acquisition-related costs	-	16.6
Integration costs	7.4	6.3
Realized gain on settlement of deal-contingent derivative	-	(11.9)
Fair value adjustment on inventories	-	9.3
Change in fair value of contingent consideration	12.3	-
Impairment losses	0.9	3.0
Other	-	1.8
Adjusted EBITDA	**383.7**	**280.5**

The integration costs for the six months ended June 30, 2023 and June 30, 2022 and the transaction- and acquisition-related costs for the six months ended June 30, 2022 mainly relate to the acquisitions of Scholle IPN and Evergreen Asia in 2022 (see note 21).

The change in the fair value of the contingent consideration of €12.3 million (including an unrealized foreign exchange gain of €2.4 million) relates to the remeasurement of the US Dollar contingent consideration for Scholle IPN at fair value as of June 30, 2023 (see further notes 21 and 24).

The settlement of the deal-contingent foreign currency derivative that the Group entered into relating to the consideration paid in cash for Scholle IPN on June 1, 2022 resulted in a realized gain of €25.5 million in the six months ended June 30, 2022, of which €11.9 million is recognized in profit or loss as part of other income. Due to the designation of the derivative as a hedging instrument in a cash flow hedge, the larger part of the realized gain reduced the amount of goodwill recognized for Scholle IPN. See note 21.

The fair value adjustment on inventories of €9.3 million in the six months ended June 30, 2022 related to a portion of the fair value increase of the inventories of Scholle IPN that was made in connection with the acquisition accounting (see note 21). These inventories were subsequently sold.

Adjusted net income

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

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

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Profit for the period	**52.6**	**66.6**
Non-cash foreign currency exchange impact of non-functional currency loans and realized foreign currency exchange impact due to refinancing	1.4	(19.0)
Amortization of transaction costs	2.1	3.9
Net change in fair value of financing-related derivative	(1.5)	-
Realized gain on settlement of deal-contingent derivative (relating to repayment of loan)	-	(15.5)
PPA depreciation and amortization – Onex acquisition	51.7	51.2
PPA amortization – other acquisitions[1]	23.5	10.5
Net effect of early repayment of loan	-	1.0
Adjustments to EBITDA[2]	33.6	42.5
Tax effect on above items[1]	(19.0)	(16.7)
Adjusted net income[1]	**144.4**	**124.5**

1 The comparative adjusted net income number has been increased by €9.5 million to reflect a refinement of the definition of adjusted net income that was made in the year ended December 31, 2022. For further details, see note 9 of the consolidated financial statements for the year ended December 31, 2022.

2 For the different adjustments to EBITDA, refer to the adjusted EBITDA table at the beginning of this note.

See note 21 for information about the realized gain on settlement of the deal-contingent derivative in the six months ended June 30, 2022, which relates to the repayment of the acquired US Dollar loan of Scholle IPN.

10 Earnings per share

Basic and diluted earnings per share

The following table shows basic and diluted earnings per share. The Company issued shares on May 18, 2022 and May 23, 2022 (see note 18).

(In € million unless indicated)	**Six months ended June 30, 2023**	**Six months ended June 30, 2022**
Profit for the period	52.6	66.6
Weighted average number of shares for the period – basic (in numbers)	382,197,866	345,689,227
Basic earnings per share (in €)	**0.14**	**0.19**
Profit for the period	52.6	66.6
Weighted average number of shares for the period – diluted (in numbers)	382,517,310	346,017,533
Diluted earnings per share (in €)	**0.14**	**0.19**

Diluted earnings per share reflects the effect of dilutive potential (registered) shares under the Group's equity-settled share-based payment plans and arrangements.

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. Adjusted net income and adjusted earnings per share are not defined performance measures in IFRS (see note 9).

The following table shows basic and diluted adjusted earnings per share.

(In € million unless indicated)	**Six months ended June 30, 2023**	**Six months ended June 30, 2022**
Adjusted net income	144.4	124.5
Weighted average number of shares for the period – basic (in numbers)	382,197,866	345,689,227
Adjusted earnings per share – basic (in €)	**0.38**	**0.36**
Adjusted net income	144.4	124.5
Weighted average number of shares for the period – diluted (in numbers)	382, 517,310	346,017,533
Adjusted earnings per share – diluted (in €)	**0.38**	**0.36**

11 Cash flow information

This note includes certain information about the Group's cash flows as well as 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 lines and other related equipment) and to the assembly and deployment of filling lines and other related equipment with customers under contracts accounted for as operating leases (filling lines and other related equipment capital expenditure). The Group's investments in intangible assets are less significant.

Net capital expenditure is defined by the Group as capital expenditure (net of proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets) less upfront cash. Upfront cash is defined as consideration received as an upfront payment for filling lines and other related equipment from customers. Net capital expenditure is not a defined performance measure in IFRS (see note 9).

The following table reconciles capital expenditure to net capital expenditure.

(In € million)	**Six months ended June 30, 2023**	**Six months ended June 30, 2022**
PP&E and intangible assets (net of sales and excluding filling lines and other related equipment)[1]	93.4	16.7
Filling lines and other related equipment	129.0	70.2
Capital expenditure[1]	**222.4**	**86.9**
Upfront cash	(51.0)	(71.4)
Net capital expenditure[1]	**171.4**	**15.5**

1 The comparative amounts for capital expenditure for PP&E and intangible assets, total capital expenditure and net capital expenditure have each been decreased by €19.3 million to reflect a refinement of the definition of capital expenditure for PP&E and intangible assets that was made in the year ended December 31, 2022. For further details, see note 11 of the consolidated financial statements for the year ended December 31, 2022.

Free cash flow

Free cash flow is defined by the Group as net cash from operating activities plus dividends received from joint ventures less capital expenditure (net of proceeds from sales of PP&E, other than filling lines and other related equipment, and intangible assets) 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 June 30, 2023**	**Six months ended June 30, 2022**
Net cash from operating activities	**30.7**	**93.5**
Acquisition of property, plant and equipment and intangible assets (net of sales)	(222.4)	(86.9)
Payment of lease liabilities	(21.5)	(16.0)
Free cash flow	**(213.2)**	**(9.4)**

Non-cash transactions

Non-cash transactions include the initial recognition of leases on the statement of financial position (see notes 13 and 16) and the granting of instruments under the Group's 2023 and 2022 share-based plans and arrangements (see note 23).

