# THIS IS SIG

SIG is a leading packaging solutions provider for a more sustainable world.

# INTERIM REPORT 2022

## Who we are

SIG is a leading packaging solutions provider for a more sustainable world. With our unique portfolio of aseptic carton, bag-in-box and spouted pouch solutions 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 are going Way Beyond Good to create a net positive food packaging system.

Founded in 1853, SIG is headquartered in Neuhausen, Switzerland. The skills and experience of our approximately 8,000 employees worldwide enable us to respond quickly and effectively to the needs of our customers in over 100 countries.

In 2021, SIG produced 45 billion packs and generated €2.5 billion in revenue (incl. Scholle IPN unaudited revenue). SIG has an AA ESG rating by MSCI, a 13.4 (low risk) score by Sustainalytics and a Platinum CSR rating by EcoVadis.

For more information, visit www.sig.biz

## Content

# Financial review

## OVERVIEW

**Samuel Sigrist, CEO of SIG Group:**

> “Our business performed strongly in the first half of the year despite the volatile environment. Organic growth, including both volume and price increases, was robust and accelerated in Q2, especially when compared with an exceptional first half of 2021. Price increases were implemented across all regions, and in the second quarter revenue growth offset the impact of higher raw material costs.
>
> We completed the acquisition of Scholle IPN on 1 June and I am very pleased to extend a warm welcome to all our new employees. Evergreen Asia is on track to close in the third quarter. These acquisitions expand our platform and cement our position as a leading solutions provider for sustainable food and beverage packaging. The integration of Scholle IPN is well underway and our teams are working together to realise the many commercial and technology opportunities which have opened up.
>
> The aseptic carton business continues to successfully address multiple avenues of growth. These include expansion in new categories and geographies, filler flexibility and format innovation, best-in-class service and a continuous drive to offer the most sustainable packaging.”

The tables below present an overview of our performance in the six months ended 30 June 2022.

### Revenue performance

| *(In € million or %)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 | Change Reported currency | Change Constant currency | Organic Constant currency |
|---|---|---|---|---|---|
| Total revenue | 1,142.6 | 965.8 | 18.3% | 12.4% | 7.5% |

### Key performance indicators

| *(In € million or %)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| Adjusted EBITDA | 280.5 | 264.1 |
| Adjusted EBITDA margin | 24.6% | 27.3% |
| EBITDA | 238.0 | 283.5 |
| Adjusted net income | 115.0 | 109.6 |
| Net income | 66.6 | 92.0 |
| Free cash flow | (9.4) | 25.0 |
| Diluted EPS (in €) | 0.19 | 0.28 |
| Adjusted diluted EPS (in €) | 0.33 | 0.33 |

# OUR OPERATING PERFORMANCE

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

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

## Key events in 2022 impacting the performance of the Group

### Scholle IPN Acquisition completed

On 1 June 2022, the Group acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN") from CLIL Holding B.V. ("CLIL"). CLIL is controlled by Laurens Last. Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages.

The Group paid €415.5 million in cash (subject to customary closing adjustments) and transferred 33.75 million newly issued SIG shares with a fair value of €686.8 million at the time of the closing to CLIL as part of the consideration for Scholle IPN. The Group has retained an amount of €18.7 million that is payable upon the finalisation of the completion accounts and related adjustments. In addition, there is contingent consideration of a maximum of $300 million payable in three annual instalments for the years ending 31 December 2023, 2024 and 2025, contingent upon Scholle IPN outperforming the top end of SIG's mid-term growth guidance of 4-6% per year. The Group also repaid the external loans of Scholle IPN at the closing. The acquisition accounting for the transaction is provisional. The goodwill is currently estimated at approximately €1 billion.

The operating performance presented below includes one month performance of Scholle IPN.

### Evergreen Asia acquisition announced

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia") from Evergreen Packaging International LLC. The acquisition is expected to close in the third quarter of 2022, when the necessary approvals have been received from regulatory authorities. The consideration for Evergreen Asia will be paid in cash and is based on an enterprise value of $335 million (subject to customary closing adjustments).

### Financing of the acquisitions

The cash portion of the consideration for Scholle IPN and the repayment of the external loans of Scholle IPN were initially financed by proceeds from an unsecured bridge loan facility. A large portion of this unsecured bridge facility was repaid on 30 June 2022 by using proceeds from an unsecured Schuldscheindarlehen ("SSD", a private German debt placement) for €650 million. The remaining proceeds from the unsecured SSD, together with €203.5 million of gross proceeds received from a placement of 11.0 million newly issued SIG shares, are expected to be used to finance the consideration for Evergreen Asia. The Company also issued 33.75 million new shares that were transferred to CLIL as part of the consideration for Scholle IPN. Refer to note 18 of the interim consolidated financial statements for further information on the issue of shares. On 19 July 2022, the Group signed a $270 million unsecured term loan maturing in July 2027. Proceeds from the facility is expected to be used to fully repay the bridge loan facility. The long-term financing is now in place for the acquisitions.

## Revenue

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

| (In € million or %) | Six months ended 30 June 2022 | Six months ended 30 June 2021 | Change | |
|---|---|---|---|---|
| | | | Reported currency | Constant currency |
| EMEA[1] | - | 119.3 | | |
| Europe[1] | 376.2 | 237.7 | | |
| MEA[1] | 155.4 | 100.6 | | |
| APAC | 367.4 | 330.7 | 11.1% | 3.7% |
| Americas | 243.1 | 174.2 | 39.5% | 23.7% |
| Group Functions[2] | 0.5 | 3.3 | | |
| **Total revenue** | **1,142.6** | **965.8** | **18.3%** | **12.4%** |

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

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

In addition to the inclusion of the Scholle IPN performance in June 2022, the Group's former joint ventures in the Middle East have been consolidated since the end of February 2021. As a result, H1 2022 includes six months' revenue for the Middle East and Africa (MEA) segment compared with four months' revenue in H1 2021. The Europe, Middle East and Africa (EMEA) segment relates to the Group's reporting structure prior to acquisition of the remaining MEA business. The Whakatane paper mill was divested in June 2021. Until this time, revenue from the mill was reported in the Asia Pacific (APAC) segment.

Excluding the effects of the first-time consolidation of the former joint ventures in the Middle East and the one-month contribution from Scholle IPN, revenue in **Europe** increased by 3.5% at constant currency for the six months ended 30 June 2022. The one-month consolidation of Scholle IPN contributed €12.5 million to revenue in the segment.

Revenue growth accelerated in the second quarter of the year with a growing contribution from price increases. Drivers of volume growth included higher on-the-go consumption of non-carbonated soft drinks and continuing expansion into plant-based dairy alternatives. The new fillers placed with our customer Hochwald in Germany continue to ramp-up as their new plant is coming on stream.

In **MEA**, constant currency revenue grew by 16.8%, for the six months ended 30 June 2022. This growth rate assumes that the acquisition of the former joint ventures occurred on 1 January 2021. Market dynamics were favourable, with a strong post-COVID recovery across the region. The non-recurrence of drought in South Africa benefitted liquid dairy sales. Growth also reflected price increases and new filler placements.

Excluding the impact of the Whakatane paper mill divestment and the one-month contribution from Scholle IPN, revenue in **APAC** increased by 7.6% at constant currency for the six months ended 30 June 2022. Revenue in China was affected by the COVID-19 lockdown restrictions, with some recovery in June. Revenue growth outside China was due to both volume growth, particularly in India and Indonesia, and price increases. A record number of net filler wins in the first half of 2022 demonstrated the competitive strength of SIG's offering with its flexible fillers.

Excluding the effects of the Scholle IPN acquisition, revenue growth in the **Americas** was 7.7% at constant currency for the six months ended 30 June 2022. The increase was driven by strong price increases and by ongoing volume momentum in Brazil. This reflected the high level of filler placements in previous quarters and ongoing expansion of the business in countries such as Argentina and Chile. The construction of a new sleeves plant in Mexico is on schedule to begin commercial production in the first quarter of 2023. The one-month consolidation of Scholle IPN contributed €31.3 million to revenue.

## EBITDA and adjusted EBITDA

The following table reconciles profit to EBITDA and adjusted EBITDA.

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| **Profit for the period** | **66.6** | **92.0** |
| Net finance (income)/expense | (15.1) | 15.2 |
| Income tax expense | 17.3 | 28.8 |
| Depreciation and amortization | 169.2 | 147.5 |
| **EBITDA** | **238.0** | **283.5** |
| Adjustments to EBITDA: | | |
| Unrealised loss/(gain) on operating derivatives | 13.2 | (21.4) |
| Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures | - | 1.6 |
| Restructuring costs, net of reversals | 4.2 | 22.1 |
| Loss on disposal of subsidiary | - | 12.6 |
| Transaction- and acquisition-related costs | 16.6 | 6.8 |
| Integration costs | 6.3 | 0.6 |
| Realised gain on settlement of deal-contingent derivative | (11.9) | - |
| Fair value adjustment on inventories | 9.3 | 10.4 |
| Gain on pre-existing interest in joint ventures | - | (48.8) |
| Out-of-period indirect tax recoveries | - | (5.9) |
| Impairment losses | 3.0 | 1.1 |
| Other | 1.8 | 1.5 |
| **Adjusted EBITDA** | **280.5** | **264.1** |

Adjusted EBITDA for the six months ended 30 June 2022 increased by €16.4 million, primarily due to the growth in revenue, the contribution from acquisitions and positive foreign currency impacts with the weakening of the Euro. This was offset by inflation of input costs such as raw materials, freight and energy.

EBITDA for the six months ended 30 June 2022 decreased by €45.5 million. The increase in adjusted EBITDA was offset by transaction-related expenses (of which €32.2 million occurred in 2022) and unrealised hedging losses for commodities and foreign currencies. These losses were partially offset by realised and unrealised gains (€16.6 million) on two deal-contingent derivatives that were entered into to hedge the US Dollar cash flows related to the Scholle IPN and Evergreen acquisitions.

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

| | Six months ended 30 June 2022 | | Six months ended 30 June 2021 | |
|---|---|---|---|---|
| *(In € million or %)* | Adjusted EBITDA margin | Adjusted EBITDA | Adjusted EBITDA margin | Adjusted EBITDA |
| EMEA[1] | - | - | 32.2% | 38.4 |
| Europe[1] | 26.3% | 99.0 | 33.2% | 78.8 |
| MEA[1] | 25.7% | 40.0 | 32.2% | 32.4 |
| APAC | 31.6% | 116.1 | 27.4% | 90.6 |
| Americas | 22.0% | 53.6 | 28.6% | 49.8 |
| Group Functions[2] | | (28.2) | | (25.9) |
| **Total** | **24.6%** | **280.5** | **27.3%** | **264.1** |

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

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

The adjusted EBITDA margin for the six months ended 30 June 2022 was positively impacted by foreign exchange movements and operating leverage as price increases ramped up in the first half of the year. Increased input costs for raw materials, freight and energy more than offset these positive impacts. Higher input costs impacted the margin in all segments, albeit to a lesser extent in APAC which benefitted from lower raw material cost inflation because of more localised sourcing. SG&A as a percentage of revenue as of 30 June 2022 was 12.1% compared to 13.6% as of 30 June 2021.

## Net income and adjusted net income

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

| *(In € million)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| **Profit for the period** | **66.6** | **92.0** |
| Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing | (19.0) | (10.6) |
| Amortisation of transaction costs | 3.9 | 1.8 |
| Realised gain on settlement of deal-contingent derivative (relating to repayment of loan) | (15.5) | - |
| Onex acquisition PPA depreciation and amortisation | 51.2 | 53.4 |
| Net effect of early repayment of loans | 1.0 | 3.7 |
| Interest on out-of-period indirect tax recoveries | - | (2.2) |
| Adjustments to EBITDA | 42.5 | (19.4) |
| Tax effect on above items | (15.7) | (9.1) |
| **Adjusted net income** | **115.0** | **109.6** |

Adjusted net income increased from €109.6 million for the six months ended 30 June 2021 to €115.0 million for the six months ended 30 June 2022. This increase was primarily driven by the increase in adjusted EBITDA described above and finance-related inter-company foreign currency gains arising mainly from the weakening of the Euro against the US Dollar.

Net income (profit for the period) decreased from €92.0 million for the six months ended 30 June 2021 to €66.6 million for the six months ended 30 June 2022. The decrease was driven by the impacts discussed above and includes the adjustments in the reconciliation table above.

The effective tax rate changed from 24% for the six months ended 30 June 2021 to 21% for the six months ended 30 June 2022. The adjusted effective tax rate changed from 26% for the six months ended 30 June 2021 to 22% for the six months ended 30 June 2022. The improvement in the effective tax rate was driven by the relative mix of profits and losses taxed at varying tax rates in the jurisdictions in which we operate.

## Cash flows

The table below provides an overview of cash flows.

| *(In € million)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| Net cash from operating activities | 93.5 | 150.5 |
| Net cash used in investing activities | (428.9) | (176.0) |
| Net cash from/(used) in financing activities | 541.2 | (182.0) |
| **Net increase/(decrease) in cash and cash equivalents** | **205.8** | **(207.5)** |

### Free cash flow

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

| *(In € million)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| **Net cash from operating activities** | **93.5** | **150.5** |
| Acquisition of property, plant and equipment and intangible assets (net of sales) | (86.9) | (113.0) |
| Payment of lease liabilities | (16.0) | (12.5) |
| **Free cash flow** | **(9.4)** | **25.0** |

Net cash from operating activities decreased by €57.0 million in the six months ended 30 June 2022 compared to the prior period. This decrease was partially driven by higher customer incentive payments in the first half of the year, driven by a strong performance in 2021. Net working capital movements also negatively impacted net cash from operating activities as inventories were built up to manage logistics delays.

