



Schoeller Packaging B.V.

Second Quarter and half year ended June 30, 2020



Schoeller Allibert

**Schoeller Packaging B.V.**  
**Second quarter and half year ended 30 June 2020**  
**Unaudited condensed consolidated interim financial statements**

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

## Principal Activities

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

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

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

## Key Financial Results

The table below shows the Group’s key consolidated financial results for the three and six months ended 30 June 2020 and 2019:

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Revenue	135,976	135,893	257,938	244,942
Revenue growth	0.1%	0.3%	5.3%	0.8%
Operating profit	9,138	8,756	11,411	8,583
Operating profit as % revenue	6.7%	6.4%	4.4%	3.5%
Adjusted EBITDA	19,645	17,978	31,740	28,672
EBITDA as a % of revenue	14.4%	13.2%	12.3%	11.7%
Profit (loss) before income taxes	4,253	2,377	637	(4,563)
Net capital expenditure	4,640	12,051	18,689	17,058
Net capital expenditure as a % of revenue	3.4%	8.9%	7.2%	7.0%
Cash generated from operations	18,319	7,714	26,739	3,922

The table below shows the Group’s key other financial metrics as at 30 June 2020 and 31 December 2019:

EUR'000	AS AT 30 JUNE	AS AT 31 DECEMBER
	2020	2019
Net working capital	(7,755)	(9,191)
Cash and cash equivalents	13,092	21,687
Total net loans and borrowings	307,104	302,037

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

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

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

## Operating and Financial Review

### Revenue

The table below shows the Group's operating segment revenue for the three and six months ended 30 June 2020 and 2019:

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Northern Europe	32,787	25,373	58,956	49,836
Central Europe	51,188	52,552	101,703	96,068
Southern Europe	27,246	34,407	48,972	57,180
United States of America	13,388	10,968	26,176	17,410
All Other Segments	11,367	12,594	22,131	24,448
<b>Total revenue</b>	<b>135,976</b>	<b>135,893</b>	<b>257,938</b>	<b>244,942</b>

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

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

Revenue in Northern Europe increased by EUR 7,414 thousand, or 29.2%, to EUR 32,787 thousand for the three months ended 30 June 2020 from EUR 25,373 thousand for the three months ended 30 June 2019. This growth in revenue was primarily attributable to higher pooling volumes in the quarter offset by lower volumes in automotive and traders.

Revenue in Central Europe decreased by EUR 1,364 thousand, or 2.6%, from EUR 52,552 thousand for the three months ended 30 June 2019 to EUR 51,188 thousand for the three months ended 30 June 2020. This decrease in revenue was driven by weak performance in the automotive and food market partially offset partly by sales in the beverage market.

Revenue in the Southern Europe decreased by EUR 7,161 thousand, or 20.8%, from EUR 34,407 thousand for the three months ended 30 June 2019 to EUR 27,246 thousand for the three months ended 30 June 2020. This decrease was mainly caused by lower sales in agriculture and automotive market partially offset by retail.

Revenue in the USA increased by EUR 2,420 thousand, or 22.1%, from EUR 10,968 thousand for the three months ended 30 June 2019 to EUR 13,388 thousand for the three months ended 30 June 2020. This increase was attributable to new customers in industrial manufacturing and pooling volumes.

Revenue in all Other Segments decreased by EUR 1,227 thousand, or 9.7%, from EUR 12,594 thousand for the three months ended 30 June 2019 to EUR 11,367 thousand for the three months ended 30 June 2020. This decrease is attributable to lower revenues from the Services business.

## Operating result

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Operating profit	9,138	8,756	11,411	8,583

Operating profit increased by EUR 382 thousand, to EUR 9,138 thousand for the three months ended 30 June 2020 compared to EUR 8,756 thousand for the three months ended 30 June 2019. The higher profit resulted mainly from lower raw material costs offset by higher depreciation expenses.

