

**Aluflexpack AG**

# **Half year 2020 results**

24 August 2020

**A L U  
F L E X  
P A C K**

“Leading brands rely on our flexible packaging and appreciate our high product quality, development competence, reliable production setup, and enjoy our passionate service.”

Igor Arbanas, CEO

## Aluflexpack AG - Key Figures

For the six months ended 30 June,

(financial figures in M€) <sup>1</sup>	2020	2019	yoy change
Net sales	115.5	101.3	14.0%
EBITDA	18.3	4.2	335.0%
Adjusted EBITDA	17.3	14.0	23.7%
Adjusted EBITDA margin	15.0%	13.8%	/
EBIT (Operating Profit)	9.5	-5.1	/
Adjusted EBIT	9.4	6.5	45.0%
Adjusted EBIT margin	8.1%	6.4%	/
Result for the period	2.7	-8.0	/
Cash flow from operating activities	5.5	0.2	2,880.1%
Cash flow from investing activities	-11.2	-17.0	-34.3%
Cash flow from financing activities	-5.4	21.2	/
ROCE	10.7%	8.2%	
Equity Ratio	62.6%	61.9% <sup>2</sup>	
Net debt (cash)	-5.6	-12.1 <sup>2</sup>	
Total assets	275.6	278.4 <sup>2</sup>	
Employees	1,248	1,215 <sup>2</sup>	

<sup>1</sup> A detailed reconciliation from reported to adjusted figures as well as an overview of the use of alternative performance measures can be found on pages 14 to 16.

<sup>2</sup> Balance sheet figures refer to year-end 2019 numbers.

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# Management letter

Dear fellow shareholders,

Aluflexpack AG (Aluflexpack, Group) had a good start into the financial year 2020: we were able to continue with the successful execution of our growth strategy despite the unprecedented economic and health-related challenges caused by the coronavirus (COVID-19) pandemic. Throughout these difficult times, we have been able to maintain stable production and supply chains for our customers, thus also securing food and pharmaceutical supplies to final consumers.

## An unprecedented environment

In H1 2020, the global economic climate deteriorated drastically due to the worldwide outbreak of the COVID-19 pandemic. Business and consumer confidence indices as well as industrial production fell sharply across all major national economies in March and April. Being less impacted by lockdowns and restrictions, demand for on-the-shelf food products as well as pharmaceuticals was at a strong level in most of our product categories throughout the crisis. Still, the past months have proved challenging for our organisation. All our employees, together with our suppliers, the transportation companies and our customers, put a lot of effort to secure the flow of goods from the raw material suppliers via our supply chain to our customers. Thanks to close cooperation across the value chain, including regional authorities, we experienced no material interruptions in our supply chains. Nonetheless, general insecurity triggered by the outbreak of the pandemic led to short-term revisions of customers' plans. However, existing contingencies and the high agility of our organisation enabled us to react promptly to all changes and maintain a high service level.

## Protecting our employees and partners

The primary focus in dealing with this unprecedented crisis was to secure the health and safety of our employees and business partners. Strict compliance with protective measures and hygiene guidelines by our employees, together with good management of operations, proved essential to ensure business continuity. As a result, all of our plants were fully operational throughout the crisis. We are also glad that we have not used any government furlough schemes or employee subsidies.

## Operationally on track in H1 2020

We are proud to report that we are operationally fully on course: first-half 2020 net sales grew organically by 14.0% to EUR 115.5 million due to good growth of business in most of our product end markets. Besides a presence in the right market segments, the pillars of this strong business development are our development competence and - in these difficult times more than ever - our reliable, agile and dedicated service as well as high product quality. Adjusted for non-recurring items such as further insurance income in relation to the fire incident at our French subsidiary Eliopack in June 2019 (see reconciliation on page 15), the Aluflexpack Group achieved an adjusted EBITDA of EUR 17.3

million. This corresponds to a margin of 15.0%. Despite the large investment program conducted in the recent past, our capital efficiency improved further as indicated by our adjusted EBIT margin of 8.1% and our ROCE of 10.7%.

In H1 2020, we continued to expand the business in most of the market segments we are active in. The development in end markets such as coffee/tea (+39%) and dairy (+16%) can be ascribed to our strong positioning in market niches, flawless service as well as consumer preference for on-the-shelf food products in the current period. In pharma (+15%) and pet food (+18%), we also managed to expand business in the first six months of 2020 based on additional volumes delivered to existing customers and new customer wins. This year, Easter season was affected by the pandemic as well as lockdowns of specific sales channels (e.g. duty-free shops, specialty confectionery shops), which led to a significant (18%) decrease of the sales in our confectionery end market compared to last year.