Cash flows used in investing activities increased in the six months ended 30 June 2022 with the acquisition of Scholle IPN (€368.9 million net of cash acquired). This increase was partially offset by the cash inflow resulting from the settlement of a deal contingent derivative that was entered into to manage the foreign currency exposure on the Scholle IPN acquisition. The cash inflow of €41.0 million has been presented in investing (€25.5 million) and financing (€15.5 million) cash flows. Please refer to note 21 of the consolidated interim financial statements for further information on the deal-contingent derivatives. Cash flows used in investing activities were also positively impacted by lower capital expenditure and cash inflows from the sale of a production-related building.

Net cash from financing activities increased by €723.2 million in the six months ended 30 June 2022 compared to the prior period. This increase reflects impacts from the acquisition financing (€507.3 million), gross proceeds from the issue of shares (€203.5 million) and the settlement of a deal-contingent derivative as described above. This was partially offset by an increased dividend payment in 2022 and the purchase of treasury shares to settle obligations under employee share-based payment plans.

## Net capital expenditure ("net capex")

The table below provides an overview of capital expenditure.

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| PP&E (excl. filling lines and other related equipment) | 36.0 | 29.1 |
| Gross filling lines and other related equipment | 70.2 | 83.9 |
| **Capital expenditure (gross)** | **106.2** | **113.0** |
| Upfront cash | (71.4) | (45.0) |
| **Net capital expenditure** | **34.8** | **68.0** |

Net capital expenditure was reduced by €33.2 million in the six months ended 30 June 2022 compared to the prior period. This decrease was primarily driven by a €26.4 million increase in upfront cash payments relating to filling line placements in Europe.

# OUR CAPITAL STRUCTURE

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

## Bridge loan facility

On 27 May 2022, the Group accessed an unsecured bridge loan facility of €800 million, which was partially repaid at the end of June. The repayment of €555 million was funded with a part of the proceeds from the issue of SSD (see below).

A part of the proceeds from the bridge loan facility was used to finance the €415.5 million cash portion of the consideration for Scholle IPN that was transferred to CLIL on 1 June 2022. The remaining part of the proceeds was used to repay external Euro and US Dollar loans of Scholle IPN in the amount of €387.7 million.

## SSD

On 30 June 2022, the Group issued unsecured Schuldscheindarlehen ("SSD", a private German debt placement), to repay a portion of the bridge loan described above, for a total amount of €650 million.

The below table provides an overview of the main terms of the loan tranches.

| | Principal amount | Maturity date | Interest rate |
|---|---|---|---|
| SSD tranches 1-3 | €557.5 million | June 2025–June 2029 | Euribor+1.1%–1.6%, with a Euribor floor of 0.00% |
| SSD tranches 4-6 | €92.5 million | June 2025–June 2029 | 2.79%–3.66% |

The largest tranche amounts to €423.5 million and is due in June 2027. The interest rate is Euribor+1.3%, with a Euribor floor of 0.00%.

## Lease liabilities

The Group's lease liabilities mainly relate to leases of office buildings, production-related buildings and equipment, warehouses and cars. Lease liabilities increased from €182.4 million in the six months ended 31 December 2021 to €192.7 million in the six months ended 30 June 2022. This increase was largely attributable to production-related equipment. As of 30 June 2022, the Group has lease commitments of approximately €107 million primarily related to production equipment for closures and the sleeves production plant in Mexico.

## Debt rating

| | Company rating | | As of |
|---|---|---|---|
| Moody's | Ba1 | Stable | October 2021 |
| S&P | BBB- | Stable | March 2020 |

## Net debt and leverage

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

| *(In € million)* | As of 30 June 2022[1] | As of 30 June 2021 | As of 31 Dec. 2021[2] |
|---|---|---|---|
| Gross debt | 2,637.7 | 1,828.4 | 1,732.4 |
| Cash and cash equivalents | 526.2 | 152.0 | 304.5 |
| **Net debt** | **2,111.5** | **1,676.4** | **1,427.9** |
| **Net leverage ratio (last twelve months)** | **3.1x** | **2.9x** | **2.5x** |

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

2 In the calculation of the net leverage ratio as of 31 December 2021, adjusted EBITDA includes the adjusted EBITDA of the former joint ventures in the Middle East from 1 January 2021.

Leverage increased compared to 31 December 2021 due to the cash seasonality of the business, which is weighted to the second half of the year and the financing of the Scholle IPN acquisition. Leverage was positively impacted by the equity issuance in May of approx. €200 million which will be used to finance part of the consideration for Evergreen Asia.

The Company has a mid-term leverage target of towards 2.0x.

## Net finance income/expense

| *(In € million)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| Interest income | 1.2 | 3.3 |
| Net foreign currency exchange gain | 24.9 | 7.4 |
| Realised gain on settlement of deal-contingent derivative | 15.5 | - |
| Interest expense on: | | |
| - Loan and borrowings (excluding lease liabilities) | (13.6) | (12.7) |
| - Lease liabilities | (4.9) | (4.4) |
| Amortisation of original issue discount | (0.2) | (0.1) |
| Amortisation of transaction costs | (3.9) | (1.8) |
| Net effect of early repayment of loans | (1.0) | (3.7) |
| Other | (2.9) | (3.2) |
| **Net finance income/(expense)** | **15.1** | **(15.2)** |

Net finance income/(expense) improved by €30.3 million for the six months ended 30 June 2022 compared to the prior period. This improvement was primarily related to foreign currency gains, as the Euro weekend against the US Dollar and the Brazilian Real. The improvement was also significantly impacted by the realised gain on a deal-contingent derivative that was entered into to hedge the cash flow related to the repayment of the external US Dollar loan of Scholle IPN as of the acquisition date.

# OUTLOOK

For the full year, the Company maintains its guidance provided on 1 March 2022. It expects revenue growth of 22-24% at constant currency. The adjusted EBITDA margin for the enlarged Group is expected to be around 26%, subject to no further major movements in input costs and foreign exchange rates. The effective tax rate is expected to be in a range of 26-28%. 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, or slightly above, a range of 50-60% of adjusted net income.

# OTHER DISCLOSURES

## Seasonality

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

## Dividends

A dividend of CHF 0.45 per share, totalling CHF 151.9 million (€147.9 million) was paid to shareholders out of the capital contribution reserve in April 2022. In the prior year CHF 0.42 per share, totalling CHF 141.8 million (€128.1 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 the alternative performance measures used by management (including reconciliations to measures defined in IFRS) is included in the consolidated interim financial statements for the six months ended 30 June 2022. Definitions of these alternative performance measures can be found at the following link:
https://reports.sig.biz/annual-report-2020/services/glossary.html

# Consolidated interim financial statements for the six months ended 30 June 2022

## 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 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|---|
| Revenue | 6, 7 | 1,142.6 | 965.8 |
| Cost of sales | | (908.1) | (758.2) |
| **Gross profit** | | **234.5** | **207.6** |
| Other income | 8 | 17.0 | 82.5 |
| Selling, marketing and distribution expenses | | (47.8) | (43.0) |
| General and administrative expenses | | (91.0) | (88.6) |
| Other expenses | 8 | (43.9) | (20.9) |
| Share of loss of joint ventures | | - | (1.6) |
| **Profit from operating activities** | | **68.8** | **136.0** |
| Finance income | | 41.6 | 10.7 |
| Finance expenses | | (26.5) | (25.9) |
| **Net finance income/(expense)** | 17 | **15.1** | **(15.2)** |
| **Profit before income tax** | | **83.9** | **120.8** |
| Income tax expense | | (17.3) | (28.8) |
| **Profit for the period** | 9 | **66.6** | **92.0** |
| **Other comprehensive income** | | | |
| ***Items that may be reclassified to profit or loss*** | | | |
| Currency translations of foreign operations: | | | |
| - recognised in translation reserve | | 127.2 | 25.7 |
| - transfer from translation reserve | 20, 21 | - | (3.5) |
| 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 | (50.9) | 24.7 |
| **Total other comprehensive income, net of income tax** | | **104.0** | **46.9** |
| **Total comprehensive income** | | **170.6** | **138.9** |
| Basic earnings per share *(in €)* | 10 | 0.19 | 0.28 |
| Diluted earnings per share *(in €)* | 10 | 0.19 | 0.28 |

# Consolidated interim statement of financial position

| *(In € million)* | Note | **As of 30 June 2022** | **As of 31 Dec. 2021** |
|---|---|---|---|
| Cash and cash equivalents | 19 | 526.2 | 304.5 |
| Trade and other receivables | 15 | 408.9 | 279.9 |
| Inventories | | 384.5 | 194.5 |
| Current tax assets | | 17.7 | 4.4 |
| Other current assets | | 83.8 | 40.4 |
| **Total current assets** | | **1,421.1** | **823.7** |
| Non-current receivables | | 10.4 | 4.2 |
| Investments in joint ventures | | 0.6 | 0.6 |
| Deferred tax assets | | 54.9 | 46.0 |
| Property, plant and equipment | 12 | 1,527.5 | 1,270.5 |
| Right-of-use assets | 13 | 184.9 | 174.6 |
| Intangible assets | 14 | 4,183.8 | 2,920.5 |
| Employee benefits | 18 | 141.7 | 230.2 |
| Other non-current assets | | 30.3 | 23.9 |
| **Total non-current assets** | | **6,134.1** | **4,670.5** |
| **Total assets** | | **7,555.2** | **5,494.2** |
| Trade and other payables | | 740.3 | 666.3 |
| Loans and borrowings | 16 | 725.6 | 29.4 |
| Current tax liabilities | | 38.8 | 42.1 |
| Employee benefits | | 56.8 | 56.0 |
| Provisions | | 16.9 | 19.1 |
| Other current liabilities | | 128.0 | 88.2 |
| **Total current liabilities** | | **1,706.4** | **901.1** |
| Non-current payables | | 20.6 | 9.4 |
| Loans and borrowings | 16 | 1,901.9 | 1,693.2 |
| Deferred tax liabilities | | 263.2 | 147.4 |
| Employee benefits | | 88.8 | 129.0 |
| Provisions | | 25.2 | 17.7 |
| Other non-current liabilities | 21 | 337.2 | 268.2 |
| **Total non-current liabilities** | | **2,636.9** | **2,264.9** |
| **Total liabilities** | | **4,343.3** | **3,166.0** |
| Share capital | 18 | 3.4 | 3.0 |
| Additional paid-in capital | 18 | 2,868.6 | 2,140.0 |
| Translation reserve | | 4.9 | (122.3) |
| Hedging reserve | 21 | 16.0 | - |
| Treasury shares | 18 | (2.0) | (0.1) |
| Retained earnings | | 321.0 | 307.6 |
| **Total equity** | | **3,211.9** | **2,328.2** |
| **Total liabilities and equity** | | **7,555.2** | **5,494.2** |

## 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 1 January 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: | | | | | | | | |
| - recognised 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 | 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 30 June 2022** | | **3.4** | **2,868.6** | **4.9** | **16.0** | **(2.0)** | **321.0** | **3,211.9** |
| | | | | | | | | |
| **Equity as of 1 January 2021** | | **2.8** | **1,945.0** | **(220.7)** | **-** | **(0.1)** | **86.7** | **1,813.7** |
| **Profit for the period** | | | | | | | **92.0** | **92.0** |
| **Other comprehensive income** | | | | | | | | |
| ***Items that may be reclassified to profit or loss*** | | | | | | | | |
| Currency translations of foreign operations: | | | | | | | | |
| - recognised in translation reserve | | | | 25.7 | | | | **25.7** |
| - transfer from translation reserve | 20, 21 | | | (3.5) | | | | **(3.5)** |
| ***Items that will not be reclassified to profit or loss*** | | | | | | | | |
| Remeasurement of defined benefit plans | | | | | | | 24.7 | **24.7** |
| **Total other comprehensive income, net of income tax** | | **-** | **-** | **22.2** | **-** | **-** | **24.7** | **46.9** |
| **Total comprehensive income for the period** | | **-** | **-** | **22.2** | **-** | **-** | **116.7** | **138.9** |
| Issue of shares | 18, 21 | 0.2 | 323.1 | | | | | **323.3** |
| Share-based payments | 23 | | - | | | | 1.7 | **1.7** |
| Purchase of treasury shares | 18 | | | | | (0.3) | | **(0.3)** |
| Settlement of share-based payment plans and arrangements | 23 | | - | | | 0.3 | (0.3) | **-** |
| Dividends | 18 | | (128.1) | | | | | **(128.1)** |
| **Total transactions with owners** | | **0.2** | **195.0** | **-** | **-** | **-** | **1.4** | **196.6** |
| **Equity as of 30 June 2021** | | **3.0** | **2,140.0** | **(198.5)** | **-** | **(0.1)** | **204.8** | **2,149.2** |