The following table shows a breakdown of operating result by geographic segment for the three and six months ended 30 June 2020 and 2019:

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Northern Europe	3,642	1,017	4,321	1,553
Central Europe	3,058	3,079	6,521	5,480
Southern Europe	925	4,317	(279)	3,976
United States of America	(316)	(1,761)	928	(1,960)
All Other Segments	1,829	2,104	(80)	(468)
Operating profit	<b>9,138</b>	<b>8,756</b>	<b>11,411</b>	<b>8,583</b>

## Adjusted EBITDA

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

Adjusting items are items of income or expense arising from circumstances or events such as business combinations, closure of manufacturing locations, litigation settlements, certain shareholder exit fees or other items, that in all cases are assessed by management as material, non-recurring and requiring separate disclosure due to the significance of their nature or amount

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Operating profit	9,138	8,756	11,411	8,583
Adjusting items	607	1,445	1,544	2,155
Shareholder management fees	750	375	1,000	750
Depreciation and impairment expense	8,715	6,932	16,891	16,274
Amortisation and impairment expense	435	470	893	910
Adjusted EBITDA	<b>19,645</b>	<b>17,978</b>	<b>31,740</b>	<b>28,672</b>

Adjusting items decreased by EUR 838 thousand from EUR 1,445 thousand for three months ended 30 June 2019 to EUR 607 thousand for three months ended 30 June 2020.

Adjusting items for three months ended 30 June 2020 relate to non-recurring items arising from:

- ▶ EUR 0.5 million of employee severance costs;
- ▶ EUR 0.1 million provision for restructuring;

Adjusting items for three months ended 30 June 2019 relate to non-recurring items arising from:

- ▶ EUR 1.2 million of employee severance costs;
- ▶ EUR 0.2 million provision for restructuring;

### **Net finance expense**

Net finance expense for the three months ended 30 June 2020 was EUR 4,875 thousand (expense for the three months ended 30 June 2019: EUR 6,378 thousand). Higher foreign exchange gains are the main driver of this decrease.

### **Profit (loss) before income taxes**

The profit before income taxes was EUR 4,253 thousand for the three months ended 30 June 2020 (the three months ended 30 June 2019: profit of EUR 2,377 thousand).

### **Cash generated from operations**

Cash generated from operations during the three months ended 30 June 2020 amounted to a EUR 18,319 thousand inflow (the three months ended 30 June 2019 EUR 7,714 thousand inflow).

### **Net capital expenditure**

Net capital expenditure is defined as total new finance leases plus acquisition of property, plant and equipment, and intangible assets less proceeds from sale of property, plant and equipment. Net capital expenditure was EUR 4,640 thousand outflow for the three months ended 30 June 2020 (the three months ended 30 June 2019: EUR 12,051 thousand outflow), which represented 3.4% of revenue for the three months ended 30 June 2020 (8.9% for the three months ended 30 June 2019). The decrease was driven by higher investments in machinery and equipment.

### **Net working capital**

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

As of 30 June 2020, the current receivables from related parties were equal to nil (31 December 2019: nil) and the current payables due to related parties were equal to nil (31 December 2019: EUR 1 thousand).

As of 30 June 2020, the Group had a negative net working capital of EUR 7,755 thousand (31 December 2019 negative net working capital of EUR 9,191 thousand). The increase in the net working capital was mainly due higher trade receivables balances, partially offset lower inventory levels as of 30 June 2020.

### **Cash and cash equivalents**

Cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts. As of 30 June 2020, the Group had cash and cash equivalents of EUR 13,092 thousand (31 December 2019: EUR 21,687 thousand) on its balance sheet.

As at 30 June 2020, the Group had one revolving credit facility of EUR 30 million (31 December 2019: EUR 30 million). As at 30 June 2020 we have drawn EUR 18.6 million (31 December 2019: EUR 5 million) against this credit facility of which EUR 1.6m is used for guarantees.

### **Total net loans and borrowings**

Net loans and borrowings is defined as total current and non-current loans and borrowings less cash and cash equivalents, which decreased to EUR 307.1 million as at 30 June 2020 (31 December 2019 EUR 302 million).