Non-cash transactions for the six months ended June 30, 2022 also included the issue and subsequent transfer of 33,750,000 SIG shares (with a nominal value of CHF 0.01 per share) to CLIL Holding B.V. ("CLIL") on June 1, 2022 as part of the consideration for Scholle IPN. The fair value of the shares was €686.8 million (see notes 18 and 21).

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 and other related equipment 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 securitization and factoring programs. 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 programs. Other liabilities mainly comprise deferred revenue relating to advance payments received for filling lines deployed under contracts accounted for as operating leases, but also the contingent consideration for Scholle IPN (see note 21).

12 Property, plant and equipment

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 and other related equipment under installation at customers' sites as well as to construction of various types of production equipment used by the Group in its production and assembly plants. The Group is a lessor in respect of its filling lines and other related equipment deployed with its customers.

Capital expenditure commitments

As of June 30, 2023, the Group had entered into contracts to incur capital expenditure of €138.1 million for the acquisition of PP&E (€144.7 million as of December 31, 2022). The commitments relate to filling machine and other related equipment assembly, certain downstream equipment and various equipment for the Group's production plants and similar facilities.

13 Right-of-use assets

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 lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

Lease commitments

The Group has entered into lease contracts that have not yet commenced. The present value of estimated future lease payments under these lease contracts is approximately €114 million as of June 30, 2023 (€106 million as of December 31, 2022).

These contracts mainly relate to leases of production equipment for closures that are expected to commence within the next twelve to fifteen months. The committed lease payments also concern leases of production-related buildings in APAC that are expected to commence within the next two to nine months.

14 Intangible assets

The largest portion of the Group's intangible assets is goodwill. Around half of the goodwill arose as a result of the acquisition of the SIG Group by Onex in 2015. The remaining half of the goodwill mainly arose as a result of the acquisitions of Scholle IPN and Evergreen Asia in 2022 and the remaining shares of the joint ventures in the Middle East in 2021. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The SIG trademarks have indefinite useful lives.

15 Trade and other receivables

Trade and other receivables mainly comprise trade receivables.

The Group has a securitization program under which it sells without recourse a portion of its aseptic carton sleeves-related trade receivables. It also has a small number of minor factoring programs. The trade receivables sold by the Group qualify for derecognition.

The off-balance sheet trade receivables sold under the securitization program, net of the retained reserve, amounted to €138.6 million as of June 30, 2023 (€140.8 million as of December 31, 2022).

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 financing are also presented in this section. Lastly, the Group's financial risk management policy and exposure to liquidity, market and credit risks are summarized.

16 Loans and borrowings

Overview

The Group's loans and borrowings consist of senior unsecured Euro-denominated notes, senior unsecured credit facilities, an unsecured US Dollar term loan, unsecured Euro *Schuldscheindarlehen* ("SSD", a private German debt placement) and an unsecured Euro bridge loan facility. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. In addition, the Group has access to local credit facilities. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

To finance the €450 million senior unsecured notes repayment on June 20, 2023, the Group used available cash and €350 million from an unsecured bridge loan facility that was accessed on June 16, 2023.

As of June 30, 2023, the Group has used €150 million of its multi-currency revolving credit facility and €65.2 million of local unsecured credit lines.

To finance the €415.5 million cash portion of the acquisition of Scholle IPN and the repayment of the acquired Scholle IPN external loans of €387.7 million, the Group accessed an unsecured bridge loan facility of €800 million on May 27, 2022. On June 30, 2022, the Group issued unsecured SSD totaling €650 million. Of this amount, €555 million was used on June 30, 2022 to reduce the unsecured bridge loan facility. The remaining €95 million was used to partly finance the consideration for Evergreen Asia on August 2, 2022. On July 28, 2022, the Group entered into a new unsecured credit facility, consisting of a US Dollar-denominated term loan ($270.0 million). The major part of the proceeds from the term loan was used to repay the remaining €245 million of the unsecured bridge loan facility on July 29, 2022. Refer also to notes 18 and 21.

The obligations under the notes, the senior unsecured credit facilities, the US Dollar term loan, the SSD and the bridge loan are guaranteed by the Company on a stand-alone basis. The Group was in compliance with all related covenants and there were no events of default as of June 30, 2023 and December 31, 2022.

Composition of loans and borrowings

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

(In € million)	As of June 30, 2023	As of Dec. 31, 2022
Senior unsecured notes	-	449.3
Unsecured bridge loan	348.9	-
Multi-currency revolving credit facility	150.0	-
Local credit lines	65.2	-
Lease liabilities	43.4	39.9
Current loans and borrowings	**607.5**	**489.2**
Senior unsecured notes	548.0	547.5
Senior unsecured Euro term loan	547.5	546.9
Unsecured US Dollar term loan	247.9	252.5
Unsecured SSD	647.9	647.6
Lease liabilities	187.3	191.0
Non-current loans and borrowings	**2,178.6**	**2,185.5**
Total loans and borrowings	**2,786.1**	**2,674.7**

The following sections include information about changes to the Group's loans and borrowings compared to December 31, 2022. Additional details and information about the Group's other loans and borrowings are included in note 22 of the consolidated financial statements for the year ended December 31, 2022.

Senior unsecured notes

The Group has senior unsecured notes due in June 2025. The notes are traded on the Global Exchange Market of Euronext Dublin. On June 20, 2023, the Group repaid €450 million of senior unsecured notes that were due in June 2023.

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

The amount available under the Group's committed multi-currency revolving credit facility is €148.1 million as of June 30, 2023 (€295.1 million as of December 31, 2022). The Group has used €150.0 million of the revolving credit facility to cover cash requirements in the first half of 2023. It also has letters of credits of €1.9 million outstanding under an ancillary facility (€4.9 million as of December 31, 2022).