# Consolidated interim statement of cash flows

| *(In € million)* | Note | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | | 66.6 | 92.0 |
| *Adjustments for:* | | | |
| Depreciation and amortisation | 12, 13, 14 | 169.2 | 147.5 |
| Impairment losses | | 3.0 | 1.1 |
| Change in fair value of derivatives | | 12.9 | (21.4) |
| Realised gain on settlement of deal-contingent derivative | 21 | (11.9) | - |
| Share-based payment expense | 23 | 2.3 | 1.7 |
| Gain on sale of property, plant and equipment and non-current assets | | (0.3) | (0.1) |
| Loss on sale of subsidiary | 20 | - | 12.6 |
| Gain on pre-existing interest in former joint ventures | 21 | - | (48.8) |
| Share of loss of joint ventures | | - | 1.6 |
| Net finance (income)/expense | 17 | (15.1) | 15.2 |
| Interest paid | | (21.7) | (20.6) |
| Income tax expense | | 17.3 | 28.8 |
| Income taxes paid, net of refunds received | | (43.1) | (38.0) |
| | | **179.2** | **171.6** |
| Change in trade and other receivables | | (18.5) | 15.3 |
| Change in inventories | | (53.5) | (31.2) |
| Change in trade and other payables | | (28.8) | (49.8) |
| Change in provisions and employee benefits | | (18.1) | 14.5 |
| Change in other assets and liabilities | | 33.2 | 30.1 |
| **Net cash from operating activities** | 11 | **93.5** | **150.5** |
| **Cash flows from investing activities** | | | |
| Acquisition of business, net of cash acquired | 21 | (368.9) | (63.6) |
| Settlement of deal-contingent derivative | 21 | 25.5 | - |
| Sale of subsidiary, net of cash disposed of | 20 | - | (0.5) |
| Acquisition of property, plant and equipment and intangible assets | | (106.2) | (113.0) |
| Proceeds from sale of property, plant and equipment and other assets | 21 | 19.3 | - |
| Interest received | | 1.4 | 1.1 |
| **Net cash used in investing activities** | 11 | **(428.9)** | **(176.0)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 18 | 203.5 | - |
| Payment of costs for placement of shares | 18 | (3.6) | - |
| Proceeds from loans and borrowings | 16 | 1,450.0 | 100.0 |
| Repayment of loans and borrowings | 16 | (942.7) | (139.5) |
| Settlement of deal-contingent derivative | 21 | 15.5 | - |
| Payment of lease liabilities | 16 | (16.0) | (12.5) |
| Purchase of treasury shares | 18, 23 | (16.3) | (0.3) |
| Payment of dividends | 18 | (147.9) | (128.1) |
| Other | | (1.3) | (1.6) |
| **Net cash from/(used in) financing activities** | 11 | **541.2** | **(182.0)** |
| **Net increase/(decrease) in cash and cash equivalents** | | **205.8** | **(207.5)** |
| Cash and cash equivalents as of the beginning of the period | | 304.5 | 355.1 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 15.9 | 4.4 |
| **Cash and cash equivalents as of the end of the period** | 19 | **526.2** | **152.0** |

# 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 are highlighted.

## 1 Reporting entity and overview of the Group

SIG Group AG ("SIG" or the "Company") is domiciled in Switzerland and has since 28 September 2018 been listed on SIX Swiss Exchange. On 13 April 2022, the Company changed its name from SIG Combibloc Group AG to SIG Group AG.

The consolidated interim financial statements for the six months ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The subsidiaries and joint venture reflected in the consolidated interim financial statements for the six months ended 30 June 2022 are listed in note 20 (entities acquired in the current period) and in note 26 of the consolidated financial statements for the year ended 31 December 2021.

For information about the acquisition of Scholle IPN on 1 June 2022, see notes 4 and 21. For information about the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 and the sale of the paper mill in New Zealand on 3 June 2021, see notes 20 and 21.

The Group is a global system supplier of aseptic carton packaging solutions for both beverage and liquid food products, ranging from juices and milk to soups and sauces. Its solutions offering consists of aseptic carton packaging filling machines, aseptic carton packaging sleeves and closures as well as after-market services. Since the acquisition of Scholle IPN, the Group also offers bag-in-box and spouted pouch packaging solutions on a global basis for beverage, food and non-food products. These packaging solutions include barrier film and fitments as well as filling and sealing equipment with related after-market services.

## 2 Preparation of the consolidated interim financial statements

The consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). They were approved by the Board of Directors of the Company on 21 July 2022. 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 31 December 2021. 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 31 December 2021 and certain other information deemed relevant.

# 3 Structure of the consolidated interim financial statements

The consolidated interim financial statements are structured into different sections that should facilitate an overview and understanding of the Group's operations, financial position and performance. The notes are included in these sections based on their relevance and include information that is material and relevant to the consolidated 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<br>2 Preparation of the consolidated interim financial statements<br>3 Structure of the consolidated interim financial statements<br>4 Key events and transactions<br>5 General accounting policies and topics | 6 Revenue<br>7 Segment information<br>8 Other income and expenses<br>9 Alternative performance measures<br>10 Earnings per share<br>11 Cash flow information | 12 Property, plant and equipment<br>13 Right-of-use assets<br>14 Intangible assets<br>15 Trade and other receivables | 16 Loans and borrowings<br>17 Finance income and expenses<br>18 Equity<br>19 Financial risk management | 20 Group entities<br>21 Business combinations<br>22 Related parties | 23 Share-based payment plans and arrangements | 24 Financial instruments and fair value information<br>25 Contingent liabilities<br>26 Subsequent events |

# 4 Key events and transactions

The following key events and transactions took place in the six months ended 30 June 2022.

## Acquisition of Scholle IPN

On 1 June 2022, the Group acquired 100% of the shares of Clean Flexible Packaging Holding B.V. (together with the acquired subsidiaries, "Scholle IPN") from CLIL Holding B.V. ("CLIL"). CLIL is controlled by Laurens Last. Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages. The business of Scholle IPN has been allocated to the Group's existing segments (see note 7).

The Group paid €415.5 million in cash (subject to customary closing adjustments) and transferred 33.75 million newly issued SIG shares with a fair value of €686.8 million at the time of the closing to CLIL as part of the consideration for Scholle IPN. The Group has retained an amount of €18.7 million that is payable upon the finalisation of the completion accounts and related adjustments. In addition, there is contingent consideration of a maximum of $300 million. The Group also repaid the external loans of Scholle IPN at the closing. For additional information about the acquisition, see note 21.

## Announcement of agreement to acquire Evergreen's fresh carton business in Asia Pacific ("Evergreen Asia")

The Group announced on 5 January 2022 that it has entered into an agreement to acquire Evergreen Asia from Evergreen Packaging International LLC. The acquisition is expected to close in the third quarter of 2022, when the necessary approvals have been received from regulatory authorities.

Further details about the planned acquisition of Evergreen are included in note 4 of the consolidated financial statements for the year ended 31 December 2021. Certain details are also included in note 21.

## Financing of the acquisitions

The cash portion of the consideration for Scholle IPN and the repayment of the external loans of Scholle IPN were initially financed by proceeds from an unsecured bridge loan facility. A large portion of this unsecured bridge facility was repaid on 30 June 2022 by using proceeds from an unsecured Schuldscheindarlehen ("SSD", a private German debt placement). The remaining proceeds from the unsecured SSD are expected to, together with proceeds received from a placement of newly issued SIG shares, be used to finance the consideration for Evergreen Asia.

The impact on the Group's financial position of these financing transactions, including the SIG shares issued and transferred to CLIL as part of the consideration for Scholle IPN, are described in more detail in notes 16 and 18.

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

Lawrence Fok left his role as President and General Manager of Asia Pacific as of 31 December 2021 and has subsequently left the Group. Due to the Group's growth in Asia Pacific, his role in the Group Executive Board has been taken over by two executives with effect from 1 January 2022. Fan Lidong has taken on the newly created role of President and General Manager of Asia Pacific North. He has 30 years' experience in the packaging industry and has worked for SIG in China in various leading positions for more than twelve years. Angela Lu has taken on the newly created role of President and General Manager of Asia Pacific South. She has considerable experience in the food and beverage industry, including roles with Nestlé and Yeo Hiap Seng.

Suzanne Verzijden joined the Group Executive Board as Chief People and Culture Officer, effective as of 1 January 2022. She has 16 years' experience in human resource topics in a number of different roles and locations.

Ross Bushnell, CEO of Scholle IPN since October 2019, joined the Group Executive Board as President of Scholle IPN, effective as of 1 June 2022. He has more than 15 years' international experience in various roles in the packaging industry.

Laurens Last, the former owner of Scholle IPN, was elected to the Board of Directors at the Annual General Meeting on 7 April 2022. He has an entrepreneurial background in the packaging industry and was the founder of International Packaging Network ("IPN"). After the Group's acquisition of Scholle IPN on 1 June 2022, Laurens Last is the largest disclosed shareholder in SIG (see also notes 18 and 22).

Nigel Wright decided not to stand for re-election and stepped down from the Board of Directors upon the conclusion of the Annual General Meeting on 7 April 2022. He is associated with Onex, a former major shareholder of SIG. Onex ceased to be a related party to the Company in August 2020.

# 5 General accounting policies and topics

## 5.1 Application of accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those applied in the consolidated financial statements for the year ended 31 December 2021, with one exception. The Group applied cash flow hedging for the first time in the six months ended 30 June 2022. See note 21 for further details about the accounting for the derivatives entered into by the Group in relation to the acquisitions of Scholle IPN and Evergreen Asia. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total profit or loss.

## 5.2 Impact of new or amended standards and interpretations

A number of new or amended standards and interpretations were effective for annual periods beginning on 1 January 2022. 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 2023 and beyond

A number of new or amended standards and interpretations are effective for annual periods beginning on 1 January 2023 or later and have not been applied in preparing these consolidated interim financial statements. The Group does not plan to adopt the standards and interpretations before their effective dates. Many of them are not applicable to the Group or are expected to have no, or no material, impact on the consolidated financial statements.

## 5.4 Critical accounting judgements, estimates and assumptions

The significant judgements made by management and the key estimates and assumptions used in the preparation of the consolidated interim financial statements for the six months ended 30 June 2022 are consistent with those disclosed in note 5.4 of the consolidated financial statements for the year ended 31 December 2021, with the exception of estimates required in determining taxes on income in interim periods (see note 5.1). For topics involving significant judgements and/or estimates in relation to the acquisition of Scholle IPN in the six months ended 30 June 2022, see further notes 19, 21 and 24. Regarding COVID-19 and the war in Ukraine, the following should be noted.

### COVID-19

The progress of the business during the COVID-19 pandemic has shown that the Group is well placed to withstand the effects of COVID-19 due to its role in the supply chain for essential food and beverages and its broad geographic reach. As the Group and its customers are in an industry that assures the distribution of essential food and beverages, the Group overall has not been, and is currently not, significantly impacted by the COVID-19 pandemic.

## Ukraine and Russia

The war in Ukraine has significant impacts on the global economy in general, with sanctions against Russia impacting many areas such as the supply of raw materials and energy prices. However, the Group overall has not been, and is currently not, significantly impacted by the effects of the war in Ukraine.

The impact of the sanctions against Russia is not significant for the Group, with sales to customers in Russia and Ukraine representing less than 2% of the Group's revenue in 2021 (including Scholle IPN's unaudited revenue in 2021).

Prior to the acquisition of Scholle IPN, the Group only had sales and service activities in Ukraine and Russia. One of the acquired Scholle IPN entities is incorporated in Russia and has a production plant in Russia, which represents an insignificant part of the acquired net assets. Due to current sanctions, the Group has ceased its sale of sleeves to customers in Russia. In compliance with applicable sanctions, the bag-in-box and spouted pouch operations of the acquired Russian plant have continued, with maximised local sourcing and limited sourcing from other Scholle IPN entities.

On the supply side, the Group (including Scholle IPN) is not dependent on direct supplies of energy or raw materials from Russia, except for the bag-in-box and spouted pouch operations in Russia. The Group has also not experienced any significant shortfalls of raw materials. However, the Group is impacted by the global increase in raw material and energy prices as well as higher inflation. These effects can be partially mitigated by the Group's diversified supply chain, hedging strategy, long-term supply contracts and strategy to pass on higher costs to its customers.

# OUR OPERATING PERFORMANCE

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

## 6 Revenue

Revenue derives from the sale of goods (i.e. aseptic sleeves, closures and filling lines) and the provision of after-market services and is presented net of returns, trade discounts, volume rebates and other customer incentives. Since the acquisition of Scholle IPN on 1 June 2022, the Group's product offering has been expanded to include bag-in-boxes and spouted pouches with associated materials (barrier film and fitments) as well as filling lines and other equipment for bag-in-boxes and spouted pouches (see note 21). In addition, the Group presents income from the deployment of filling lines and equipment under contracts that qualify to be accounted for as operating leases as part of revenue.

### Composition of revenue

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Revenue from sale and service contracts | 1,062.9 | 904.7 |
| Revenue from filling line and other related equipment contracts accounted for as operating leases | 79.7 | 61.1 |
| **Total revenue** | **1,142.6** | **965.8** |

Since the Group's acquisition of the remaining shares of its joint ventures in the Middle East on 25 February 2021, the revenue of the former joint ventures is fully consolidated (see notes 7 and 21).