## Unaudited Condensed Consolidated Income Statement

EUR'000	Note	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
		2020	2019	2020	2019
Revenue	8	135,976	135,893	257,938	244,942
Other income (loss)		23	18	(8)	126
<b>Total revenue</b>		<b>135,999</b>	<b>135,911</b>	<b>257,930</b>	<b>245,068</b>
Raw materials and consumables used		(65,623)	(68,010)	(121,549)	(117,708)
Costs for subcontracting		(242)	(460)	(709)	(1,054)
Employee benefit expense		(31,235)	(30,941)	(64,096)	(61,637)
Other operating costs		(20,611)	(20,342)	(42,381)	(38,902)
Depreciation and impairment expense		(8,715)	(6,932)	(16,891)	(16,274)
Amortisation and impairment expense		(435)	(470)	(893)	(910)
<b>Total operating expenses</b>		<b>(126,861)</b>	<b>(127,155)</b>	<b>(246,519)</b>	<b>(236,485)</b>
<b>Operating profit</b>		<b>9,138</b>	<b>8,756</b>	<b>11,411</b>	<b>8,583</b>
Finance income		1,226	578	1,605	38
Finance expense		(6,101)	(6,957)	(12,269)	(13,184)
<b>Net Finance Expense</b>		<b>(4,875)</b>	<b>(6,379)</b>	<b>(10,764)</b>	<b>(13,146)</b>
Share in result of equity accounted investments	10	(10)	-	(10)	-
<b>Profit (loss) before income taxes</b>		<b>4,253</b>	<b>2,377</b>	<b>637</b>	<b>(4,563)</b>
Income tax	11	(1,355)	(813)	(1,458)	(1,047)
<b>Profit (loss) for the period</b>		<b>2,898</b>	<b>1,564</b>	<b>(820)</b>	<b>(5,610)</b>
Attributable to:					
Owners of the Company		2,748	1,533	(794)	(5,524)
Non-controlling interests		150	31	(26)	(86)

## Unaudited Condensed Consolidated Statement of Comprehensive Income

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Profit (loss) for the period	2,898	1,564	(820)	(5,610)
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences - foreign operations, net of tax	1,997	(1,674)	(2,863)	338
Total comprehensive loss for the period, net of income tax	4,895	(110)	(3,683)	(5,272)
Attributable to:				
Owners of the Company	4,910	(138)	(3,584)	(5,191)
Non-controlling interests	(15)	28	(99)	(82)
<b>Total comprehensive loss for the period</b>	<b>4,895</b>	<b>(110)</b>	<b>(3,683)</b>	<b>(5,272)</b>



## Unaudited Condensed Consolidated Balance Sheet

EUR'000	Note	AS AT 30 JUNE	AS AT 31 DECEMBER
		2020	2019
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment		123,374	119,085
Right of use assets		47,804	51,417
Intangible assets		11,384	9,415
Equity accounted investments		785	785
Other financial assets		14,352	15,117
Deferred income tax assets		10,651	11,669
<b>Total non-current assets</b>		<b>208,350</b>	<b>207,488</b>
Current assets			
Inventories		36,599	37,922
Trade and other receivables		62,875	59,857
Current income tax assets		982	2,521
Prepayments		9,524	12,607
Net Cash and cash equivalents		30,092	40,613
<b>Total current assets</b>		<b>140,072</b>	<b>153,520</b>
<b>TOTAL ASSETS</b>		<b>348,422</b>	<b>361,008</b>
<b>EQUITY</b>			
Share capital		-	-
Share premium		106,979	106,979
Other reserves		(145,671)	(142,881)
Accumulated deficit		(74,174)	(73,380)
<b>Equity attributable to owners of the Company</b>		<b>(112,866)</b>	<b>(109,282)</b>
Non-controlling interests		508	607
<b>Total equity</b>		<b>(112,358)</b>	<b>(108,676)</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Loans and borrowings	12	292,720	300,882
Employee benefits		9,322	9,311
Provisions	13	658	623
Deferred income tax liabilities		1,796	2,185
<b>Total non-current liabilities</b>		<b>304,496</b>	<b>312,977</b>
Current liabilities			
Loans and borrowings	12	20,948	15,534
Bank overdrafts		17,000	18,926
Provisions	13	1,540	1,005
Current income tax liabilities		1,273	1,700
Trade and other payables		115,523	119,517
<b>Total current liabilities</b>		<b>156,284</b>	<b>156,405</b>
<b>Total liabilities</b>		<b>460,780</b>	<b>466,382</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>348,422</b>	<b>361,008</b>