Unsecured bridge loan facility

On June 16, 2023, the Group accessed an unsecured bridge loan facility of €350.0 million. An additional amount of €50.0 million available under the bridge loan facility was cancelled. The proceeds from the bridge loan were used to repay a portion of the €450 million senior unsecured notes that were due in June 2023.

The bridge loan facility is available for use until January 2025. The Group has the right to repay the bridge loan in whole or in part at the end of each interest period without premium or penalty. The obligations under the bridge loan facility are guaranteed by the Company on a stand-alone basis.

Local unsecured credit lines

The Group has access to local credit facilities in various locations. As of June 30, 2023, €65.2 million of unsecured unguaranteed local credit lines have been used to cover seasonal working capital needs (nil as of December 31, 2022).

Lease liabilities

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars.

Net debt and net leverage

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. Under the credit agreement for its senior unsecured credit facilities, the Group is required not to exceed a net leverage ratio of 4.0x. As per the credit agreements for the US Dollar term loan and the bridge loan, the net leverage ratio cannot exceed 4.4x and 4.0x, respectively.

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

(In € million)	**As of June 30, 2023[1]**	**As of Dec. 31, 2022[2]**
Gross debt	2,794.4	2,684.1
Cash and cash equivalents	(211.6)	(503.8)
Net debt	**2,582.8**	**2,180.3**
Net leverage ratio (last twelve months)	**3.4x**	**3.1x**

1 In the calculation of the net leverage ratio as of June 30, 2023, adjusted EBITDA (last twelve months) includes the adjusted EBITDA of Evergreen Asia from July 1, 2022.

2 In the calculation of the net leverage ratio as of December 31, 2022, adjusted EBITDA includes the adjusted EBITDA of Scholle IPN and Evergreen Asia from January 1, 2022.

The net debt as of June 30, 2023 was higher compared with December 31, 2022 as a result of the increase in loans and borrowings, the cash seasonality of the business, capital investments and the dividend payment in April 2023. Strong adjusted EBITDA performance over the last twelve months positively contributed to the net leverage ratio.

17 Finance income and expenses

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

Composition of net finance expense/income

(In € million)	Six months ended June 30, 2023	Six months ended June 30, 2022
Interest income	1.9	1.2
Net foreign currency exchange gain	-	24.9
Realized gain on settlement of deal-contingent derivative	-	15.5
Net change in fair value of financing-related derivatives	1.5	-
Net interest income on interest rate swap	2.4	-
Finance income	**5.8**	**41.6**
Interest expense on:		
- Loan and borrowings (excluding lease liabilities)	(44.6)	(13.6)
- Lease liabilities	(6.9)	(4.9)
Amortization of original issue discount	(0.2)	(0.2)
Amortization of transaction costs	(2.1)	(3.9)
Net foreign currency exchange loss	(3.9)	-
Net effect of early repayment of loan	-	(1.0)
Other	(6.6)	(2.9)
Finance expenses	**(64.3)**	**(26.5)**
Net finance (expense)/income	**(58.5)**	**15.1**

For the six months ended June 30, 2022, the net foreign currency exchange gain primarily consisted of positive translation effects on Euro-denominated intra-group loans held by an entity with the Brazilian Real as its functional currency and on one Euro-denominated loan held by an entity with the US Dollar as its functional currency resulting from the strengthening of the Brazilian Real and the US Dollar against the Euro.

The settlement of the deal-contingent foreign currency derivative that the Group entered into relating to the repayment of the external US Dollar loan of Scholle IPN resulted in a realized gain of €15.5 million in the six months ended June 30, 2022 (see note 21).

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

18 Equity

This note includes certain information and updates about the Company's share capital, treasury shares, dividend payments and remeasurement of the Group's employee benefits with an impact on equity. See note 21 for information about the hedging reserve (the sections "Deal-contingent derivatives"). The Group applied cash flow hedge accounting for the first in the six months ended June 30, 2022.

Issued share capital

The Company has 382,270,872 shares in issue as of June 30, 2023 (382,270,872 shares as of December 31, 2022), all fully paid. The table below provides an overview of these shares.

(Number of shares)	**Total shares**
Balance as of January 1, 2022	**337,520,872**
Issue of shares on May 18, 2022	11,000,000
Issue of shares on May 23, 2022	33,750,000
Balance as of June 30, 2022 and December 31, 2022	**382,270,872**
Balance as of January 1, 2023	**382,270,872**
Balance as of June 30, 2023	**382,270,872**

On May 18, 2022, the Company issued 11,000,000 registered shares with a nominal value of CHF 0.01 per share from authorized share capital under exclusion of the subscription rights of existing shareholders. The new shares were offered to investors as part of an accelerated book building process. The placement of the shares at a price of CHF 19.40 per share generated gross proceeds of CHF 213,400,000 (€203.5 million), resulting in an increase in the share capital of €0.1 million and an increase in the additional paid-in capital of €203.4 million. The costs incurred of €3.6 million that are directly attributable to the placement of the shares have been recognized as a deduction from equity (additional paid-in capital). The net proceeds from the capital increase amounted to €199.9 million and were used to fund, in part, the acquisition of Evergreen Asia (see also notes 16 and 21). The new shares were listed and admitted to trading on SIX Swiss Exchange on May 19, 2022. The newly issued shares have the same rights as the Company's other registered shares.

On May 23, 2022, the Company issued 33,750,000 registered shares with a nominal value of CHF 0.01 per share from authorized share capital under exclusion of the subscription rights of existing shareholders. The shares, together with a cash payment, were part of the consideration for Scholle IPN that was transferred to CLIL on June 1, 2022 (see notes 21 and 22). The difference of €686.5 million between the nominal value of the issued shares and the fair value of the shares at the acquisition date is presented as additional paid-in capital. The newly issued shares have the same rights as the Company's other registered shares. CLIL has agreed to a lock-up period for these shares of 18-24 months, subject to customary exceptions.

The 382,270,872 shares in issue as of June 30, 2023 represent €3.4 million of share capital (€3.4 million as of December 31, 2022).