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Revenue from the sale of cartons, bag-in-boxes and spouted pouches | 969.5 | 809.3 |
| Filling line and other related equipment revenue | 97.6 | 68.9 |
| Service revenue | 75.3 | 66.0 |
| Other revenue | 0.2 | 21.6 |
| **Total revenue** | **1,142.6** | **965.8** |

Revenue from the sale of cartons, bag-in-boxes and spouted pouches is mainly composed of revenue from the sale of aseptic carton packaging sleeves and closures. Since the acquisition of Scholle IPN on 1 June 2022, revenue from the sale of bag-in-boxes and spouted pouches is included in this line item.

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.

Other revenue for the six months ended 30 June 2021 included revenue under royalty agreements and from the sales of liquid paper board and folding box board. As a consequence of the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the royalty agreement with the former joint ventures was terminated. The Group's sales of liquid paper board are mainly to the former joint ventures and are, since the acquisition, intra-group sales rather than third-party sales. The sales of folding box board have ceased as the Group sold its paper mill in June 2021 (see note 20).

The sale of the paper mill has also resulted in the Group no longer making a distinction between revenue from core and non-core activities. This has been reflected in the presentation of revenue in the comparative period.

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Revenue from the carton business | 1,092.8 | 965.8 |
| Revenue from the bag-in-box and spouted pouch business | 49.8 | - |
| **Total revenue** | **1,142.6** | **965.8** |

Revenue from the carton business relates to the provision of aseptic carton packaging solutions. Revenue from the bag-in-box and spouted pouch business relates to the provision of packaging solutions by Scholle IPN since 1 June 2022.

### Seasonality

The Group's aseptic carton business experiences moderate seasonal fluctuations, primarily due to seasonal consumption patterns and performance incentive programmes relating to sleeves that generally end in the fourth quarter. Customers tend to purchase additional sleeves prior to the end of the year to 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 bag-in-box and spouted pouch business is 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 1 June 2022, all segments provided the same aseptic carton packaging solutions, comprising filling lines, 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 and sealing equipment with related after-market services.

Prior to the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, the Group had three operating (and reportable) segments: Europe, Middle East and Africa ("EMEA"), APAC and Americas. The acquisition resulted in a split of EMEA into two segments: segment Europe and segment MEA.

## Overview of the segments and Group Functions

From March 2021 onwards, **Europe** includes production of aseptic sleeves and closures for the Group's customers in Europe. Europe also supplies the other segments with sleeves and, to a lesser extent, closures from its plants in Europe. The Group's central procurement activities, including commodity hedging, are part of Europe, with the European production entities being the main internal customers. From 1 June 2022, Europe also includes production of barrier film and fitments for bag-in-boxes and spouted pouches as well as the European-based assembly plant for equipment used for bag-in-box and spouted pouches.

From March 2021 onwards, **MEA** covers the Group's customers in the Middle East and Africa. The operations of the former joint ventures in the Middle East, including an aseptic sleeves production plant, are part of this segment. MEA will also include sales of bag-in-box and spouted pouch packaging solutions to customers in the Middle East and Africa.

Until the end of February 2021, the former segment **EMEA** included the same activities as included in segment Europe before the acquisition of Scholle IPN (see above). In addition, EMEA included the result from the sale of supply from the Group's European production entities to the Middle Eastern markets. The Group's former joint ventures in the Middle East contributed to the performance of EMEA through dividend payments and royalty payments related to the use of SIG technical solutions and sleeves sales in the Middle East and Africa.

**APAC** includes production of aseptic sleeves for the Group's customers in China, South East Asia and Oceania. APAC also supplies the other segments with sleeves. In addition, the China-based aseptic sleeves filling machine assembly plant is included in APAC. From 1 June 2022, APAC also includes production of barrier film and fitments for bag-in-boxes and spouted pouches as well as the Asian-based assembly plant for equipment used for bag-in-boxes and spouted pouches. Until the beginning of June 2021, when the Group sold its paper mill in New Zealand, APAC included production of liquid paper board and folding box board (see note 20). The liquid paper board was mainly used by the sleeves production plants in Asia and the former joint ventures in the Middle East.

**Americas** cover the Group's customers in North and South America. North America is primarily supplied by aseptic sleeves from the European and Asian plants. South America has its own aseptic sleeves production plant. From 1 June 2022, Americas also include the production of film and fitments for bag-in-boxes and spouted pouches as well as the American-based assembly plant for equipment used for bag-in-boxes and spouted pouches.

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

From 1 June 2022, the Group has limited inter-segment sales of products related to bag-in-boxes and spouted pouches.

## 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.

| *(In € million)* | Six months ended 30 June 2022<br>Europe | MEA | APAC | Americas | Total segments | Group Functions | Reconciling 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** |

| *(In € million)* | Six months ended 30 June 2021<br>EMEA[2] | Europe[3] | MEA[3] | APAC | Americas | Total segments | Group Functions | Reconciling items | Total |
|---|---|---|---|---|---|---|---|---|---|
| Revenue from transactions with external customers | 119.3 | 237.7 | 100.6 | 330.7 | 174.2 | **962.5** | 3.3 | - | **965.8** |
| Revenue from inter-segment transactions | 40.8 | 112.1 | 1.3 | 6.8 | - | **161.0** | 28.7 | (189.7) | **-** |
| Segment revenue | 160.1 | 349.8 | 101.9 | 337.5 | 174.2 | **1,123.5** | 32.0 | (189.7) | **965.8** |
| Adjusted EBITDA[1] | 38.4 | 78.8 | 32.4 | 90.6 | 49.8 | **290.0** | (25.9) | - | **264.1** |

1 The performance of the segments is presented with reference to adjusted EBITDA. EBITDA and adjusted EBITDA are not defined performance measures in IFRS. Refer to note 9 for the Group's definitions of EBITDA and adjusted EBITDA, and the reconciliation between the Group's profit, EBITDA and adjusted EBITDA.

2 Segment financial information presented for January-February 2021.

3 Segment financial information presented for March-June 2021.

The increase from three to four segments in the six months ended 30 June 2021 has not resulted in any material changes that would require restatement of segment information. The Group's reporting structure changed due to the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021. The Group did not have control over these entities before the acquisition. The Group accounted for the joint ventures using the equity method as it only had joint control. The results of the former joint ventures in the Middle East are since the end of February 2021 fully consolidated and reported in the new segment MEA. The European activities of the former EMEA segment are now reported in the new segment Europe. Prior to the acquisition, the former joint ventures in the Middle East contributed to the performance of EMEA through dividend payments and royalty payments. The royalty agreement was terminated and dividend payments ceased upon the Group's acquisition of the remaining shares of the joint ventures. No dividends were paid by the joint ventures to the former joint venture partners in the first two months of 2021. Sales by various Group companies to the former joint ventures were, prior to the acquisition, reported as external sales. After the acquisition, sales to the former joint ventures are reported as inter-segment transactions. Based on these facts, the Group does not believe that a meaningful quantitative comparability can be achieved considering the nature of changes in the relationship between the parties pre- and post-acquisition. Therefore, the above tables should be read in conjunction with the descriptions in this section.

## Disaggregation of segment revenue

Information about the composition of the Group's revenue is included in note 6, where total revenue is disaggregated by major product/service line and by type of business.

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

| | Six months ended 30 June 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In € million)* | **Europe** | **MEA** | **APAC** | **Americas** | **Total segments** | **Group Functions** | **Total** |
| Revenue from the sale of cartons, bag-in-boxes and spouted pouches | 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** |

With regard to the Group's sales of aseptic carton packaging solutions, the split of revenue between revenue from sale of sleeves and closures, filling line revenue and service revenue is broadly the same at Group level, between the Group's segments and over recent years. Other revenue was, until the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021, mainly divided between EMEA and APAC.

The following table presents revenue from transactions with external customers for the different segments, split by type of business.

| | Six months ended 30 June 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| *(In € million)* | **Europe** | **MEA** | **APAC** | **Americas** | **Total segments** | **Group Functions** | **Total** |
| Revenue from the carton business | 363.7 | 155.4 | 361.4 | 211.8 | **1,092.3** | 0.5 | **1,092.8** |
| Revenue from the bag-in-box and spouted pouch business | 12.5 | - | 6.0 | 31.3 | **49.8** | - | **49.8** |
| **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 exchange derivatives entered into as part of the operating business are also presented as other income and expenses. Activities and transactions of a significant or unusual nature are generally adjusted for in the performance measures adjusted EBITDA and adjusted net income used by management (see note 9).

## Composition of other income and expenses

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Net change in fair value of operating derivatives | - | 21.4 |
| Realised gain on settlement of deal-contingent derivative | 11.9 | - |
| Income from miscellaneous services | 1.2 | 1.3 |
| Rental income | 0.4 | 0.4 |
| Gain on pre-existing interest in former joint ventures | - | 48.8 |
| Indirect tax recoveries | - | 7.0 |
| Other | 3.5 | 3.6 |
| **Total other income** | **17.0** | **82.5** |
| Net foreign currency exchange loss | (7.8) | (0.9) |
| Net change in fair value of operating derivatives | (13.2) | - |
| Transaction- and acquisition-related costs | (16.6) | (6.8) |
| Integration costs | (6.3) | (0.6) |
| Loss on sale of subsidiary | - | (12.6) |
| **Total other expenses** | **(43.9)** | **(20.9)** |

For the six months ended 30 June 2022, the Group recognised an unrealised net loss on commodity and foreign currency derivatives of €13.2 million. It arose primarily because the Group has entered into commodity derivative contracts fixing prices for polymers and aluminium at levels above the currently lower forward prices. The unrealised net loss includes a €4.7 million unrealised gain that relates to a deal-contingent derivative that the Group entered into to manage the foreign currency exposure relating to the cash consideration that will be paid for Evergreen Asia (see further notes 4 and 21).

For the six months ended 30 June 2021, the Group recognised an unrealised net gain on commodity and foreign currency derivatives of €21.4 million. It arose primarily because the Group had entered into commodity derivative contracts fixing prices for polymers at levels below the currently higher forward prices.

The indirect tax recoveries of €7.0 million in the six months ended 30 June 2021 relate to a Supreme Court ruling on sales tax in Brazil that was beneficial to the Group. Out-of-period indirect tax recoveries of €5.9 million are excluded in the calculation of adjusted EBITDA and adjusted net income (see note 9). The indirect tax recoveries recognised in the year ended 31 December 2021 totalled €12.1 million, of which €10.3 million of out-of-period indirect tax recoveries have been excluded in the calculation of adjusted EBITDA and adjusted net income.

See note 9 for information about the realised gain on settlement of the deal-contingent derivative (relating to the acquisition of Scholle IPN), the gain on the pre-existing interest in joint ventures, transaction- and acquisition-related costs, integration costs and the loss on sale of a subsidiary. These items are excluded in the calculation of adjusted EBITDA and adjusted net income.

## 9 Alternative performance measures

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

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

This note includes information about adjusted EBITDA and adjusted net income. Adjusted earnings per share is presented in note 10 while net capital expenditure and free cash flow are presented in note 11. Information about the Group's net leverage ratio is included in note 16. In the prior period, management also used core revenue as an alternative performance measure (see note 6). Core revenue excluded revenue from the sale of folding box board.

### Adjusted EBITDA

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

EBITDA is defined by the Group as profit or loss before net finance expense, income tax expense, depreciation of property, plant and equipment and right-of-use assets, and amortisation of intangible assets. Adjusted EBITDA is defined by the Group as EBITDA, adjusted to exclude certain non-cash transactions and items of a significant or unusual nature including, but not limited to, transaction- and acquisition-related costs, restructuring costs, unrealised gains or losses on 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 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| **Profit for the period** | **66.6** | **92.0** |
| Net finance (income)/expense | (15.1) | 15.2 |
| Income tax expense | 17.3 | 28.8 |
| Depreciation and amortisation | 169.2 | 147.5 |
| **EBITDA** | **238.0** | **283.5** |
| Adjustments to EBITDA: | | |
| Unrealised loss/(gain) on operating derivatives | 13.2 | (21.4) |
| Replacement of share of profit or loss of joint ventures with cash dividends received from joint ventures | - | 1.6 |
| Restructuring costs, net of reversals | 4.2 | 22.1 |
| Loss on sale of subsidiary | - | 12.6 |
| Transaction- and acquisition-related costs | 16.6 | 6.8 |
| Integration costs | 6.3 | 0.6 |
| Realised gain on settlement of deal-contingent derivative | (11.9) | - |
| Fair value adjustment on inventories | 9.3 | 10.4 |
| Gain on pre-existing interest in former joint ventures | - | (48.8) |
| Out-of-period indirect tax recoveries | - | (5.9) |
| Impairment losses | 3.0 | 1.1 |
| Other | 1.8 | 1.5 |
| **Adjusted EBITDA** | **280.5** | **264.1** |

Transaction- and acquisition-related costs for the six months ended 30 June 2022 relate to costs incurred for the acquisition of Scholle IPN on 1 June 2022 and the acquisition of Evergreen Asia that is expected to close in the third quarter of 2022 (see notes 4 and 21). For the six months ended 30 June 2021, transaction- and acquisition-related costs mainly related to the acquisition of the remaining shares of the joint ventures in the Middle East (see note 21) but also included costs for pursuing other initiatives.

Integration costs for the six months ended 30 June 2022 primarily relate to Scholle IPN.