## Unaudited Condensed Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2020</b>	-	106,979	(142,881)	(73,380)	(109,282)	607	(108,676)
Loss for the period	-	-	-	(794)	(794)	(26)	(820)
Foreign currency translation differences – foreign operations; net of income tax	-	-	(2,790)	-	(2,790)	(73)	(2,863)
<b>Total comprehensive loss for the year</b>	-	-	(2,790)	(794)	(3,584)	(99)	(3,683)
<b>Balance as at 30 June 2020</b>	-	106,979	(145,671)	(74,174)	(112,866)	508	(112,358)

EUR'000	Share capital	Share premium	Other reserves	Accumulated deficit	Total	Non-controlling interest	Total equity
<b>Balance as at 1 January 2019</b>	-	106,979	(145,268)	(60,820)	(99,108)	515	(98,593)
Profit/(loss) for the year	-	-	-	(5,524)	(5,524)	(86)	(5,610)
Foreign currency translation differences - foreign operations; net of income tax	-	-	332	-	333	5	337
<b>Total comprehensive loss for the year</b>	-	-	332	(5,524)	(5,192)	(82)	(5,273)
<b>Balance as at 30 June 2019</b>	-	106,979	(144,936)	(66,344)	(104,300)	434	(103,866)

## Unaudited Condensed Consolidated Statement of Cash Flows

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
<b>Profit (loss) for the period</b>	<b>2,898</b>	<b>1,564</b>	<b>(820)</b>	<b>(5,610)</b>
Adjustments for:				
Depreciation and impairment	8,715	6,932	16,891	16,274
Amortisation and impairment	435	470	893	910
Profit on sale of property, plant and equipment	(24)	(18)	8	(126)
Net finance costs	5,772	6,684	10,311	13,867
Tax expense	1,356	813	1,458	1,047
Share in result of equity accounted investments	-	-	10	-
Change in:				
Inventories	6,942	934	1,018	(7,964)
Trade and other receivables	(14,420)	(12,070)	(3,545)	(8,000)
Prepayments and accrued income	283	(799)	2,268	(698)
Trade and other payables	6,059	3,840	(2,301)	(4,604)
Provisions and employee benefits	302	(635)	548	(1,173)
<b>Cash generated from operations</b>	<b>18,319</b>	<b>7,714</b>	<b>26,739</b>	<b>3,922</b>
Interest received	34	5	84	23
Interest paid	(9,822)	(10,059)	(10,776)	(11,136)
Income tax paid	468	(306)	186	(1,478)
<b>Net cash inflow (outflow) from operating activities</b>	<b>9,000</b>	<b>(2,646)</b>	<b>16,233</b>	<b>(8,668)</b>
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	59	127	27	259
Long term loans receivable granted	-	(424)	-	(882)
Long term loans receivable collected	420	-	372	-
Acquisition of property, plant and equipment	(3,499)	(11,284)	(15,850)	(15,642)
Acquisition of intangible assets	(1,200)	(894)	(2,867)	(1,675)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(4,220)</b>	<b>(12,475)</b>	<b>(18,317)</b>	<b>(17,940)</b>
Cash flows from financing activities				
Payment of transaction costs related to loans and borrowings	(1)	(20)	(483)	(11)
Proceeds from borrowings	2,820	1,390	3,684	9,740
Repayment of borrowings	(690)	(1,790)	(1,532)	(2,013)
Payment of lease liabilities	(3,955)	(3,389)	(7,780)	(7,119)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(1,826)</b>	<b>(3,809)</b>	<b>(6,110)</b>	<b>597</b>
Net change in cash and cash equivalents	2,955	(18,931)	(8,193)	(26,012)
Cash and cash equivalents at beginning of period	10,091	1,710	21,687	8,634
Effect of exchange rate fluctuations on cash and cash equivalents	46	(113)	(401)	44
<b>Cash and cash equivalents at end of period</b>	<b>13,092</b>	<b>(17,334)</b>	<b>13,092</b>	<b>(17,334)</b>

# Notes to the Unaudited Interim Condensed Consolidated Financial Statements

## 1. General information

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

Schoeller Packaging B.V. was established on 30 September 2019 and is registered with the Dutch Commercial Register under number 75962357. The Company received the shares in Schoeller Allibert Group B.V. as part of a share premium contribution from Schoeller Packaging Holding B.V. After this transaction, Schoeller Allibert Group B.V. is a wholly owned subsidiary of the Company.