## Implementing our growth strategy

Despite the COVID-19 pandemic, our strategy and business model remained unchanged in the first half of 2020. We continue to focus on our strengths such as customer satisfaction, entrepreneurial spirit and development competence. At the same time, we are realising our investments as planned by deploying funds from the IPO, adding capacities and expanding our technological infrastructure. These new investments enable us to strengthen the positioning of the Aluflexpack Group in our markets, and help us to develop further business. Additionally, our solid balance sheet - including an equity ratio of 62.6% and a net cash position - gives us optionality to look for opportunities in the current environment.

We are also confident regarding the ramp-up of our most recent on-site expansion at our plant in Umag (Croatia), which is making good progress. While travel restrictions add complexity to the introduction of new product solutions, we are finding workarounds with our customers. Additionally, in some cases, stronger demand for existing products had an impact on new product roll-outs or already running customer qualification processes, since limited free capacities of filling machines at customer locations delayed test runs.

## Confirming the full year guidance

From today's perspective, we remain confident in the stability of our organisation and markets, and expect demand for our products to be firm throughout the rest of the business year 2020. However, the COVID-19 pandemic adds an element of uncertainty that cannot be entirely assessed from today's perspective. In light of the current market environment and based on our current visibility, we confirm the guidance we have given in February and expect net sales for the full year 2020 between EUR 220 million and EUR 230 million and an EBITDA before one-off effects from EUR 32 million to EUR 35 million.

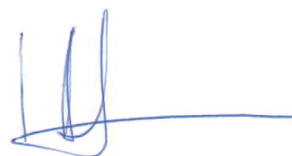
### Thank you!

On behalf of the Board of Directors and the Management Board, we would like to take the opportunity to thank all of our employees who made such incredible efforts in these difficult times.

Reinach, August 2020

For the Management team,

Igor Arbanas,  
CEO



Johannes Steurer,  
CFO



For the Board of Directors,

Martin Ohneberg,  
President



## Financial Overview

### Earnings

(in T€)	For the six months ended 30 June,			
	2020	2020 (adjustments)	2019	2019 (adjustments)
<b>Net Sales</b>	<b>115,546</b>		<b>101,319</b>	
Change in finished and unfinished goods	2,923		387	
Other operating income	5,146		7,463	
Cost of materials, supplies and services	-77,357		-69,890	
Personnel expenses	-15,139		-21,729	
Other operating expenses	-12,857		-13,351	
<b>EBITDA</b>	<b>18,262</b>		<b>4,199</b>	
Income in relation to fire incident <sup>3</sup>		-2,045		-3,308
Costs for employee stock option program <sup>4</sup>		180		
Expenses in relation to fire incident <sup>5</sup>		895		2,505
Transaction costs of the initial public offering				2,596
Voluntary one-off bonus payment by majority shareholder <sup>6</sup>				7,987
<b>Adjusted EBITDA</b>		<b>17,292</b>		<b>13,979</b>
<i>adjusted EBITDA margin</i>		<i>15.0%</i>		<i>13.8%</i>
Depreciation and amortisation	-8,786		-9,257	
<b>EBIT (Operating Profit)</b>	<b>9,476</b>		<b>-5,058</b>	
Acquisition related amortisations		891		957
Impairment of technical equipment due to fire incident				803
<b>Adjusted EBIT</b>		<b>9,396</b>		<b>6,482</b>
<i>adjusted EBIT margin</i>		<i>8.1%</i>		<i>6.4%</i>
Financial result	-6,173		-2,226	
<b>Result before tax</b>	<b>3,304</b>		<b>-7,284</b>	
Tax expense/benefit	-626		-669	
<b>Result for the period</b>	<b>2,678</b>		<b>-7,953</b>	
<i>Thereof attributable to:</i>				
Owners of the company	2,385		-7,863	
Non-controlling interests	293		-90	

<sup>3</sup> Income refers to reimbursements for stock write off, other expenses and replacement values of tangible assets in relation to the fire incident that occurred at Eliopack on 24 June 2019 and excludes gains from business interruption insurance in the amount of EUR 0.2 million.

<sup>4</sup> Further information on Aluflexpack's employee phantom stock agreement can be found on pages 45 and 84 in Aluflexpack's Annual Report.

<sup>5</sup> Expenses refer to write off of stock and other expenses in relation to the fire incident that occurred at Eliopack on 24 June 2019 and exclude write-offs of book values of tangible assets.

<sup>6</sup> The payment must be included in personnel expenses according to IAS 19 against an increase in equity in the same amount, and is considered a contribution in kind by the majority shareholder. Neither Aluflexpack nor any of its subsidiaries were required to reimburse the majority shareholder for this expense.