The settlement of the foreign currency deal-contingent derivative that the Group entered into relating to the consideration paid in cash for Scholle IPN on 1 June 2022 resulted in a realised gain of €25.5 million in the six months ended 30 June 2022, of which €11.9 million is recognised 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 remaining portion of the realised gain reduced the amount of goodwill recognised for Scholle IPN. See further note 21.

The fair value adjustment on inventories of €9.3 million in the six months ended 30 June 2022 relates to a portion of the provisional fair value increase of the inventories of Scholle IPN that was made in connection with the acquisition accounting (see note 21). The fair value adjustment on inventories of €10.4 million in the six months ended 30 June 2021 related to the fair value increase of the inventories of the former joint ventures in the Middle East that was made in connection with the acquisition accounting (see note 21). These inventories have subsequently been sold.

The restructuring costs for the six months ended 30 June 2021 mainly related to the Group's paper mill in New Zealand (€9.8 million, net of reversals of provisions – see note 20) and to the closure of the Australian sleeves manufacturing operations (€7.1 million). In the light of the opening of the Group's new production plant for sleeves in China in 2020, the Group decided to close its Australian sleeves manufacturing operations and consolidate the production of aseptic carton packaging sleeves into the Group's existing plants. The Australian sleeves production plant was part of the Visy Cartons acquisition in 2019. It has been vacated in 2022.

A loss of €12.6 million was reported in the six months ended 30 June 2021 relating to the sale of the Group's paper mill in New Zealand in June 2021. The final loss for the year ended 31 December 2021 was €12.1 million. See note 20.

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

## Adjusted net income

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

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

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| **Profit for the period** | **66.6** | **92.0** |
| Non-cash foreign exchange impact of non-functional currency loans and realised foreign exchange impact due to refinancing | (19.0) | (10.6) |
| Amortisation of transaction costs | 3.9 | 1.8 |
| Realised gain on settlement of deal-contingent derivative (relating to repayment of loan) | (15.5) | - |
| Onex acquisition PPA depreciation and amortisation | 51.2 | 53.4 |
| Net effect of early repayment of loans | 1.0 | 3.7 |
| Interest on out-of-period indirect tax recoveries | - | (2.2) |
| Adjustments to EBITDA | 42.5 | (19.4) |
| Tax effect on above items | (15.7) | (9.1) |
| **Adjusted net income** | **115.0** | **109.6** |

See note 21 for information about the realised gain on settlement of the deal-contingent derivative.

# 10 Earnings per share

## Basic and diluted earnings per share

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

The following table shows the calculation of basic and diluted earnings per share. The Group issued shares on 22 February 2021, 18 May 2022 and 23 May 2022 (see note 18).

| *(In € million unless indicated)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Profit for the period | 66.6 | 92.0 |
| Weighted average number of shares for the period - basic *(in numbers)* | 345,689,227 | 332,206,805 |
| **Basic earnings per share** *(in €)* | **0.19** | **0.28** |
| Profit for the period | 66.6 | 92.0 |
| Weighted average number of shares for the period - diluted *(in numbers)* | 346,017,533 | 332,800,856 |
| **Diluted earnings per share** *(in €)* | **0.19** | **0.28** |

## Adjusted earnings per share

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

The below table shows the calculation of basic and diluted adjusted earnings per share.

| *(In € million unless indicated)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Adjusted net income | 115.0 | 109.6 |
| Weighted average number of shares for the period - basic *(in numbers)* | 345,689,227 | 332,206,805 |
| **Adjusted earnings per share - basic** *(in €)* | **0.33** | **0.33** |
| Adjusted net income | 115.0 | 109.6 |
| Weighted average number of shares for the period - diluted *(in numbers)* | 346,017,533 | 332,800,856 |
| **Adjusted earnings per share - diluted** *(in €)* | **0.33** | **0.33** |

# 11 Cash flow information

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

## Net capital expenditure

The Group's capital expenditure primarily relates to investments in own production, plant and equipment (PP&E capital expenditure, excluding filling 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).

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

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

The following table reconciles capital expenditure to net capital expenditure.

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| PP&E (excl. filling lines and other related equipment) | 36.0 | 29.1 |
| Gross filling lines and other related equipment | 70.2 | 83.9 |
| **Capital expenditure (gross)** | **106.2** | **113.0** |
| Upfront cash | (71.4) | (45.0) |
| **Net capital expenditure** | **34.8** | **68.0** |

## Free cash flow

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

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

| (In € million) | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| **Net cash from operating activities** | **93.5** | **150.5** |
| Acquisition of property, plant and equipment and intangible assets (net of sales) | (86.9) | (113.0) |
| Payment of lease liabilities | (16.0) | (12.5) |
| **Free cash flow** | **(9.4)** | **25.0** |

The Group did not receive any dividends from its joint ventures in any of the periods (see also note 7).

## Non-cash transactions

Non-cash transactions for the six months ended 30 June 2022 include the issue of and subsequent transfer of 33,750,000 SIG shares (with a nominal value of CHF 0.01 per share) to CLIL on 1 June 2022 as part of the consideration for Scholle IPN. The fair value of the shares was €686.8 million (see also notes 18 and 21). Non-cash transactions for the six months ended 30 June 2022 also include the derecognition of capitalised transaction costs of €1.0 million resulting from the post-acquisition repayment of external loans of Scholle IPN (see notes 16 and 17).

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

Other 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 equity-settled share-based plans and arrangements (see note 23).

# OUR OPERATING ASSETS AND LIABILITIES

This section includes certain information about the Group's operating assets and liabilities. The main operating assets relate to the Group's production equipment and its deployed filling lines accounted for as operating leases. The Group also has right-of-use assets resulting from lease contracts entered into as a lessee. The Group's trade receivables balance is reduced by selling trade receivables under securitisation and factoring programmes. A substantial part of the Group's assets relates to goodwill and other intangible assets. The main operating liabilities relate to trade payables and accruals for various incentive programmes. Other liabilities mainly comprise deferred revenue relating to advance payments received in relation to filling lines deployed under contracts accounted for as operating leases, but also the contingent consideration and the retained portion of the consideration for Scholle IPN (see note 21).

## 12 Property, plant and equipment

### Overview

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

The increase in PP&E since 31 December 2021 is impacted by the acquisition of Scholle IPN (see note 21). On the acquisition date, the Group recognised additional items of PP&E in the total amount of €205.0 million (mainly production-related buildings and equipment).

### Depreciation of PP&E

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Cost of sales | 88.7 | 77.4 |
| Selling, marketing and distribution expenses | 0.6 | 0.3 |
| General and administrative expenses | 2.5 | 3.0 |
| **Total depreciation** | **91.8** | **80.7** |

### Capital expenditure commitments

As of 30 June 2022, the Group had entered into contracts to incur capital expenditure of €115.4 million (€112.6 million as of 31 December 2021) for the acquisition of PP&E. The commitments relate to filling machine assembly, certain downstream equipment and equipment for the Group's production plants, including equipment to be used in the new sleeves production plant in Mexico that is expected to become operational in the first quarter of 2023. The new plant in Mexico will be leased by the Group (see note 13).

## 13 Right-of-use assets

### Overview

The Group generally purchases its production-related buildings and equipment (see note 12). However, it also enters into lease contracts. Right-of-use assets relate to lease contracts that the Group has entered into as a lessee. The contracts mainly cover leases of assets such as office buildings, production-related buildings and equipment, warehouses and cars.

### Depreciation of right-of-use assets

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Cost of sales | 11.8 | 9.0 |
| Selling, marketing and distribution expenses | 2.5 | 2.1 |
| General and administrative expenses | 1.8 | 1.5 |
| **Total depreciation** | **16.1** | **12.6** |

### 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 €107 million as of 30 June 2022 (€77 million as of 31 December 2021). These contracts mainly relate to leases of production equipment for closures that are expected to commence within the next twelve to fifteen months and to the 15-year lease of the Group's first sleeves production plant in Mexico that is expected to commence in the second half of 2022, with production expected to start in the first quarter of 2023 (see also note 12). The increase since 31 December 2021 is mainly due to additional contracts signed for leases of production equipment of closures.

# 14 Intangible assets

## Overview

The largest portion of the Group's intangible assets is goodwill, which primarily arose as a result of the acquisition of the SIG Group by Onex in 2015. The other intangible assets mainly consist of trademarks, customer relationships and technology-related assets. The SIG trademarks have indefinite useful lives.

The increase in intangible assets since 31 December 2021 is impacted by the acquisition of Scholle IPN. On the acquisition date, the Group recognised additional items of intangible assets in the total amount of €290.3 million (mainly customer relationships but also technology-related assets and trademarks) and goodwill in the total amount of €946.4 million.

See note 21 for additional information about the acquisition of Scholle IPN on 1 June 2022 and the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 and related goodwill.

## Amortisation of intangible assets

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

| *(In € million)* | **Six months ended 30 June 2022** | **Six months ended 30 June 2021** |
|---|---|---|
| Cost of sales | 41.2 | 36.1 |
| Selling, marketing and distribution expenses | 0.4 | 0.1 |
| General and administrative expenses | 19.7 | 18.0 |
| **Total amortisation** | **61.3** | **54.2** |

# 15 Trade and other receivables

Trade and other receivables mainly comprise trade receivables.

The Group has an asset-backed securitisation programme under which it sells without recourse a portion of its sleeves-related trade receivables to a special purpose entity. It also has a small number of minor factoring programmes. The trade receivables sold qualify for derecognition by the Group. The total off-balance sheet trade receivables amounted to €154.5 million as of 30 June 2022 (€135.7 million as of 31 December 2021).

# OUR FINANCING AND FINANCIAL RISK MANAGEMENT

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

## 16 Loans and borrowings

### Overview

To finance in part the acquisition of Scholle IPN and the repayment of the acquired Scholle IPN external loans, the Group accessed an unsecured bridge loan facility of €800 million on 27 May 2022. On 30 June 2022, the Company issued unsecured Schuldscheindarlehen ("SSD") in the total amount of €650 million. Of this amount, €555 million were used on 30 June 2022 to reduce the unsecured bridge loan facility. The remaining €95 million of the proceeds from the unsecured SSD is expected to be used on to finance part of the consideration for Evergreen Asia. Refer also to notes 4, 18 and 21.

In addition to the borrowings taken up in June 2022, the Group's loans and borrowings mainly consist of senior unsecured Euro-denominated notes and senior unsecured credit facilities. The senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. Liabilities under lease contracts where the Group is the lessee are also included in loans and borrowings.

### Composition of loans and borrowings

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

| *(In € million)* | **As of 30 June 2022** | **As of 31 Dec. 2021** |
|---|---|---|
| Unsecured bridge loan facility | 244.4 | - |
| Senior unsecured notes | 448.7 | - |
| Lease liabilities | 32.5 | 29.4 |
| **Current loans and borrowings** | **725.6** | **29.4** |
| Senior unsecured notes | 547.0 | 994.5 |
| Senior unsecured credit facilities | 546.3 | 545.7 |
| Unsecured SSD | 648.4 | - |
| Lease liabilities | 160.2 | 153.0 |
| **Non-current loans and borrowings** | **1,901.9** | **1,693.2** |
| **Total loans and borrowings** | **2,627.5** | **1,722.6** |

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

| (In € million) | As of 30 June 2022 | As of 31 Dec. 2021 |
|---|---|---|
| Principal amount | 1,000.0 | 1,000.0 |
| Deferred transaction costs | (4.3) | (5.5) |
| **Senior unsecured notes** | **995.7** | **994.5** |
| Principal amount | 550.0 | 550.0 |
| Deferred original issue discount | (0.9) | (1.1) |
| Deferred transaction costs | (2.8) | (3.2) |
| **Senior unsecured credit facilities** | **546.3** | **545.7** |
| Principal amount (including repayments) | 245.0 | - |
| Deferred transaction costs | (0.6) | - |
| **Unsecured bridge loan facility** | **244.4** | **-** |
| Principal amount | 650.0 | - |
| Deferred transaction costs | (1.6) | - |
| **Unsecured SSD** | **648.4** | **-** |
| **Lease liabilities** | **192.7** | **182.4** |
| **Total loans and borrowings** | **2,627.5** | **1,722.6** |

## Notes

The Group has two issues of senior unsecured notes from June 2020 in the aggregate amount of €1,000 million. The notes are traded on the Global Exchange Market of Euronext Dublin. The below table provides an overview of the main terms.

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

The obligations under the notes are guaranteed on a senior subordinated basis by Group subsidiaries. The Group was in compliance with all related covenants and there were no events of default as of 30 June 2022.

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

The Group's senior unsecured credit facilities consist of one Euro-denominated term loan and a multi-currency revolving credit facility. The below table provides an overview of the main terms.

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

The amount available under the multi-currency revolving credit facility is €294.4 million as of 30 June 2022 (€294.2 million as of 31 December 2021) due to €5.6 million (€5.8 million as of 31 December 2021) in letters of credit being outstanding under an ancillary facility.

The obligations under the senior unsecured credit are guaranteed by Group subsidiaries. The Group was in compliance with all related covenants and there were no events of default as of 30 June 2022.

## Bridge loan facility

On 27 May 2022, the Group accessed an unsecured bridge loan facility of €800 million, maturing in 2023 and with an interest rate of Euribor+0.8%, with a Euribor floor of 0.00%. The obligations under the unsecured bridge loan facility are guaranteed by Group subsidiaries.

On 30 June 2022, the Group repaid €555 million of the bridge loan facility by using a part of the proceeds from the SSD (see below), without premium or penalty.