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

Schoeller Packaging B.V. is a wholly owned subsidiary of Schoeller Packaging Holding B.V., a company incorporated in the Netherlands that is owned 70% by BCP IV RTP Holdings Ltd., ultimately 100% held by Brookfield Asset Management Inc., and 30% by Schoeller Industries B.V., a company incorporated in the Netherlands that is active in supply chain systems. Brookfield Asset Management Inc. has a 52% voting interest in the business, which provides them control. Accordingly, Brookfield Asset Management Inc. consolidates the business for their financial reporting purposes.

The Company and its direct and indirect subsidiaries are collectively referred to as the “Group”, and individually as “Group entities”. The Group is primarily involved in developing, producing and selling plastic returnable transport packaging solutions.

## 2. Basis of Preparation

The interim financial information for the second quarter ended 30 June 2020 has been prepared on a going concern basis and in accordance with IAS 34 ‘Interim financial reporting’ as adopted by the European Union. The interim condensed consolidated financial statements are presented in euros and rounded to the nearest thousand, unless otherwise stated. The interim condensed consolidated financial statements do not include all the information and disclosures required in the complete set of annual financial statements and should be read in conjunction with the audited Annual Report of Schoeller Packaging B.V. for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS).

## 3. Going concern

In the first half of 2020, the Group increased its revenue and operating profit by EUR 13 million and EUR 2.8 million, the Group has recorded a net loss for first half of 2020 of EUR 0.8 million, an improvement of EUR 4.8 million versus prior year. However, the group still has a negative working capital of EUR 7.8 million and negative equity of EUR 112.4 million which should be carefully considered when considering the entity’s ability to continue as a going concern. In spite of this, the Group has taken several measures and has reported improvements in its performance that will ensure the Company’s future.

During the first half of 2020, the Group generated a net cash inflow from operating activities of EUR 18.4 million (YTD June 2019: EUR 8.7 million outflow). The Group has a stable financing structure with a solid cash position as at 30 June 2020, access to a EUR 30 million credit facility and senior secured notes due in 2024. Furthermore, the Group has access to a committed credit facility of up to EUR 65 million from its shareholder Brookfield, subject to shareholder consent, of which EUR 7.6 million was drawn as of Q2 2020.

During the past years the Group has seen significant levels of capital expenditure focused on product innovation. These innovations have resulted in new product launches that have contributed to the revenue in the first half of 2020 with further growth potential in the coming years.

Based on the above mentioned facts, Management of the Group believes that the application of the going concern assumption for the Q2 2020 consolidated financial statements is appropriate.

#### 4. Auditor involvement

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

#### 5. Accounting policies

The accounting policies applied are consistent with those applied in the audited Annual Report 2019 of Schoeller Packaging B.V., except for the adoption of new and amended standards.

##### Other standards and interpretations

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

#### 6. Critical accounting estimates and judgments

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

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

In preparing these Second Quarter condensed consolidated interim financial statements, the significant judgments made by the Management in applying the Group's accounting policies and the key sources of estimation uncertainty, were the same as those that applied to the audited Annual Report 2019 of Schoeller Packaging B.V.

#### 7. Financial risk management

The Group's operations and financial results are subject to various risks and uncertainties that could adversely affect its business, financial position, results of operations and cash flows. The Group's risk management objectives and policies are consistent with those disclosed in the audited Annual Report 2019 of Schoeller Packaging B.V.

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

	2020			2019		
	June Closing	Three Month Average	Six Month Average	June Closing	Three Month Average	Six Month Average
British pound	0.9124	0.8937	0.8766	0.8965	0.8761	0.8761
US dollar	1.1198	1.1068	1.1031	1.1380	1.1246	1.1334
Swiss franc	1.0651	1.0643	1.0637	1.1105	1.1234	1.1279

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

For the six months ended 30 June 2020, approximately 68% of revenue was generated by operations inside the Euro zone. Consequently the translation risk of non-Euro results to the Euro is the most significant currency risk. Currency fluctuations of especially the US dollar and British pound could materially affect the consolidated Group results. Translation risks of non-Euro equity positions in the Group are not hedged.