Possibilities to increase or decrease the share capital

The Company had authorized share capital of CHF 565,062.61 and conditional share capital of CHF 640,106.48 as of December 31, 2022. As of June 30, 2023, the Company has conditional share capital of CHF 640,106.48 but no longer has any authorized share capital (see below).

Before the Annual General Meeting held on April 20, 2023, the Board of Directors was authorized, at any time until April 21, 2023, to increase the Company's share capital through the issue of up to 56,506,261 shares. Capital increases from authorized and conditional share capital were subject to a single combined limit, and could not exceed 64,010,648 shares, equaling CHF 640,106.48. However, the authority to issue shares from authorized and conditional share capital under exclusion of the subscription and advance subscription rights respectively was limited to a single combined maximum of 22,754,174 shares, equaling CHF 227,541.74.

The Annual General Meeting held on April 20, 2023 approved the introduction of a capital band as introduced under the new Swiss corporate law as of January 1, 2023. The capital band replaces the existing authorized share capital. Under the capital band, the Board of Directors may increase the share capital by up to 20% of the current share capital if shareholders' subscription rights are protected, and up to 10% if shareholders' subscription rights are restricted or withdrawn. The Board of Directors may also reduce the share capital by up to 10% through cancellation of shares or par value reduction. The authorization under the capital band is limited to three years until April 20, 2026.

The Board of Directors' authority to issue new shares based on the new capital band and the existing conditional capital for equity-linked financing instruments is limited on an aggregate basis. Where subscription or advance subscription rights are excluded, any issues of shares may not exceed 38,227,087 shares in aggregate, corresponding to 10% of the Company's current share capital. Likewise, the number of shares that may be cancelled under the new capital band is limited to 38,227,087 shares, corresponding to 10% of the Company's current share capital.

The conditional share capital is divided into CHF 160,026.62 for employee benefit plans and CHF 480,079.86 for equity-linked financing instruments as of June 30, 2023 (also as of December 31, 2022).

Treasury shares

The Company purchases its own shares on the market to settle its obligations under the Group's equity-settled share-based payment plans and arrangements (see note 23). The Company held 40,876 shares for this purpose as of June 30, 2023 (23,295 shares as of December 31, 2022), representing an amount of €1.4 million (€1.3 million as of December 31, 2022) and including foreign currency translation impacts.

In the six months ended June 30, 2023, the Company transferred 329,275 treasury shares (698,821 treasury shares in the six months ended June 30, 2022), representing €8.0 million (€14.4 million for the six months ended June 30, 2022) to the participants in the Group's equity-settled share-based payment plans and arrangements.

Dividends

The Annual General Meeting held on April 20, 2023 approved a dividend payment of CHF 0.47 per share for the year ended December 31, 2022, payable out of the capital contribution reserve (additional paid-in capital). The dividend payment was made on April 27, 2023 and totaled CHF 179.6 million (€180.2 million). For the year ended December 31, 2021, the shareholders were paid a dividend of CHF 0.45 per share (CHF 151.9 million or €147.9 million).

Remeasurement of employee benefits

The remeasurement of the Group's defined benefit pension plans as of June 30, 2023 resulted in a €31.5 million increase in other comprehensive income (net of tax), of which €32.8 million relates to the Group's Swiss pension plan. The increase is due to positive asset performance, partially offset by a decrease in the discount rate, and to an increase of the asset ceiling.

An increase in the discount rate in the year ended December 31, 2022 resulted in a significant decrease of the asset ceiling, which limited the amount that was recognized as a net defined benefit asset for the Group's Swiss pension plan to €114.6 million as of December 31, 2022. The recognized asset is limited to the present value of future economic benefits available in the form of reductions in future contributions to the plan. This first-time impact of the asset ceiling for the Group is included in the amount recognized in other comprehensive income.

A decrease in the discount rate in the six months ended June 30, 2023 resulted in an increase of the asset ceiling. The amount that is recognized as a net defined benefit asset for the Group's Swiss pension plan is €152.4 million as of June 30, 2023. This change is included in the amount recognized in other comprehensive income.

19 Financial risk management

There have been no changes to the Group's objectives, polices and processes for managing its exposure to the financial risks summarized below since December 31, 2022. For additional details, see note 25 of the consolidated financial statements for the year ended December 31, 2022.

Liquidity risk

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. The Group has unrestricted cash and cash equivalents of €209.1 million as of June 30, 2023 (€490.0 million as of December 31, 2022). It has a multi-currency revolving credit facility in place to cover potential shortfalls and access to local credit facilities in various locations, which are available if needed to support the cash management of local operations. See further note 16.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of June 30, 2023. The table includes both interest and principal cash flows. Balances due within one year are equal to their carrying amounts as the impact of discounting is not significant.

(In € million)	Carrying amount	Contractual cash flows: Total	Up to 1 year	1-2 years	2-5 years	More than 5 years
As of June 30, 2023						
Trade and other payables	(830.6)	**(830.6)**	(814.6)	(3.0)	(11.1)	(1.9)
Loans and borrowings:						
- Senior unsecured notes	(548.0)	**(573.0)**	(11.7)	(561.3)	-	-
- Senior unsecured Euro term loan	(547.5)	**(604.1)**	(27.1)	(577.0)	-	-
- Unsecured US Dollar term loan	(247.9)	**(313.3)**	(15.4)	(15.2)	(282.7)	-
- Unsecured SSD	(647.9)	**(779.8)**	(32.4)	(117.9)	(539.3)	(90.2)
- Unsecured bridge loan	(348.9)	**(358.4)**	(358.4)	-	-	-
- Multi-currency revolving credit facility	(150.0)	**(153.9)**	(153.9)	-	-	-
- Local credit lines	(65.2)	**(66.5)**	(66.5)	-	-	-
- Lease liabilities	(230.7)	**(310.2)**	(52.3)	(47.7)	(79.5)	(130.7)
Contingent consideration	(125.5)	**(208.4)**	(66.3)	(68.8)	(73.3)	-
Total non-derivative financial liabilities	**(3,742.2)**	**(4,198.2)**	**(1,598.6)**	**(1,390.9)**	**(985.9)**	**(222.8)**

Significant judgement is involved in assessing the future cash flows relating to the contingent consideration for Scholle IPN (see notes 21 and 24), and the final payments may be different from the amounts in the table above. The contingent consideration is included in other current and non-current liabilities.