A part of the proceeds from the bridge loan facility was used to finance the €415.5 million cash portion of the consideration for Scholle IPN that was transferred to CLIL on 1 June 2022. The remaining part of the proceeds was used to repay external Euro and US Dollar loans of Scholle IPN in the amount of €387.7 million. The difference of €1.0 million between the carrying amount of the loans as of the repayment date and the amount paid is presented as part of the net finance income (see note 17). See notes 17 and 21 for the impact of a deal-contingent derivative relating to the repayment of the US Dollar loan.

## SSD

On 30 June 2022, the Group issued unsecured Schuldscheindarlehen ("SSD", a private German debt placement) for a total amount of €650 million. The below table provides an overview of the main terms of the six SSD tranches.

| | Principal amount | Maturity date | Interest rate |
|---|---|---|---|
| SSD tranches 1-3 | €557.5 million | June 2025–June 2029 | Euribor+1.1%–1.6%, with a Euribor floor of 0.00% |
| SSD tranches 4-6 | €92.5 million | June 2025–June 2029 | 2.79%–3.66% |

The largest SSD tranche amounts to €423.5 million and is due in June 2027. The interest rate is Euribor+1.3%, with a Euribor floor of 0.00%.

The margin on the SSD tranches will be subject to a maximum 0.05% per annum increase or decrease based upon the achievement of certain annual sustainability-linked targets (with reference to the Group's EcoVadis score). The Group has the right to repay before maturity the three SSD tranches with variable interest rates in whole or in part without premium or penalty. The three tranches with fixed interest rates can be repaid early against the payment of a make-whole premium.

The obligations under the SSD are guaranteed by the Company on a standalone basis. The SSD agreement contains customary events of default.

## Credit facility

In March 2021, the Group accessed an unsecured credit facility of €100.0 million. Cash from the new credit facility was drawn in two tranches of €50.0 million each on 31 March 2021 (at an interest rate lower than the applicable interest rate on the revolving credit facility). The two tranches were, as per the agreement, repaid in September and December 2021.

The amounts drawn in March 2021 were, together with available cash, used to repay external loans of one of the former joint ventures in the Middle East in the amount of €139.5 million. The difference of €3.7 million between the carrying amount of the loans as of the repayment date and the amount paid is presented as part of the net finance expense (see note 17).

## Lease liabilities

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

## Net debt and net leverage

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

The gross debt as of 30 June 2022 was higher compared to 31 December 2021 due to the SSD and the part of the bridge loan facility outstanding as of 30 June 2022. Cash and cash equivalents as of 30 June 2022 include the proceeds from the placement of shares and a portion of the proceeds from the SSD that is expected to be used to pay the consideration for Evergreen Asia (see notes 4 and 18).

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

| *(In € million)* | **As of 30 June 2022**[1] | **As of 31 Dec. 2021**[2] |
|---|---|---|
| Gross debt | 2,637.7 | 1,732.4 |
| Cash and cash equivalents | 526.2 | 304.5 |
| **Net debt** | **2,111.5** | **1,427.9** |
| **Net leverage ratio (last twelve months)** | **3.1x** | **2.5x** |

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

2 In the calculation of the net leverage ratio as of 31 December 2021, adjusted EBITDA includes the adjusted EBITDA of the former joint ventures in the Middle East from 1 January 2021.

# 17 Finance income and expenses

The Group's net finance income or expense is mainly related to finance expenses for its loans and borrowings and foreign exchange gains and losses relating to the loans and borrowings.

## Composition of net finance income and expense

| *(In € million)* | Six months ended 30 June 2022 | Six months ended 30 June 2021 |
|---|---|---|
| Interest income | 1.2 | 3.3 |
| Net foreign currency exchange gain | 24.9 | 7.4 |
| Realised gain on settlement of deal-contingent derivative | 15.5 | - |
| **Finance income** | **41.6** | **10.7** |
| Interest expense on: | | |
| - Loan and borrowings (excluding lease liabilities) | (13.6) | (12.7) |
| - Lease liabilities | (4.9) | (4.4) |
| Amortisation of original issue discount | (0.2) | (0.1) |
| Amortisation of transaction costs | (3.9) | (1.8) |
| Net effect of early repayment of loans | (1.0) | (3.7) |
| Other | (2.9) | (3.2) |
| **Finance expenses** | **(26.5)** | **(25.9)** |
| **Net finance income/(expense)** | **15.1** | **(15.2)** |

For the six months ended 30 June 2022, the net foreign currency exchange gain primarily consists of positive translation effects on Euro-denominated intra-group loans held by a Brazilian Real functional currency entity and on one Euro-denominated loan held by a US Dollar functional currency entity resulting from the strengthening of the Brazilian Real and the US Dollar against the Euro. For the six months ended 30 June 2021, the net foreign currency exchange gain primarily consisted of positive translation effects on intra-group loans resulting from the strengthening of the US Dollar and the Brazilian Real against the Euro.

In the six months ended 30 June 2022, the Group used a part of the proceeds from the bridge loan facility to repay the external Euro and US Dollar loans of Scholle IPN. The net expense effect of the early repayment of these loans was €1.0 million (see note 16).

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

In the six months ended 30 June 2021, the Group used available cash and proceeds from a new credit facility to repay external loans of one of the former joint ventures in the Middle East. The net expense effect of the early repayment of these loans was €3.7 million.

Other finance expenses primarily consist of revolver commitment fees, securitisation 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 remeasurements 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" and "Accounting policy"). The Group applied cash flow hedge accounting for the first time in the six months ended 30 June 2022.

## Issued share capital

The Company has 382,270,872 shares in issue as of 30 June 2022 (337,520,872 shares as of 31 December 2021), all fully paid. The below table provides an overview of the shares in issue.

| *Number of shares* | **Total shares** |
| --- | --- |
| **Balance as of 1 January 2021** | **320,053,240** |
| Issue of shares on 22 February 2021 | 17,467,632 |
| **Balance as of 30 June 2021 and 31 December 2021** | **337,520,872** |
| **Balance as of 1 January 2022** | **337,520,872** |
| Issue of shares on 18 May 2022 | 11,000,000 |
| Issue of shares on 23 May 2022 | 33,750,000 |
| **Balance as of 30 June 2022** | **382,270,872** |

On 18 May 2022, the Company issued 11,000,000 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital under exclusion of the subscription rights of the 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. Costs incurred of €3.6 million that are directly attributable to the placement of the shares have been recognised as a deduction of equity (additional paid-in capital). The net proceeds from the capital increase amount to €199.9 million and are expected to be used to fund, in part, the upcoming acquisition of Evergreen Asia (see also notes 4, 16 and 21). The new shares were listed and admitted to trading on SIX Swiss Exchange on 19 May 2022. The newly issued shares have the same rights as the other ordinary shares of the Company.

On 23 May 2022, the Company issued 33,750,000 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital under exclusion of the subscription rights of the existing shareholders. The shares were, together with a payment of cash, part of the consideration for Scholle IPN that was transferred to CLIL on 1 June 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 other ordinary shares of the Company. CLIL has agreed to a lock-up period for these shares of 18-24 months, subject to customary exceptions.

On 22 February 2021, the Company issued 17,467,632 ordinary shares with a nominal value of CHF 0.01 per share out of authorised share capital under exclusion of the subscription rights of the existing shareholders. The shares were, together with a payment of cash, part of the consideration transferred to OIG upon the acquisition of the remaining shares of the joint ventures in the Middle East on 25 February 2021 (see note 21). The difference of €323.1 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 other ordinary shares of the Company. However, OIG has agreed to a lock-up period for these shares of 24 months, subject to customary exceptions.

The 382,270,872 shares in issue as of 30 June 2022 represent €3.4 million of share capital (€3.0 million as of 31 December 2021).

## Authorised share capital

The Company had authorised share capital of CHF 675,041.74 as of 31 December 2021. The Board of Directors was authorised, at any time until 21 April 2023, to increase the Company's share capital through the issue of up to 67,504,174 shares. However, the authority to issue shares from authorised share capital under exclusion of the subscription rights of the existing shareholders was limited to a maximum of 33,752,087 shares, equalling CHF 337,520.87 or 10% of the existing share capital.

The Annual General Meeting held on 7 April 2022 approved, subject to the consummation of the acquisition of Scholle IPN having occurred or being imminent, the creation of additional authorised share capital of 10% of the then issued share capital (i.e. CHF 337,520.87), corresponding to 33.75 million shares that can be issued without subscription rights of the existing shareholders. This allowed the Company, after the issue of shares out of authorised share capital on 18 May 2022, to again use authorised share capital to issue and transfer shares to CLIL as part of the consideration for Scholle IPN (see the section above and note 21).

As of 30 June 2022, the Company has the possibility to issue a further 22,754,174 shares out of the authorised share capital under exclusion of the subscription rights.

## Treasury shares

The Company purchases its own shares on the market to settle its obligations under the Group's share-based payment plans and arrangements (see note 23). The Company held 52,735 shares for this purpose as of 30 June 2022 (2,430 shares as of 31 December 2021), representing an amount of €2.0 million (including impacts of foreign currency translation) (€0.1 million as of 31 December 2021). In the six months ended 30 June 2022, the Company transferred 698,821 treasury shares (representing €14.4 million) to the participants of the Group's share-based payment plans and arrangements.

## Dividends

The Annual General Meeting held on 7 April 2022 approved a dividend payment of CHF 0.45 per share for the year ended 31 December 2021, payable out of the capital contribution reserve (additional paid-in capital). The dividend payment was made on 14 April 2022 and totalled CHF 151.9 million (€147.9 million). For the year ended 31 December 2020, the shareholders were paid a dividend of CHF 0.42 per share (CHF 141.8 million or €128.1 million).

## Remeasurement of employee benefits

The remeasurement of the Group's defined benefit pension plans as of 30 June 2022 resulted in a €50.9 million decrease in other comprehensive income (net of tax), of which €77.6 million relates to the Group's Swiss pension plan. The decrease is due to negative asset performance, partially offset by an increase in the discount rate, and to reaching the asset ceiling.

An increase in the discount rate in the six months ended 30 June 2022 resulted in a significant decrease of the asset ceiling, which limited the amount that is recognised as a net defined benefit asset for the Group's Swiss pension plan to €141.7 million as of 30 June 2022 (€230.2 million as of 31 December 2021). The recognised 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 recognised in other comprehensive income.

# 19 Financial risk management

There have been no changes in the Group's objectives, polices and processes for managing its exposure to financial risks summarised below since 31 December 2021.

## Liquidity risk

The Group generates sufficient cash flows from its operating activities to meet obligations arising from its financial liabilities. It has a multi-currency revolving credit facility in place to cover potential shortfalls and access to local working capital facilities in various jurisdictions, which are available if needed to support the cash management of local operations. The Group had unrestricted cash and cash equivalents in the amount of €523.8 million (€300.2 million as of 31 December 2021), of which a part is expected to be used to fund the upcoming acquisition of Evergreen Asia (see note 4). Furthermore, as of 30 June 2022, it had access to an additional €294.4 million under its committed multi-currency revolving credit facility (€294.2 million as of 31 December 2021). As of 31 December 2021, the Group also had a possibility to draw an additional €100.0 million under its uncommitted credit facility.

The following table includes information about the remaining contractual maturities for the Group's non-derivative financial liabilities as of 30 June 2022. The table includes both interest and principal cash flows. Balances due within one year equal their carrying amounts as the impact of discounting is not significant.

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| *(In € million)* | **Carrying amount** | **Total** | **Up to 1 year** | **1-2 years** | **2-5 years** | **More than 5 years** |
| **As of 30 June 2022** | | | | | | |
| Trade and other payables | (746.5) | **(746.5)** | (725.9) | (8.3) | (4.9) | (7.4) |
| Loans and borrowings: | | | | | | |
| - Senior unsecured notes | (995.7) | **(1,042.9)** | (469.9) | (11.7) | (561.3) | - |
| - Senior unsecured credit facilities | (546.3) | **(568.1)** | (6.1) | (6.1) | (555.9) | - |
| - Unsecured bridge loan facility | (244.4) | **(245.0)** | (245.0) | - | - | - |
| - Unsecured SSD | (648.4) | **(707.0)** | (11.7) | (11.7) | (593.3) | (90.3) |
| - Lease liabilities | (192.7) | **(293.2)** | (42.0) | (42.7) | (71.1) | (137.4) |
| Other current liabilities | (19.3) | **(19.3)** | (19.3) | - | - | - |
| Contingent consideration | (45.2) | **(45.2)** | - | (15.1) | (30.1) | - |
| **Total non-derivative financial liabilities** | **(3,438.5)** | **(3,667.2)** | **(1,519.9)** | **(95.6)** | **(1,816.6)** | **(235.1)** |

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 above table. The contingent consideration is included in other non-current liabilities.

## Market risks

### Currency risk

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

In accordance with its Treasury policy, the Group seeks to minimise transaction currency risk via natural offsets to the extent possible. Therefore, when commercially feasible, the Group incurs costs in the same currencies in which cash flows are generated. In addition, the Group systematically hedges its major transactional currency exposures (by entering into foreign currency exchange derivative contracts), using a twelve-month rolling layered approach.