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

## 8. Revenue

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Sales of goods	123,304	122,894	231,360	222,634
Services rendered	12,673	12,999	26,579	22,308
<b>Revenue</b>	<b>135,976</b>	<b>135,893</b>	<b>257,938</b>	<b>244,942</b>

## 9. Segment Information

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

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

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

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

The segment results for the three months ended 30 June 2020 and 2019 are as follows:

EUR'000	THREE MONTHS ENDED 30 JUNE 2020						
	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	41,368	58,460	33,445	13,388	11,637	(22,051)	135,976
Inter-segment revenue	(8,581)	(7,272)	(6,198)	-	-	22,051	-
Total revenue from external customers	<b>32,787</b>	<b>51,188</b>	<b>27,246</b>	<b>13,388</b>	<b>11,367</b>	-	<b>135,976</b>
Operating result	<b>3,642</b>	<b>3,058</b>	<b>925</b>	<b>(316)</b>	<b>1,829</b>	-	<b>9,138</b>
Net finance cost							10
Net finance cost							(4,875)
Income tax expense							(1,355)
Profit (loss) for the period							<b>2,898</b>

EUR'000	THREE MONTHS ENDED 30 JUNE 2019						
	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	33,523	62,610	42,448	11,099	14,540	(28,328)	135,893
Inter-segment revenue	(8,150)	(10,059)	(8,042)	(131)	(1,946)	28,328	-
Total revenue from external customers	<b>25,373</b>	<b>52,552</b>	<b>34,307</b>	<b>10,968</b>	<b>12,594</b>	-	<b>135,893</b>
Operating result	<b>1,017</b>	<b>3,079</b>	<b>4,317</b>	<b>(1,761)</b>	<b>2,104</b>	-	<b>8,756</b>
Net finance cost							(6,379)
Income tax expense							(813)
Profit (loss) for the period							<b>1,564</b>

SIX MONTHS ENDED 30 JUNE 2020							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	77,700	114,204	63,626	26,277	27,379	(51,247)	257,938
Inter-segment revenue	(18,744)	(12,502)	(14,654)	(100)	(5,248)	51,247	-
Total revenue from external customers	<b>58,956</b>	<b>101,703</b>	<b>48,972</b>	<b>26,176</b>	<b>22,131</b>	-	<b>257,938</b>
Operating result	<b>4,321</b>	<b>6,521</b>	<b>(279)</b>	<b>928</b>	<b>80</b>	-	<b>11,411</b>
Other							(10)
Net finance cost							(10,764)
Income tax expense							(1,458)
<b>Profit (loss) for the period</b>							<b>(820)</b>

SIX MONTHS ENDED 30 JUNE 2019							
EUR'000	Northern Europe	Central Europe	Southern Europe	USA	All other Segments	Eliminations	Total
Total segment revenue	65,922	72,455	111,615	17,541	28,105	(50,696)	244,942
Inter-segment revenue	(16,087)	(15,275)	(15,546)	(131)	(3,657)	50,696	-
Total revenue from external customers	<b>49,836</b>	<b>57,180</b>	<b>96,068</b>	<b>17,410</b>	<b>24,448</b>	-	<b>244,942</b>
Operating result	<b>1,553</b>	<b>5,480</b>	<b>3,976</b>	<b>(1,960)</b>	<b>(468)</b>	-	<b>8,582</b>
Net finance cost							(13,146)
Income tax expense							(1,047)
<b>Profit (loss) for the period</b>							<b>(5,611)</b>