Market risk

Currency risk

As a result of the Group's international operations, it is exposed to foreign currency risk 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 from their respective functional currencies into Euro, the Group's presentation currency.

In accordance with the Group's Treasury policy, the Group seeks to minimize transaction currency risk via natural offsets wherever 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 (by entering into foreign currency derivative contracts), using a twelve-month rolling layered approach. The Group does not hedge its exposure to translation gains or losses related to the financial results of its entities with a functional currency other than the Euro.

To manage the foreign currency exposure arising from the US Dollar payments relating to the acquisitions of Scholle IPN and Evergreen Asia in 2022, the Group entered into deal-contingent foreign currency derivatives in the six months ended June 30, 2022. These derivatives were designated as hedging instruments. See note 21 for further details.

Commodity price risk

Commodity price changes cannot always be passed on to the customers on a timely basis. The majority of the customer contracts in the bag-in-box and spouted pouch businesses include clauses that enable commodity price fluctuations to be passed on to the customers. As this is not the case for the customer contracts in the carton business, there is generally a time lag between increased commodity prices and the implementation of higher customer prices.

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminum. 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 aluminum. This strategy means that the Group is able to fix the raw material prices for the majority of its anticipated polymer and aluminum purchases, which substantially reduces the exposure to raw material price fluctuations over that period.

Interest rate risk

The Group's interest rate risk arises primarily from variable interest rates on its Euro and US Dollar term loans, three of the tranches of its SSD, its bridge loan, and draw-downs of its multi-currency revolving credit facility and local credit lines, but also from cash and cash equivalents. The Group pays a fixed interest rate on its notes and three of the tranches of its SSD.

A 100 basis point increase in the variable component of the interest rate on the Euro term loan, the three SSD tranches at variable interest rates, the bridge loan and the draw-downs of the multi-currency revolving credit facility and the local credit lines would increase the annual interest expense by €16.6 million as of June 30, 2023. The US Dollar term loan is not included in this analysis as the interest rate of this loan has been fixed for three years with an interest rate swap.

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. This also applies for the customers of Scholle IPN and Evergreen Asia. 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 utilizing securitization and non-recourse factoring programs.

OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides information about changes to the Group structure and related parties, including the acquisitions of Scholle IPN and Evergreen Asia in 2022.

20 Group entities

There have been no significant changes in relation to the Group entities since December 31, 2022.

The Group incorporated three new entities in the six months ended June 30, 2023, one each in Algeria (SIG Combibloc Algeria Ltd.), Pakistan (SIG Combibloc Pakistan (SMC – Private) Ltd.) and Switzerland (SIG InnoVentures AG).

The Group acquired the remaining 10% of the shares of Scholle IPN India Packaging Private Ltd. for €3.3 million on March 29, 2023. The non-controlling interests of the Group are not significant. The purchase of the Indian non-controlling interest is presented as a reduction of retained earnings in the statement of changes in equity.

21 Business combinations

This note includes certain information about the acquisitions of Scholle IPN on June 1, 2022 and Evergreen Asia on August 2, 2022 that is relevant for the understanding of their impact on the consolidated interim financial statements for the six months ended June 30, 2023 and June 30, 2022. Additional details are included in note 27 of the consolidated financial statements for the year ended December 31, 2022.

Scholle IPN

Overview

On June 1, 2022, the Group acquired 100% of Scholle IPN from CLIL. CLIL is controlled by Laurens Last and has subsequently been renamed Clean Holding B.V. Laurens Last was elected to the Company's Board of Directors on April 7, 2022.

Scholle IPN provides bag-in-box and spouted pouch packaging solutions for food and beverages, with retail, institutional and industrial customers and has production plants mainly in the Americas and Europe but also in Asia and Australia.

The acquisition accounting is now final. There have been no material adjustments to the fair values initially recognized.

The following table provides an overview of the consideration transferred, the recognized amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill.

(in € million)	
Cash	424.3
Shares (33,750,000 registered SIG shares)	686.8
Contingent consideration	38.6
Fair value of consideration	**1,149.7**
Cash and cash equivalents	46.6
Trade and other current receivables	117.2
Inventories	125.0
Property, plant and equipment	210.3
Intangible assets	290.3
Asset held-for-sale	15.1
Trade and other current payables	(88.9)
Loans and borrowings	(393.5)
Deferred tax liabilities	(120.9)
Other net assets acquired	5.1
Fair value of identifiable net assets acquired	**206.3**
Goodwill, before impact of cash flow hedge accounting	**943.4**
Impact of deal-contingent derivative	(13.6)
Goodwill	**929.8**

"Other net assets acquired" mainly relates to deferred and current tax assets, right-of-use assets and employee benefits.

Consideration

The consideration of €1,149.7 million for Scholle IPN is split between cash payments, newly issued SIG shares and contingent consideration.

At the acquisition date, the Company transferred €415.5 million ($445.1 million) in cash and 33,750,000 newly issued SIG registered shares with a fair value of €686.8 million to the former owner as consideration for Scholle IPN. The shares were issued from authorized share capital on May 23, 2022 (see note 18). See notes 18 and 22 for additional information on the shareholding of the former ultimate beneficial owner of Scholle IPN, Laurens Last, who is also a related party to the Company via his representation on the Company's Board of Directors and his shareholding in the Company.

The Group initially retained an amount of €18.7 million ($20.0 million) as per the share purchase agreement, which was payable upon finalization of the completion accounts. The completion accounts were finalized in September 2022 and resulted in a total cash consideration of €424.3 million.

The contingent consideration depends on Scholle IPN outperforming the top end of the Group's mid-term revenue growth guidance of 4–6% per year for the years ending December 31, 2023, 2024 and 2025, and would be payable in cash in three annual instalments of up to $100 million per year. Payments for growth rates ranging from 6 to 11.5% per the respective year will be made based on a pre-agreed ratchet structure. The fair value of the contingent consideration estimated as of the acquisition date was €38.6 million. As of June 30, 2023, the fair value of the contingent consideration is €125.5 million (€113.2 million as of December 31, 2022). The contingent consideration is presented as part of other current and non-current liabilities. See also notes 9, 19 and 24.