## Net sales and cost overview

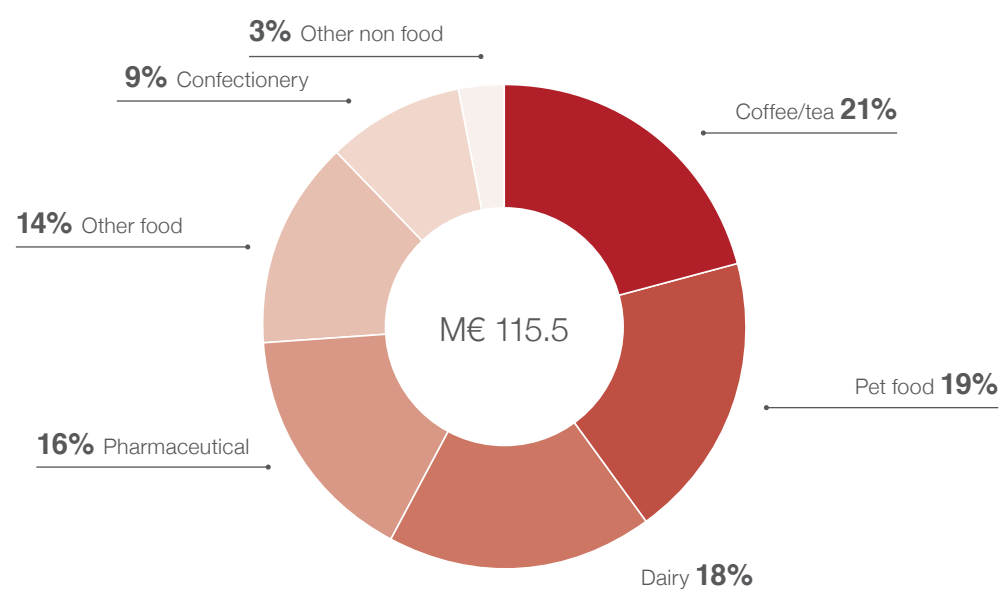
In the first six months of the business year 2020, Aluflexpack generated consolidated net sales of EUR 115.5 million, which equates to a purely organic growth rate of 14.0% compared to the first six months of 2019. The increase can be attributed to good business development across most key end product markets of Aluflexpack, in particular the coffee/tea (+39% yoy), dairy (+16%), pet food (+18%) and pharma (+15%) end market.

End market growth rates (yoy, H1 2020)

Coffee/tea	Confectionery	Dairy	Other food	Other non food	Pet food	Pharmaceutical
39%	-18%	16%	5%	10%	18%	15%

These growth rates translate into a balanced sales split for H1 2020, with shares of Aluflexpack's major product categories ranging from 21% (Coffee/Tea) to 9% (Confectionery):

## Net sales split (H1 2020)



Despite COVID-19 related temporary cost increases for certain input materials (e.g. chemicals also used for disinfectants), material costs in % of net sales decreased to 62.3% on an adjusted level in the first six months of the business year 2020, which marks an improvement compared to H1 2019 (63.3%). The decrease can mainly be attributed to an improved product mix and higher efficiency in our production. Total cost of materials, supplies and services in % of net sales on a reported level reached 66.9% for the first six months of 2020, down from 69.0% in H1 2019.

Personnel costs in % of net sales decreased from 14.0% in H1 2019 to 13.2% in H1 2020 on an adjusted level, which is a result of the rising operating leverage related to the general strong sales increase. On a reported level, personnel expenses in % of net sales decreased to 13.1% in H1 2020 from 21.4% in H1 2019, mainly due to the one-off effects outlined on page 16.

Other operating costs in % of net sales decreased from 10.6% in the previous reporting period to 10.4% in H1 2020 on an adjusted level, mainly due to a lower share of energy prices and reduced travel expenses. On a reported level, other operating expenses in % of net sales declined from 13.2% in H1 2019 to 11.1% in H1 2020, reflecting expenses for listing on the stock exchange (H1 2019) and expenses in relation to the fire incident at our French subsidiary Eliopack (H1 2020).