## 10. Net finance cost

EUR'000	THREE MONTHS ENDED 30 JUNE		SIX MONTHS ENDED 30 JUNE	
	2020	2019	2020	2019
Interest income on loans and receivables	34	4	84	23
Net foreign exchange gain	1,191	574	1,521	15
Finance income	<b>1,226</b>	<b>578</b>	<b>1,605</b>	<b>38</b>
Interest expense on borrowings	(4,871)	(5,097)	(9,913)	(9,839)
Amortisation deferred financing fees	(604)	(977)	(1,265)	(1,954)
Other financial expenses	(626)	(883)	(1,191)	(1,391)
Finance expense	<b>(6,101)</b>	<b>(6,957)</b>	<b>(12,369)</b>	<b>(13,184)</b>
<b>Net finance expense</b>	<b>(4,875)</b>	<b>(6,379)</b>	<b>(10,764)</b>	<b>(13,146)</b>

Net finance expense for the three months ended 30 June 2020 was EUR 4,875 thousand (expense for the three months ended 30 June 2019: EUR 6,379 thousand). Higher foreign exchange gains is the main driver of this decrease.

The net foreign exchange results are mainly attributable to the fluctuations of the Euro against the US dollar, British pound, Swiss franc and Swedish krona. Finance expenses are higher as a result of, among other things, interest on IFRS 16 liability and the Shareholder loan.

## 11. Income tax expense

Income tax expense/income is recognized based on management's estimate of the average annual income tax rate expected for the full financial year. The total income tax expense for the six months ended 30 June 2020 amounted EUR 1,355 thousand (six months ended 30 June 2019 income tax expense: EUR 813 thousand).

## 12. Loans and borrowings and Bank Overdraft

The carrying amounts of loans and borrowings are as follows:

EUR'000	AS AT 30 JUNE			AS AT 31 DECEMBER		
	Current	Non-current	2020 Total	Current	Non-current	2019 Total
Senior secured note	-	250,000	250,000	-	250,000	250,000
Deferred financing costs	-	(6,487)	(6,487)	-	(7,038)	(7,038)
<b>Senior secured note at amortised cost</b>	<b>-</b>	<b>243,513</b>	<b>243,513</b>	<b>-</b>	<b>242,962</b>	<b>242,962</b>
Other credit institutions*	1,716	21,788	23,504	1,369	20,279	21,648
Lease liabilities	19,273	27,419	46,692	14,167	37,909	52,077
Deferred financing costs	(41)	-	(41)	(3)	(269)	(272)
<b>Total loans and borrowings</b>	<b>20,948</b>	<b>292,720</b>	<b>313,668</b>	<b>15,534</b>	<b>300,882</b>	<b>316,416</b>

\* Figure includes accrued interest

### Movements during the period

#### Senior Secured Notes and the Guarantors

On 25 October 2019, the Group issued EUR 250,000 thousand 6.375% Senior Secured Notes due in 2024. Interest on the Notes is paid semi-annually in arrears on 1 May and 1 November of each year and accrues at a rate equal to 6.375% per annum. The maturity date of the notes is 1 November 2024. The Notes are listed and permitted to deal with at The Channel Island Securities Exchange Authority Limited.

The Notes are the Group's general senior obligations and rank pari passu in right of payment with any existing and future obligations that are not subordinated in right of payment to the Notes, including the revolving credit facility. No financial covenants apply to the Notes unless a change of control occurs.

The Notes are guaranteed on a senior secured basis by some of the Group subsidiaries located in the Netherlands, the United Kingdom, France, Germany, Spain, Belgium and the United States (Guarantors) and are secured by first-ranking security interest over the same assets that secure the Revolving Credit Facility (collateral).

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

Total loans and borrowings decreased by EUR 2.7 million to EUR 313.7 million, mainly due to lower lease liabilities.

As at 30 June 2020, the Group had one revolving credit facility of EUR 30 million (31 December 2019: EUR 30 million). As at 30 June 2020, EUR 18.6 million was drawn against this credit facility (31 December 2019: EUR 5 million).

## 13. Provisions

EUR'000	Restructuring	Claims	Total
As at 1 January 2020	1,238	390	1,628
Provisions made during the year*	51	519	571
Provisions used during the year	-	-	-
Provisions reversed during the year	-	-	-
Effect of movements in exchange rates	-	-	-
<b>As at 30 June 2020</b>	<b>1,289</b>	<b>909</b>	<b>2,198</b>
Non-current	658	-	658
Current	631	909	1,540
<b>Total provisions</b>	<b>1,289</b>	<b>909</b>	<b>2,198</b>



EUR'000	Restructuring	Claims	Total
As at 1 January 2019	1,099	1,512	2,611
Provisions made during the year	660	474	1,134
Provisions used during the year	(526)	(1,429)	(1,955)
Provisions reversed during the year	-	(200)	(200)
Effect of movements in exchange rates	5	33	38
As at 31 December 2019	1,238	390	1,628
Non-current	623	-	623
Current	615	390	1,005
Total provisions	1,238	390	1,628

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

The economic outflow of non-current provisions is expected to occur within one to three years.