Identifiable net assets acquired

The intangible assets mainly comprise customer relationships with a useful life of 12.5 years but also technology-related assets with a useful life of ten years and trademarks with a useful life of seven years. The property, plant and equipment balance primarily comprises production-related buildings and equipment.

One of the acquired production-related buildings was classified as held for sale at the acquisition date. It is now leased by the Group. The production-related building was sold by the Group in June 2022 for €15.1 million (its assessed fair value) in a sale and leaseback transaction that had been entered into before the closing of the acquisition. The transfer of the production-related building by the Group to the buyer qualifies to be accounted for as a sale under IFRS 16 *Leases*. The derecognition of the production-related building did not result in any gain or loss.

The Group repaid the external Euro and US Dollar loans of Scholle IPN in connection with the acquisition (see note 16 and the section "Deal-contingent derivatives" below).

Goodwill

Goodwill of €929.8 million for Scholle IPN has been recognized as of the acquisition date. The designation of a deal-contingent derivative as a hedging instrument in a cash flow hedge reduced the goodwill by €13.6 million (see the section "Deal-contingent derivatives" below). The goodwill has been allocated to the segments Europe, MEA, APAC and Americas.

As of June 30, 2023, the goodwill amounts to €905.2 million (€917.8 million as of December 31, 2022). The decrease from the amount recognized as goodwill as of December 31, 2022 relates to foreign currency exchange rate changes.

Deal-contingent derivatives

To manage the foreign currency exposure arising from the part of the consideration for Scholle IPN that was payable in US Dollar and the repayment of the acquired US Dollar loan, the Group entered into deal-contingent foreign currency derivatives after having signed the share purchase agreement.

The derivative for the consideration payable in cash was designated as a cash flow-hedging instrument in April 2022. At the acquisition date, the cumulative positive fair value changes of the derivative of €13.6 million (€11.7 million net of tax) recognized in other comprehensive income ("OCI") (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognized in other income until the hedge designation date in April 2022 amounted to €11.9 million (see notes 8 and 9). In total, the settlement of the derivative relating to the consideration paid in cash for Scholle IPN resulted in a net cash inflow of €25.5 million.

The Group did not apply hedge accounting under IFRS for the derivative relating to the repayment of the US Dollar loan. Positive fair value changes of this derivative are recognized in finance income (see notes 9 and 17). The settlement of the derivative relating to the repayment of the US Dollar loan resulted in a net cash inflow of €15.5 million.

Evergreen Asia

Overview

The Group acquired Evergreen's chilled carton business in Asia Pacific ("Evergreen Asia") on August 2, 2022 on a debt-free basis from Evergreen Packaging International LLC ("Evergreen").

Evergreen Asia provides filling machines, carton sleeves, closures and after-sales service to its customers in the chilled segment for dairy and non-carbonated soft drinks in Asia and has production plants in China, South Korea and Taiwan.

The following table provides an overview of the consideration transferred, the recognized amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. There have been no material adjustments to the fair values initially recognized. As of June 30, 2023, the fair value of "Other net liabilities acquired" as well as current assets and liabilities has been measured on a provisional basis.

(in € million)

Cash	329.8
Fair value of consideration	**329.8**
Cash and cash equivalents	7.5
Trade and other current receivables	31.2
Inventories	26.8
Property, plant and equipment	85.4
Right-of-use assets	23.7
Intangible assets	78.2
Trade and other current payables	(35.7)
Deferred tax liabilities	(33.0)
Other net liabilities acquired	(16.4)
Fair value of identifiable net assets acquired	**167.7**
Goodwill, before impact of cash flow hedge accounting	**162.1**
Impact of deal-contingent derivative	(30.9)
Goodwill	**131.2**

"Other net liabilities acquired" mainly relates to deferred tax assets, current tax liabilities, provisions and employee benefits.

Consideration

The Group transferred €329.5 million ($335.9 million) in cash to Evergreen as consideration for Evergreen Asia on August 2, 2022. The final consideration was determined upon the completion settlement in February 2023, with no significant impact on the consideration.

Identifiable net assets acquired

The intangible assets mainly comprise customer relationships with a useful life of 15 years but also technology-related assets with a useful life of seven years. The property, plant and equipment balance primarily comprises production-related buildings and equipment. The right of-use assets primarily relate to a prepaid land right-of-use in China.

Goodwill

Goodwill of €131.2 million for Evergreen Asia has been recognized as of the acquisition date. The designation of a deal-contingent derivative as a hedging instrument in a cash flow hedge reduced the goodwill by €30.9 million (see the section "Deal-contingent derivative" below). The goodwill has been allocated to the APAC segment.

As of June 30, 2023, the goodwill amounts to €115.9 million (€121.1 million as of December 31, 2022). The decrease from the amount recognized as goodwill as of December 31, 2022 mainly relates to foreign currency exchange rate changes.

Deal-contingent derivative

To manage the foreign currency exposure arising from the consideration for Evergreen Asia that was payable in US Dollar, the Group entered into a deal-contingent foreign currency derivative after having signed the share purchase agreement. The derivative was designated as a cash flow-hedging instrument in April 2022.

As of June 30, 2022, the cumulative positive fair value changes of the derivative recognized in OCI (net of the cost of hedging) amounted to €18.5 million (€16.0 million net of tax). Positive fair value changes recognized in other income until the hedge designation date in April 2022 amounted to €4.7 million (see note 8).

At the acquisition date of August 2, 2022, the cumulative positive fair value changes of the derivative of €30.9 million recognized in OCI (net of the cost of hedging) reduced the amount of goodwill. In total, the settlement of the derivative resulted in a net cash inflow of €35.6 million.

22 Related parties

The Company has related party relationships with its shareholders, subsidiaries, a joint venture in Japan and key management.

Certain information and updates about the Company's related parties is provided in this note. Information about the acquisitions of Scholle IPN and Evergreen Asia in 2022 is included in note 21.