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

### Commodity price risk

The Group's exposure to commodity price risk arises principally from the purchase of polymers and aluminium. The Group's objective is to ensure that the commodity price risk exposure in the current year is kept at an acceptable level. The Group generally purchases commodities at spot market prices and uses derivatives to hedge the exposure in relation to the cost of polymers (and their feedstocks) and aluminium. Due to this strategy, the Group is able to fix the raw material prices for the majority of the anticipated polymers and aluminium purchases, which substantially reduces the exposure to raw material price fluctuations over that period. In addition, the majority of the Scholle IPN customer contracts include clauses which enable commodity price fluctuations to be passed on to the customers. See also note 5.4.

### Interest rate risk

The Group's interest rate risk arises primarily from variable interest rates on its term loan, drawings of its revolving credit facility, three tranches of its SSD and its bridge loan facility but also from its cash and cash equivalents. The Group pays a fixed interest rate on its notes and on three tranches of its SDD.

A 100 basis point increase in the variable component (six-month Euribor) of the interest rate on the borrowings at variable interest rates would increase the annual interest expense by €13.5 million as of 30 June 2022 (€2.5 million as of 31 December 2021).

## 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. The Group limits its exposure to credit risk by executing a credit limit policy, requiring advance payments in certain instances, taking out insurance for specific debtors as well as utilising securitisation and non-recourse factoring programmes. As the Group's customers are in the food and beverage industry, management has not experienced any material changes to the Group's exposure to credit risk due to the COVID-19 pandemic (see also note 5.4).

# OUR GROUP STRUCTURE AND RELATED PARTIES

This section provides information about changes to the Group structure and related parties, including the acquisition of Scholle IPN on 1 June 2022. It also provides certain information about the acquisition of the remaining shares of the joint ventures in the Middle East and the sale of the paper mill in New Zealand in the comparative period.

## 20 Group entities

### Overview of Group entities

The Company has changed its name from SIG Combibloc Group AG to SIG Group AG. This name change became effective on 13 April 2022.

The following table provides an overview of the entities acquired as part of the acquisition of Scholle IPN on 1 June 2022 (see note 21). The ownership and voting interests are the same for all these entities. The Group owns 100% of the shares, unless specifically stated, and the reporting date of these entities is 31 December, unless specifically stated.

| | As of 30 June 2022 | | |
|---|---|---|---|
| **Acquired Scholle IPN entities and countries** | **Share capital** | | **Interest** |
| ***Subsidiaries*** | | | |
| **Australia** | | | |
| Scholle IPN Pty Ltd., Edinburgh North[1] | 2 | AUD | 100% |
| **Brazil** | | | |
| Scholle Ltda., Vinhedo | 86,258,020 | BRL | 100% |
| **Canada** | | | |
| Scholle IPN Canada, Ltd., Québec[1] | 1,000 | CAD | 100% |
| **Chile** | | | |
| Scholle IPN SpA, Santiago | 9,006,501,235 | CLP | 100% |
| **China** | | | |
| Scholle IPN Packaging (Suzhou) Co. Ltd., Suzhou | 15,400,000 | USD | 100% |
| **Germany** | | | |
| Scholle IPN Germany GmbH, Eisfeld[1] | 500,000 | EUR | 100% |
| **India** | | | |
| Bossar Packaging Private Ltd., Pune[2,3] | 17,649,000 | INR | 84.71% |
| Scholle IPN India Packaging Private Ltd., Palghar[2,3] | 15,290,240 | INR | 90% |
| Scholle Packaging (India) Private Ltd., Palghar[2] | 155,254,700 | INR | 100% |
| **Malaysia** | | | |
| Scholle IPN Packaging (SEA) SDN. BHD, Kuala Lumpur[1] | 445,500 | MYR | 100% |
| **Netherlands** | | | |
| Clean Flexible Packaging B.V., Tilburg[1] | 2 | EUR | 100% |
| Clean Flexible Packaging Holding B.V., Tilburg[1] | 2 | EUR | 100% |
| Scholle IPN Europe B.V., Tilburg[1] | 20,000 | EUR | 100% |
| Scholle IPN Europe Holding B.V., Tilburg[1] | 18,000 | EUR | 100% |
| Scholle IPN Holding B.V., Tilburg[1] | 20,220 | EUR | 100% |
| Scholle IPN IP B.V., Tilburg[1] | 18,000 | EUR | 100% |
| Scholle IPN Netherlands B.V., Tilburg[1] | 18,000 | EUR | 100% |

| Acquired Scholle IPN entities and countries | As of 30 June 2022 Share capital | | Interest |
|---|---|---|---|
| **New Zealand** | | | |
| Scholle IPN New Zealand Ltd., Auckland[1] | 0 | NZD | 100% |
| **Russia** | | | |
| Scholle IPN Eastern Europe LLC, Voronezh[3] | 221,331,321 | RUB | 99.9% |
| **Spain** | | | |
| Bossar Packaging SL, Barbera del Valles[1] | 1,248,000 | EUR | 100% |
| **United Kingdom** | | | |
| Scholle IPN UK Ltd., Tyne and Wear[1] | 1 | GBP | 100% |
| **USA** | | | |
| BBI Company, Inc., Northlake[1] | 13,700 | USD | 100% |
| Clean Flexible Packaging, Inc., Northlake[1] | 20 | USD | 100% |
| Scholle IPN Atlanta Corporation, Peachtree City[1] | 0 | USD | 100% |
| Scholle IPN Corporation, Northlake[1] | 0 | USD | 100% |
| Scholle IPN Packaging, Inc., Northlake[1] | 10,000 | USD | 100% |

1 Reporting date is 30 September. The Group has initiated the process to change the reporting date to 31 December.

2 Reporting date is 31 March. The Group has initiated the process to change the reporting date to 31 December, with the exception of the Indian entities.

3 The non-controlling interests are not significant, which is why the Group does not make a distinction between profit, total comprehensive income and equity attributable to the owners of the Company and the non-controlling interests.

On 1 March 2022, the Group incorporated a new entity in Singapore (SIG Combibloc Singapore Private Ltd.). On 7 May 2022, the Group incorporated a new entity in China (SIG Combibloc (Suzhou) Technology Co., Ltd.).

There have been no other significant changes in relation to the Group entities since 31 December 2021.

## Sale of New Zealand paper mill

The Group announced in March 2021 that it would close the paper mill in New Zealand (Whakatane Mill Ltd.) and increase the sourcing of liquid paper board from existing third party suppliers. The mill primarily produced liquid paper board for use by SIG entities and the Group's former joint ventures in the Middle East. After the closure announcement, the Group was approached by potential buyers and the paper mill was sold on 3 June 2021 for NZD 1. The net working capital and other adjustments of the completion settlement were finalised in August 2021. The sale resulted in a loss of €12.1 million and in a net cash inflow of €3.1 million. See note 9 for information about restructuring costs recognised in the six months ended 30 June 2021 relating to the closure of the mill.

## 21 Business combinations

This note covers the acquisition of Scholle IPN on 1 June 2022. This note also provides certain details about the acquisition of Evergreen Asia, which is expected to close in the third quarter of 2022, as well as the acquisition of the remaining 50% of the shares of the Group's two joint ventures in the Middle East on 25 February 2021.

### Scholle IPN

#### Overview

On 1 June 2022, the Group acquired 100% of Scholle IPN from CLIL. CLIL is controlled by Laurens Last. He was elected to the Board of Directors of the Company on 7 April 2022.

Scholle IPN is a leading innovator of sustainable packaging systems and solutions for food and beverages, with retail, institutional and industrial customers and production plants mainly in America and Europe but also in Asia and Australia. Scholle IPN is the global leader in bag-in-box and number two in spouted pouches. It has approximately 2,100 employees globally.

This acquisition will enable the Group to expand its product portfolio, increase its presence in the United States and leverage its established presence in emerging markets. Synergies and cost efficiencies are expected in areas such as commercial operations, technology, innovation and sustainability as well as procurement and manufacturing.

The following table provides an overview of the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date and the resulting goodwill. As the acquisition closed on 1 June 2022, the Group has determined the contingent consideration and the fair value of the identifiable net assets acquired on a provisional basis. In addition, the amount of cash transferred on 1 June 2022 is subject to customary closing adjustments.

| *(in € million)* | |
|---|---|
| Cash | 415.5 |
| Shares (33,750,000 ordinary SIG shares) | 686.8 |
| Retained consideration | 18.7 |
| Contingent consideration | 43.8 |
| **Fair value of consideration** | **1,164.8** |
| Cash and cash equivalents | 46.6 |
| Trade and other current receivables | 109.8 |
| Inventories | 122.9 |
| Property, plant and equipment | 205.0 |
| Right-of-use assets | 5.8 |
| Intangible assets | 290.3 |
| Asset held-for-sale | 15.1 |
| Trade and other current payables | (82.5) |
| Loans and borrowings | (393.5) |
| Deferred tax liabilities | (125.5) |
| Other net assets acquired | 10.8 |
| **Fair value of identifiable net assets acquired** | **204.8** |
| **Goodwill, before impact of cash flow hedge accounting** | **960.0** |
| Impact of deal-contingent derivative | (13.6) |
| **Goodwill** | **946.4** |

"Other net assets acquired" mainly relate to deferred and current tax assets and employee benefits.

For the month of June 2022, the acquisition of Scholle IPN contributed revenue of €49.8 million and a loss of €0.8 million (excluding acquisition-related and integration costs but including the provisional fair value adjustments) to the Group's result. If the acquisition had occurred on 1 January 2022, management estimates that for the six months ended 30 June 2022, consolidated revenue would have been €1,371.9 million and consolidated profit would have been €58.9 million (including the gains on settlement of the deal-contingent derivatives). In determining these amounts, management has assumed that the provisional fair value adjustments as of the acquisition date would have been the same if the acquisition had occurred on 1 January 2022.

The Group has incurred total acquisition-related costs of €19.7 million in 2021 and 2022 relating to Scholle IPN, of which €14.5 million have been recognised in the six months ended 30 June 2022 (as part of other expenses).

## Consideration

The consideration of €1,164.8 million for Scholle IPN is split between cash payments (of which a part is retained), 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 ordinary shares with a fair value of €686.8 million to the former owner as consideration for Scholle IPN. The shares were issued out of authorised share capital on 23 May 2022 (see note 18). The fair value of the shares was determined by reference to SIG's share price of CHF 20.92 as of closing of the transaction on 1 June 2022. 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 Group's Board of Directors.

The Group has retained an amount of €18.7 million ($20.0 million) as per the share purchase agreement. It is recognised as a current other liability. This retained portion of the consideration is payable upon the finalisation of the completion accounts, when cash, third-party debt and net working capital balances as of the acquisition date will have been finally determined.

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 31 December 2023, 2024 and 2025, and would be paid in cash in three annual instalments of up to $100 million per year. Payments for growth rates ranging from 6–11.5% per the respective year will be made based on a pre-agreed ratchet structure. The fair value of the contingent consideration of €43.8 million as of the acquisition date is included in other non-current liabilities. There was no movement in the fair value of the contingent consideration between 1 June 2022 and 30 June 2022. As of 30 June 2022, the contingent consideration amounts to €45.2 million. The increase since 1 June 2022 is due to foreign currency exchange rate changes.

## 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 10 years and trademarks with a useful life of 7 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 lease back 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 fair value of trade receivables is assessed at €96.5 million. Trade receivables comprise gross contractual amounts due of €97.0 million, of which €0.5 million is expected to be uncollectible as of the acquisition date.

The Group repaid the external Euro and US Dollar loans of Scholle IPN in connection with the acquisition (see note 16). See the section "Deal-contingent derivatives" below for the impact of the settlement of a deal-contingent derivative that the Group entered into for the repayment of the US dollar loan.

## Goodwill

Goodwill of €946.4 million for Scholle IPN has been recognised 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). As of 30 June 2022, goodwill amounts to €957.7 million. The increase since 1 June 2022 is due to foreign currency exchange rate changes.

The goodwill mainly comprises expectations about expansion of existing markets, expansion into new geographical markets and product categories, the skills and competence of the workforce as well as cost savings and synergies. The goodwill is not expected to be deductible for tax purposes. It has been allocated to the segments Europe, MEA, APAC and Americas.

## Assessment of fair values

The Group has applied generally accepted valuation methods in the provisional assessment of the fair values of the acquired net assets. The fair value of the contingent consideration has been estimated using a Monte Carlo simulation (see further note 24).

## Deal-contingent derivatives

To manage the foreign currency exposure from the part of the consideration of Scholle IPN that was payable in US Dollar and the repayment of the acquired US Dollar loan at the acquisition date, the Group entered into foreign currency deal-contingent 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. For further details about the cash flow hedge accounting, refer to the section "Accounting policy" at the end of this note.

At the acquisition date, the cumulative positive fair value changes of the derivative of €13.6 million recognised in other comprehensive income ("OCI") (net of the cost of hedging) reduced the amount of goodwill. Positive fair value changes recognised in other income in the six months ended 30 June 2022 amount 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 derivate relating to the repayment of the US dollar loan. Positive changes in fair value of this derivative are recognised 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 expects to close the acquisition of Evergreen Asia in the third quarter of 2022 (see also note 4). Evergreen Asia provides filling machines, cartons, closures and after-sales service to its customers in the fresh and extended shelf-life dairy segment, mainly for milk, and has production plants in China, South Korea and Taiwan.

The consideration for Evergreen Asia will be based on an enterprise value of $335 million (subject to customary closing adjustments) and will be paid in cash at the closing of the acquisition. The final consideration will be determined upon the completion settlement.