### Restructuring

The restructuring provision reflects the directors' best estimates of the cost to fulfil internally announced plans. These costs are directly related to the plans and include the cost of employee settlements. It does not include any amount for the future performance of the ongoing businesses concerned.

### Claims

In Q2 2020, the provision for claims included claims related to disputes with customers.

## 14. Contingencies

### Dutch fiscal unity

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

### Warranties

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

### Legal proceedings

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

## 15. Related party transactions

There have been no changes in the nature of the related party transactions in the six months ended 30 June 2020 as compared to the year ended 31 December 2019.

The Group has a commitment for a EUR 65 million investor facility from entities affiliated with Brookfield Business Partners L.P. As of 30 June 2020, an amount of EUR 7.6m was drawn under this facility and an amount of EUR 1.1 million of interest was accrued on the amount drawn.

## 16. Seasonality of Operations

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

## 17. Fair value of financial instruments

The fair values of financial assets and liabilities as at 30 June 2020 and 31 December 2019 are as follows.

EUR'000	AS AT 30 JUNE			AS AT 31 DECEMBER		
	2020			2019		
Financial liabilities	Carrying amount	Fair value	Fair value hierarchy	Carrying amount	Fair value	Fair value hierarchy
Senior secured note	250,000	245,000	1	250,000	258,300	1

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

## 18. Events after the balance sheet date

The Covid -19 ("Corona") virus has been spreading around the world since the end of 2019, having a major impact on society and businesses alike.

This is the status for Schoeller Allibert, its mitigating actions and Liquidity as of July 31th 2020.

### Status

During Q2, all operations were up and running and continue to do so at the date of this report. All factories are producing. The order book has held up well during Q2, but a decline is visible heading into Q3 where the order levels are lower than usual.

A small number of employees have positively tested for the COVID-19 virus, but fortunately experienced only mild symptoms and all recovered well.

Lock-down measures in most European countries have been scaled down towards the end of Q2. This allows our sales force to gradually recommence customer visits, although Tele Sales will continue to be an important sales channel during the next months as well. All our locations have been fully outfitted with COVID-19 precautionary measures (social distance measures, hygiene products and additional cleaning measures) to create a safe work environment and allow personnel to gradually return to office locations.

After the lock-down measures have been relaxed, the number of virus infections has increased in several regions in Europe and in the rest of the world the number of virus infections is still high. The impact of the virus on the economy and our customers and by extension on our business remains impossible to estimate.

### Mitigation

We have taken measures in March and April to prepare for a potential decline in activity. The company has frozen all avoidable spending and has delayed or cancelled capital expenditure where possible. Actions have been implemented to reduce inventory.

Action plans have been prepared and executed where appropriate for all factories and operations for a potential revenue and production decline including reduction of number of temporary workers, implementation of government measures (such as short work and later payment of taxes) and change in shift patterns.

The business continues to monitor the situation in each country in order to timely execute the existing mitigation plans and develop new plans where required.

## Liquidity

The Group has a solid financial structure in place. It has been refinanced in October 2019 with EUR 250m 6.375% Senior Secured Notes (no refinancing required until 2024) and with a EUR 30m Revolving Credit Facility, fully committed by three reputable and stable banks. In July, we have successfully finalized the application process that we started in Q1 for a small government secured loan in France, that will be used to support our local operations. It will be included in the Q3 results.

Brookfield, the majority shareholder, is a strong sponsor to support the business. As a consequence, we do not foresee significant implications on the possibility for the company to continue as a going concern.

The business follows the situation day by day and is well focused and prepared to get through the coming months.

Hoofddorp, 31 July 2020



Schoeller Allibert

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