Shareholders

The members of the Group Executive Board directly held 0.15% and indirectly held 0.06% of the Company's shares as of June 30, 2023 (directly 0.14% and indirectly 0.06% as of December 31, 2022). The members of the Board of Directors directly held 0.08% and indirectly held 9.64% of the Company's shares as of June 30, 2023 (directly 0.08% and indirectly 9.67% as of December 31, 2022).

Laurens Last (via CLIL, subsequently renamed Clean Holding B.V) received 33.75 million shares in the Company as part of the consideration for Scholle IPN and, with additional shares he has purchased in the open market, indirectly held 9.16% of the Company's shares as of June 30, 2023 (9.19% as of December 31, 2022) according to the disclosure notifications reported to the Company and published by the Company via the electronic publishing platform of SIX Swiss Exchange (see also note 18). He is a member of the Company's Board of Directors.

Key management

The Company's key management includes the members of the Group Executive Board and the Board of Directors.

See note 4 for organizational changes in the Group Executive Board and the Board of Directors that took place in the six months ended June 30, 2023.

Information about the participation of the members of the Group Executive Board and the Board of Directors in share-based payment plans and arrangements is included in note 23.

Related party transactions

The nature of the Company's related party relationships, balances and transactions for the six months ended June 30, 2023 has not changed compared with information disclosed in the consolidated financial statements for the year ended December 31, 2022, with the following exceptions.

In the six months ended June 30, 2023, the Group acquired the 10% non-controlling interest of one of the acquired Scholle IPN Indian entities on an arm's length basis (see note 20).

The transitional service agreement entered into by the Group in relation to an entity controlled by Laurens Last that was not part of the acquisition of Scholle IPN has been extended regarding some of the services provided by SIG. This agreement has no significant impact on the Group.

On June 1, 2022, the Group acquired Scholle IPN from CLIL. CLIL is controlled by Laurens Last. See note 21 for details about transaction values and outstanding balances concerning the acquisition. Notes 19 and 24 provide additional information about the contingent portion of the consideration for Scholle IPN.

OUR PEOPLE

This section includes certain information about the Group's share-based payment plans and arrangements, of which the majority are equity-settled. 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 employees

Performance share unit plan

Since 2019, the Group has granted performance share units ("PSUs") to the members of the Group Executive Board and certain other members of management on an annual basis. The PSU plans have equivalent terms and vesting conditions, including a three-year service vesting condition. One PSU represents the contingent right to receive one SIG share. The number of PSUs that vest depends on the Group's long-term performance over the three-year vesting period in respect of a cumulative diluted adjusted earnings per share target, a cumulative free cash flow target and a relative total shareholder return target. For further details, refer to note 31 of the consolidated financial statements for the year ended December 31, 2022.

A total of 158,088 PSUs under the 2020 PSU plan vested on March 31, 2023, of which 142,860 PSUs relate to current members of the Group Executive Board. Based on the achievement of the targets described above, the participants were entitled to 265,591 shares, of which 240,007 shares relate to current members of the Group Executive Board. Under the 2019 PSU plan, 350,814 PSUs vested on March 31, 2022. The participants were entitled to 631,469 shares, of which 369,870 shares related to then current members of the Group Executive Board.

The Group settled its obligation under the 2020 and 2019 PSU plans by delivering treasury shares (see note 18). The total amount of €3.0 million recognized as a share-based payment expense for the 2020 PSU plan has been recognized as a decrease in equity (€4.0 million for the 2019 PSU plan). The difference between this amount and the sum of the cost of the delivered treasury shares is presented as a reduction of additional paid-in capital.

The grant date for the 2023 PSU plan was April 3, 2023, when 15 employees were granted a total of 207,629 PSUs, of which 193,827 PSUs relate to members of the Group Executive Board. The fair value of one PSU was CHF 23.35 as of the grant date. Under the 2022 PSU plan, 15 employees were granted a total of 234,753 PSUs, of which 215,169 PSUs related to members of the Group Executive Board.

Restricted share unit plan

Since 2019, the Group has granted a small number of restricted share units ("RSUs") to a limited number of employees on an annual basis. One RSU represents the contingent right to receive one SIG share, subject to the fulfilment of a three-year service vesting condition.

RSUs under the 2020 RSU plan vested on March 31, 2023. The Group settled its obligation by delivering treasury shares. Under the 2022 RSU plan, 6,831 of the granted RSUs related to a member of the Group Executive Board.

Equity investment plan

In 2020, the Group introduced an annual equity investment plan ("EIP") for a wider group of management in leadership positions and other key employees and talents, under which the participants may choose to invest in 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.

A total of 190,380 options under the 2020 EIP plan vested on June 1, 2023. The options can be exercised during a ten month period after the vesting date. A portion of the options has been exercised in June 2023. The Group's obligation under the 2020 EIP plan has and will be settled by delivering treasury shares.

The grant date for the 2023 EIP plan was June 2, 2023, when 60 employees were granted a total of 130,212 options. The fair value of one option was CHF 4.58 as of the grant date. Under the 2022 EIP plan, 69 employees were granted a total of 149,450 options.

Integration plans

As part of the integration of Scholle IPN and Evergreen Asia into the Group, 41 employees who are key to the integration were granted a total of 302,792 PSUs under two smaller PSU integration plans in August 2022. One of the plans is cash-settled. The number of PSUs that will vest on December 31, 2025 depends on the achievement of certain targets, including targets linked to the performance and integration of the two acquired businesses.

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

The members of the Board of Directors receive 40% of their total compensation in SIG shares that are blocked for three years. The blocked shares have been delivered by using treasury shares.

Share-based payment expense

The share-based payment expense recognized as a personnel expense for the six months ended June 30, 2023 relating to the PSU, RSU, equity investment and integration plans for SIG employees amounts to €3.9 million, of which €2.5 million relates to members of the Group Executive Board (€1.9 million for the six months ended June 30, 2022, of which €1.6 million related to members of the Group Executive Board).