Key cost ratios on adjusted level <sup>7</sup> (in T€)	For the six months ended 30 June,	
	2020	2019
Material costs	72.0	64.2
in % of net sales	62.3%	63.3%
Personnel costs	15.2	14.2
in % of net sales	13.2%	14.0%
Other operating costs	12.0	10.8
in % of net sales	10.4%	10.6%

## EBITDA

Adjusted for one-off effects outlined on page 15, Aluflexpack AG reached an EBITDA of EUR 17.3 million in H1 2020, up from EUR 14.0 million in the comparison period. This translates to an adjusted EBITDA margin of 15.0%, compared to 13.8% in H1 2019. This increase in adjusted EBITDA is based on increased operating leverage in combination with stringent cost management and efficiency gains. Reported Group EBITDA increased from EUR 4.2 million in H1 2019 to EUR 18.3 million in H1 2020. Besides the positive operational development, the yoy increase can be attributed to non-recurring items in both reporting periods. In H1 2020, reported EBITDA came in EUR 0.97 million

<sup>7</sup> A detailed reconciliation from reported to adjusted figures as well as an overview of the use of alternative performance measures can be found on pages 14 to 16.

above adjusted EBITDA, as further insurance income in relation to the fire incident at Eliopack in 2019 outweighed costs for the employee phantom stock agreement. These items as well as non-recurring costs impacting H1 2019 are outlined on page 15.

In H1 2020, total expenses for depreciation and amortisation amounted to EUR 8.8 million (thereof EUR 0.9 million acquisition related amortisation), down from EUR 9.3 million in H1 2019 (thereof EUR 1.0 million acquisition related amortisations). However, the prior year figure includes an impairment charge of EUR 0.8 million in connection with the fire incident at Eliopack. Adjusted for this, depreciation and amortisation in % of net sales came in at 7.6% in H1 2020, down from 8.3% in the first six months of the prior year. Depreciation continues to be temporarily elevated by the significant investments made in recent years to establish Aluflexpack's integrated platform.

## EBIT

Adjusted for one-off effects, Aluflexpack's EBIT amounted to EUR 9.4 million in the first six months of the business year 2020, compared to EUR 6.5 million in H1 2019, reflecting an increase in adjusted EBIT margin from 6.4% to 8.1%. In addition to the factors at EBITDA level, adjustments at EBIT level include acquisition related amortisations (both periods) and impairments made as a result of the fire incident at our French subsidiary Eliopack (H1 2019). On a reported level, Aluflexpack's EBIT reached EUR 9.5 million in H1 2020, up from EUR -5.1 million in the comparison period, as a result of the operational and non-operational effects mentioned above.

Aluflexpack's net financial result for the reporting period amounted to EUR -6.2 million, down from EUR -2.2 million in H1 2019. The elevated financial expenses are a result of negative valuation effects of outstanding swaps for the LME and metal premium components of aluminum prices at the balance sheet date in the amount of EUR -2.1 million, which will be levelled out together with the underlying physical transaction, and foreign exchange losses in the amount of EUR -2.7 million mainly relating to locally booked losses of loans denominated in Euro.

## Result before tax

After the first six months of 2020, the result before tax amounted to EUR 3.3 million, up from EUR -7.3 million in H1 2019.

Tax expense in H1 2020 amounted to EUR -0.6 million, slightly below the EUR -0.7 million recorded in the previous reporting period.

## Result for the period

Aluflexpack closed the first six months of the business year 2020 with a net result of EUR 2.7 million, compared to EUR -8.0 million in the previous period, reflecting the above mentioned operational and non-operational effects.

## Cash flow statement

(in T€)	For the six months ended 30 June,	
	2020	2019
<b>Cash and cash equivalents at the beginning of the period</b>	<b>62,823</b>	<b>18,976</b>
Net cash from operating activities	5,543	186
Net cash used in investing activities	-11,163	-16,990
Net cash from financing activities	-5,405	21,213
"+/-" effect of exchange rate fluctuations on cash held	593	297
<b>Cash and cash equivalents at the end of the period</b>	<b>52,391</b>	<b>23,681</b>

For the first six months of 2020, cash flows from operating activities amounted to EUR 5.5 million (H1 2019: EUR 0.2 million). The reduced level of cash generation from operating activities in H1 2020 can be explained by a negative cash impact from working capital in the amount of EUR -13.1 million. On the one hand, Aluflexpack has made the strategic decision to increase safety stocks for certain input materials and products as a result of the COVID-19 pandemic. On the other, available cash was used to pay suppliers early in order to temporarily benefit from cash discounts.

Net cash used in investing activities totalled EUR -11.2 million in the reporting period (H1 2019: EUR -17.0 million), and includes mainly capital expenditures for new printing and finishing capacities in Aluflexpack's plants in Croatia and France.

Net cash flows from financing activities amounted to EUR -5.4 million (H1 2019: EUR 21.2 million) reflecting mainly repayments of financial and lease liabilities.