### Deal-contingent derivative

To manage the foreign currency exposure from the consideration of Evergreen Asia that is payable in US Dollar, the Group entered into a foreign currency deal-contingent derivative after having signed the share purchase agreement. The derivative was designated as a cash flow hedging instrument in April 2022. For further details about the cash flow hedge accounting, refer to the section “Accounting policy” at the end of this note.

As of 30 June 2022, the cumulative positive fair value changes of the derivative recognised in OCI (net of the cost of hedging) amount to €18.5 million (€16.0 million net of tax). Positive fair value changes recognised in other income in the six months ended 30 June 2022 amount to €4.7 million.

## Former joint ventures in the Middle East

### Overview

On 25 February 2021, the Company acquired the remaining 50% of the shares of its two joint ventures in the Middle East from its joint venture partner Al Obeikan Group for Investment Company CJS (“OIG”). The former joint ventures provide aseptic carton packaging solutions in the Middle East and Africa.

The fair value of the consideration transferred to OIG was €490.3 million. The Group transferred €167.0 million in cash and 17,467,632 newly issued SIG ordinary shares with a fair value of €323.3 million as consideration for the remaining shares of the joint ventures on 25 February 2021. The shares were issued out of authorised share capital on 22 February 2021 (see note 18). As the acquisition has been completed using a locked box valuation approach, there have been no post-closing adjustments to the consideration transferred.

The remeasurement to fair value of the Group’s pre-existing 50% interest in the joint ventures resulted in a gain of €48.8 million (including reclassification of amounts in foreign currency translation reserve to profit or loss). The gain is recognised as part of other income (see notes 8 and 9).

The net assets acquired (mainly consisting of property, plant and equipment, customer relationships and loans) and the resulting goodwill was determined on a provisional basis as of 30 June 2021. Cash and cash equivalents acquired amounted to €103.4 million.

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

The acquisition accounting was finalised in the fourth quarter of 2021 and resulted in acquired net assets of €202.8 million and goodwill of €518.4 million as of the acquisition date. Additional details about this acquisition and the outcome of the acquisition accounting are included in note 27 of the consolidated financial statements for the year ended 31 December 2021.

## Accounting policy

The accounting for business combinations is described in the consolidated financial statements for the year ended 31 December 2021. In addition, the following should be noted.

Subsequent changes in the fair value of acquired net assets or contingent consideration, and recognition of additional assets and liabilities, that result from new or additional information about facts and circumstances existing at the acquisition date that is obtained during the measurement period (maximum one year from the acquisition date) are measurement-period adjustments. Such adjustments are recognised retrospectively and comparative information restated as if the accounting for the business combination had been completed at the acquisition date. After the end of the measurement period, the acquisition accounting is only adjusted to correct an error.

### Contingent consideration

Contingent consideration is measured at fair value at the acquisition date. When contingent consideration is payable in cash, and therefore recognised as a financial liability, it is remeasured to fair value at each reporting date until the contingency is settled. Any changes in the fair value are recognised in profit or loss as part of other income and expenses.

### Cash flow hedging of the foreign currency risk on forecasted business combinations

To manage the foreign currency exposure from the US Dollar cash considerations for Scholle IPN and Evergreen Asia, the Group entered into foreign currency deal-contingent derivatives. These two derivatives have been accounted for as cash flow hedges. The derivatives were designated as hedging instruments when the respective acquisitions were assessed to be highly probable. The contingency element of the derivatives does not have a significant impact on the change in fair value of the derivatives during the hedge designation period.

From the hedge designation dates in April 2022, the effective portion of the fair value changes of the deal-contingent derivatives is recognised and accumulated in a hedging reserve in OCI (net of tax). The effective portion recognised in OCI is limited to the cumulative change in fair value of the hedged item from inception of the hedge. Fair value changes up to the inception of the hedges are recognised in other income and expenses.

The Group designated only the change in fair value of the spot component of the respective derivative as the hedging instrument. The hedge relationship is therefore highly effective. The change in fair value of the forward component of the derivative is separately accounted for as a cost of hedging and recognised in equity. For simplicity, the cost of hedging is not presented separately in a cost of hedging reserve but presented net of the accumulated fair value changes presented in the hedging reserve. The cost of hedging is not significant.

## Accounting policy (continued)

The cash received at the settlement of the hedging instrument when an acquisition takes place is not part of the consideration paid to the seller. However, the accumulated fair value changes in OCI (less the cost of hedging) are under IFRS treated as a basis adjustment to goodwill, i.e. impacts the amount of goodwill recognised upon the acquisition.

## Significant judgements and estimates

Significant judgements and estimates were made by management relating to the accounting for the acquisition of Scholle IPN in June 2022 and the remaining shares of the former joint ventures in February 2021. For example, the (provisional) assessments of the fair value of the contingent consideration for Scholle IPN and the customer relationships involve significant judgement and estimates. The assessment of the fair value of the pre-existing interest in the former joint ventures also involved significant judgement and estimates.

## 22 Related parties

The Company has related party relationships with its shareholders, subsidiaries, a joint venture in Japan and key management. The Company's key management include the members of the Group Executive Board and the Board of Directors.

Certain information and updates about the Company's related parties is provided in this note. Information about the acquisitions of Scholle IPN in June 2022 and the remaining 50% of the shares of the joint ventures in the Middle East in 2021 is included in note 21. The subsidiaries acquired in the Scholle IPN acquisition are listed in note 20.

### Key management changes and shareholdings

Laurens Last, the former ultimate beneficial owner of Scholle IPN, joined the Board of Directors on 7 April 2022 and thereby become a related party to the Company. See note 4 for additional information and other organisational changes in the Group Executive Board and the Board of Directors that took place in the six months ended 30 June 2022.

The members of the Group Executive Board directly held 0.2% of the Company's shares as of 30 June 2022 (directly 0.2% as of 31 December 2021). The members of the Board of Directors directly held 0.08% and indirectly held 9.7% of the Company's shares as of 30 June 2022 (directly 0.08% and indirectly 0.5% as of 31 December 2021). Laurens Last (via CLIL) received 33.75 million shares of the Company as part of the consideration for Scholle IPN and, with additional shares he has purchased in the open market, he indirectly held 9.2% of the Company's shares as of 30 June 2022 (see also note 18) according to the disclosure notifications reported to the Company and published by the Company via the electronic publishing platform of SIX Swiss Exchange.

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

Since the former joint ventures in the Middle East became fully owned subsidiaries on 25 February 2021, and thereby are consolidated, the Company has not had any significant related party transactions. The nature of the Company's related party relationships, balances and transactions for the six months ended 30 June 2022 has not changed compared to information disclosed in the consolidated financial statements for the year ended 31 December 2021, with one significant exception.

On 1 June 2022, the Group acquired Scholle IPN from CLIL. CLIL is controlled by Laurens Last. See note 21 for information about transaction values and outstanding balances concerning the acquisition.

Companies controlled or jointly controlled by Laurens Last are, following his election to the Board of Directors on 7 April 2022, related parties to the Company. However, there are no significant transactions or outstanding balances with companies controlled or jointly controlled by Laurens Last.

The Group has entered into a transitional service agreement in relation to an entity controlled by Laurens Last that was not part of the acquisition of Scholle IPN. This agreement, ending in May 2023, has no significant impact on the Group.

Laurens Last will also be separately compensated, in addition to the compensation that he will receive as member of the Board of Directors, for operational and technical advisory services.

# OUR PEOPLE

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

## 23 Share-based payment plans and arrangements

### Share-based long-term incentive plans for SIG management

#### Performance share unit plan

Since 2019, the Group annually grants performance share units ("PSUs") to the members of the Group Executive Board and certain other members of management. 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 vests depends on the long-term performance of the Group during 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 the consolidated financial statements for the year ended 31 December 2021.

A total of 350,814 PSUs under the 2019 PSU plan vested on 31 March 2022, of which 205,482 PSUs relate to current members of the Group Executive Board. Based on the achievement of the targets described above, the participants were entitled to 631,469 shares, of which 369,870 shares relate to current members of the Group Executive Board.

The Group settled its obligation under the 2019 PSU plan by delivering treasury shares (see note 18). The total amount of €4.0 million recognised as a share-based payment expense for the 2019 PSU plan has been recognised as a decrease in equity. 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 2022 PSU plan was 13 June 2022 when 15 employees were granted in total 234,753 PSUs, of which 215,169 PSUs relate to members of the Group Executive Board. The fair value of one PSU was CHF 19.56 as of the grant date.

#### Restricted share unit plan

Since 2019, the Group annually grants a small number of restricted share units ("RSUs") to a limited number of employees. 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 2019 RSU plan vested on 31 March 2022. The Group settled its obligation under the 2019 RSU plan by delivering treasury shares.

The grant date for the 2022 RSU plan was 1 April 2022 when two employees were granted in total 13,662 RSUs, of which 6,831 RSUs relate 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 the three-year vesting period.

The grant date for the 2022 EIP award was 27 May 2022 when 69 employees were granted in total 149,450 options.

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

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

## Share-based payment expense

The share-based payment expense recognised for the six months ended 30 June 2022 relating to the PSU, RSU and equity investment plans for SIG employees amounts to €1.9 million, of which €1.6 million relates to members of the Group Executive Board (€1.4 million for the six months ended 30 June 2021, of which €1.1 million related to members of the Group Executive Board).

The share-based payment expense recognised for the six months ended 30 June 2022 relating to the arrangement for the Board of Directors amounts to €0.4 million (€0.3 million for the six months ended 30 June 2021).

# OTHER

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

## 24 Financial instruments and fair value information

### Categories of financial instruments

The following table presents the carrying amounts of the Group's different categories of financial assets and liabilities as of 30 June 2022. 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 31 December 2021.

| | Carrying amount as of 30 June 2022 | | | Fair value hierarchy Level | | |
|---|---|---|---|---|---|---|
| *(In € million)* | At amortised cost | At fair value through profit or loss (mandatorily) | Total | 1 | 2 | 3 |
| Cash and cash equivalents | 526.2 | | **526.2** | | | |
| Trade and other receivables | 353.6 | 26.3 | **379.9** | | x | |
| Other financial assets | 2.5 | | **2.5** | | | |
| Derivatives | | 45.0 | **45.0** | | x | |
| **Total financial assets** | **882.3** | **71.3** | **953.6** | | | |
| Trade and other payables | (746.5) | | **(746.5)** | | | |
| Loans and borrowings: | | | | | | |
| - Senior unsecured notes | (995.7) | | **(995.7)** | | | |
| - Senior unsecured credit facilities | (546.3) | | **(546.3)** | | | |
| - Unsecured bridge loan facility | (244.4) | | **(244.4)** | | | |
| - Unsecured SSD | (648.4) | | **(648.4)** | | | |
| - Lease liabilities | (192.7) | | **(192.7)** | | | |
| Other current liabilities | (19.3) | | **(19.3)** | | | |
| Derivatives | | (19.1) | **(19.1)** | | x | |
| Contingent consideration | | (45.2) | **(45.2)** | | | x |
| **Total financial liabilities** | **(3,393.3)** | **(64.3)** | **(3,457.6)** | | | |

### Fair value of financial assets and liabilities at amortised cost

The carrying amount of the financial assets and liabilities that are not measured at fair value is a reasonable approximation of fair value. Excluding transaction costs and an original issue discount for the Group's term loan, and excluding transaction costs for the Group's bridge loan facility and SSD, this is also the case for these financial liabilities. The fair value of the notes was €965 million as of 30 June 2022 (€1,035 million as of 31 December 2021).

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

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

## Fair value of derivatives

The 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 categorised as level 2 fair value measurements in the fair value hierarchy as the measurements of fair value are based on significant observable market data. Refer to the consolidated financial statements for the year ended 31 December 2021 for additional details. Changes in fair value are recognised 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 hedging in two instances in the six months ended 30 June 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.

## Fair value of contingent consideration

The Group's liability for contingent consideration relates to the acquisition of Scholle IPN 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 31 December 2023, 2024 and 2025. The maximum amount payable is $300 million ($100 million per year). For further details, refer to note 21.

As significant unobservable inputs are used in the assessment of the fair value of the contingent consideration, it is categorised as level 3 fair value measurements in the fair value hierarchy. The fair value has been assessed using a Monte Carlo simulation, under which the average of the simulated contingent consideration payments has been discounted to present value at a risk free rate.

The fair value of €45.2 million as of 30 June 2022 would increase by approximately €12 million if the revenue growth rates increase by 1.0 percentage point (decrease by approximately €11 million if the revenue growth rates decrease by 1.0 percentage point), and increase by approximately €4 million if the discount rate decrease by 1.0 percentage point (decrease by approximately €3 million if the discount rate increase 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 recognised provision.

## 26 Subsequent events

There have been no events between 30 June 2022 and 21 July 2022 (the date these consolidated interim financial statements were approved) that would require an adjustment to or disclosure in these consolidated interim financial statements, with one exception. The Group signed an agreement on 19 July 2022 for a $270 million unsecured term loan maturing in July 2027. Proceeds from the facility is expected to be used to fully repay the bridge loan facility (see note 16).

## DISCLAIMER AND CAUTIONARY STATEMENT

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 interim results are not necessarily indicative of the full-year results. Persons requiring advice should consult an independent adviser

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

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.

### 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