The share-based payment expense recognized as part of general and administrative expenses for the six months ended June 30, 2023 relating to the arrangement for the Board of Directors amounts to €0.4 million (€0.4 million for the six months ended June 30, 2022).

OTHER

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

24 Financial instruments and fair value information

Categories of financial instruments and fair value information

The following table presents the carrying amounts of the Group's different categories of financial assets and liabilities as of June 30, 2023. 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 or changes in how the Group estimates the fair value since December 31, 2022.

	Carrying amount as of June 30, 2023			Fair value hierarchy Level		
(In € million)	At amortized cost	At fair value through profit or loss (mandatorily)	Total	1	2	3
Cash and cash equivalents	211.6		**211.6**			
Trade and other receivables	412.5	31.0	**443.5**		x	
Derivatives		13.6	**13.6**		x	
Total financial assets	**624.1**	**44.6**	**668.7**			
Trade and other payables	(830.6)		**(830.6)**			
Loans and borrowings:						
- Senior unsecured notes	(548.0)		**(548.0)**			
- Senior unsecured Euro term loan	(547.5)		**(547.5)**			
- Unsecured US Dollar term loan	(247.9)		**(247.9)**			
- Unsecured SSD	(647.9)		**(647.9)**			
- Unsecured bridge loan	(348.9)		**(348.9)**			
- Multi-currency revolving credit facility	(150.0)		**(150.0)**			
- Local credit lines	(65.2)		**(65.2)**			
- Lease liabilities	(230.7)		**(230.7)**			
Derivatives		(33.0)	**(33.0)**		x	
Contingent consideration		(125.5)	**(125.5)**			x
Total financial liabilities	**(3,616.7)**	**(158.5)**	**(3,775.2)**			

Fair value of financial assets and liabilities at amortized 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 (for one loan), this is also the case for the Euro and US Dollar term loans, the SSD, the bridge loan and draw-downs of the Group's multi-currency revolving credit facility and local credit lines. The fair value of the Group's notes due in 2025 is €530 million as of June 30, 2023 (in total €973 million as of December 31, 2022 for the notes due in 2025 and the notes that were repaid in June 2023).

Fair value of trade receivables to be sold under securitization and factoring programs

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

Fair value of 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. The derivatives are categorized as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on significant observable market data. Changes in fair value are recognized in profit or loss as the Group generally does not apply hedge accounting under IFRS 9. As an exception to this policy, the Group applied cash flow hedge accounting in two instances in the year ended December 31, 2022. See note 21 for information about the accounting for the deal-contingent derivatives that the Group entered into in relation to the acquisitions of Scholle IPN and Evergreen Asia in 2022.

Fair value of contingent consideration

The Group's liability for contingent consideration relates to the acquisition of Scholle IPN on June 1, 2022 and depends on Scholle IPN outperforming the top end of the Group's mid-term revenue growth guidance of 4-6% per year for the years ending December 31, 2023, 2024 and 2025. Payments for growth rates ranging from 6 to 11.5% per the respective year will be made based on a pre-agreed ratchet structure. The liability will be settled in cash. The maximum amount payable is $300 million ($100 million per year). See also note 21.

As significant unobservable inputs are used in the assessment of the fair value of the contingent consideration, it is categorized as a level 3 fair value measurement in the fair value hierarchy. The fair value has been assessed using a Monte Carlo simulation, under which the simulated contingent consideration payments (for each of the three payment streams) have been discounted to present value at a corresponding risk-free rate.

The fair value of the US Dollar contingent consideration has increased from €38.6 million as of the acquisition date to €125.5 million as of June 30, 2023 (€113.2 million as of December 31, 2022), representing a cash outflow of €208.4 million (€212.3 million as of December 31, 2022, see note 19). The unrealized loss of €12.3 million for the six months ended June 30, 2023 is presented as part of other income and expenses (see notes 8 and 9). The increase in fair value since December 31, 2022 is mainly due to the impact of discounting as the payment dates become closer. The increase in fair value between the acquisition date and December 31, 2022 was mainly due to refined revenue projections.

The fair value of the contingent consideration of €125.5 million as of June 30, 2023 would increase by approximately €17.3 million if the revenue growth rates increased by 1.0 percentage point (decrease by approximately €17.8 million if the revenue growth rates decreased by 1.0 percentage point), and increase by approximately €4.7 million if the discount rates decreased by 1.0 percentage point (decrease by approximately €4.6 million if the discount rates increased by 1.0 percentage point).

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 recognized provision.

26 Subsequent events

There have been no events between June 30, 2023 and July 20, 2023 (the date these consolidated interim financial statements were approved) that would require an adjustment to or disclosure in these consolidated interim financial statements.

Disclaimer and cautionary statement

The information contained in this interim report and in any link to our website indicated herein is not for use within any country or jurisdiction or by any persons where such use would constitute a violation of law. If this applies to you, you are not authorized to access or use any such information.

This interim report contains "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 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). For any factors that could cause actual results to differ materially from the forward-looking statements contained in this interim report, please see our offering circular for the issue of notes in June 2020. 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 quarterly 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.

The information contained in this interim report is not an offer to sell or a solicitation of offers to purchase or subscribe for securities. This interim report is not a prospectus within the meaning of the Swiss Financial Services Act nor a prospectus under any other applicable laws.

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

In this interim report, we utilize certain alternative performance measures, including but not limited to EBITDA, adjusted EBITDA, adjusted EBITDA margin, net capex, adjusted net income, free cash flow and net leverage ratio that in each case are not defined in International Financial Reporting Standards ("IFRS"). These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure. Our definition of and method of calculating the alternative performance measures stated above may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, are not measures of financial condition, liquidity or profitability and should not be considered as an alternative to profit from operations for the period or operating cash flows determined in accordance with IFRS, nor should they be considered as substitutes for the information contained in our consolidated financial statements. You are cautioned not to place undue reliance on any alternative performance measures and ratios not defined in IFRS included in this interim report.

Alternative performance measures

For additional information about alternative performance measures used by management that are not defined in IFRS, including definitions and reconciliations to measures defined in IFRS, please refer to the link below:

https://www.sig.biz/investors/en/performance/definitions

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