## Balance sheet

(in T€)	30/06/2020	31/12/2019
<b>ASSETS</b>		
Non-current assets	131,638	133,321
Current assets	143,957	145,069
<b>Total assets</b>	<b>275,595</b>	<b>278,390</b>
<b>EQUITY AND LIABILITIES</b>		
Total equity	172,422	172,188
Non-current liabilities	40,229	48,189
Current liabilities	62,944	58,013
<b>Total equity and liabilities</b>	<b>275,595</b>	<b>278,390</b>

At 30 June 2020, total assets stood at EUR 275.6 million (31 December 2019: EUR 278.4 million), of which EUR 131.6 million (EUR 133.3 million<sup>8</sup>) and EUR 144.0 million (EUR 145.1 million) relate to non-current and current assets, respectively. Total non-current assets include mainly property, plant and equipment of EUR 103.6 million (EUR 102.2 million<sup>8</sup>) and intangible assets and goodwill of EUR 26.4 (EUR 29.9 million<sup>8</sup>). Within total current assets, cash and cash equivalents amounted to EUR 52.4 million (EUR 62.8 million<sup>8</sup>).

Inventories rose to EUR 53.8 million (EUR 48.7 million<sup>8</sup>) at 30 June 2020, as Aluflexpack made the strategic decision to temporarily increase the level of raw materials as well as finished and unfinished goods to guarantee to its clients service flexibility and agility amid increased uncertainty about the impact of COVID-19 on supply chains worldwide. Trade receivables increased to EUR 27.5 million at the balance sheet date (EUR 22.8 million<sup>8</sup>), mainly as a result of the additional business generated. Total operative payables decreased to EUR 35.8 million (EUR 38.9 million<sup>8</sup>) as Aluflexpack used cash available to pay its suppliers earlier in order to temporarily benefit from cash discounts. As of 30 June 2020, Aluflexpack's net trade working capital stood at EUR 45.4 million (32.7 million<sup>8</sup>). The trade working capital ratio increased from 16.9% of net sales in H1 2019 to 20.4% in H1 2020.

Total liabilities decreased at the balance sheet date to EUR 103.2 million (EUR 106.2 million<sup>8</sup>), as reductions in financial liabilities to banks as well as payables outweighed an increase in passive accruals and tax liabilities. As of 30 June 2020, Aluflexpack recorded a net cash position of EUR 5.6 million (EUR 12.1 million<sup>8</sup>). Total equity remained relatively stable at EUR 172.4 million (EUR 172.2 million<sup>8</sup>). The Group's Equity Ratio increased from 61.9% at the end of the business year 2019 to 62.6% on 30 June 2020.

Aluflexpack's return on capital employed (ROCE) increased from 8.2% in H1 2019 to 10.7% in H1 2020, reflecting the positive contribution from investments made into the platform over the previous years.

# Supplemental financial information

## Usage of alternative performance measures

Aluflexpack AG is managed in accordance with internally defined financial and non-financial key figures in the interest of achieving a sustainable increase in value. The following key financial figures are used for the purpose of value-oriented management and in the context of the Interim Report HY2020:

- **Adjusted EBIT** (Operating Profit) refers to operating profit before expenses for interest and taxes adjusted for one-off effects and acquisition related amortisations.
- **Adjusted EBITDA** is defined as operating profit before expenses for interest, taxes, depreciation and amortisation adjusted for one-off effects.
- **Adjusted Material Costs** refer to total costs of materials, supplies and services less change in finished and unfinished goods, temporary personnel, income from the disposal of recycled products and related insurance income.
- **Adjusted Personnel Costs** refer to total personnel expenses less extraordinary items and include costs for temporary personnel.
- **Adjusted Other Operating Costs** refer to total other operating costs less extraordinary items.
- **CAPEX (capital expenditures)** refers to payments made for the purchase of property, plant and equipment as well as intangible assets.
- **EBIT** is defined as operating profit before expenses for interest and taxes.
- **EBITDA** refers to operating profit before expenses for interest, taxes, depreciation and amortisation.
- **Equity Ratio** refers to total equity in % of total equity and liabilities.
- **Operating Cash Flow** is defined as net cash used / provided in operating activities.
- **Organic Growth** refers to increases in net sales (in %) excluding any contributions from acquired companies.
- **ROCE** stands for return on capital employed, and refers to Adjusted EBIT for the last twelve months divided by capital employed, which is defined as average equity plus average net financial debt for the last twelve months.
- **Trade Working Capital** is calculated as the sum of total inventories and trade receivables less total operative payables for a respective period.
- **Trade Working Capital Ratio** is calculated by dividing end of period working capital by the sales of the last twelve months.

Due to the Group's dynamic growth, the trend in the number of employees is also an important non-financial indicator.

## Reconciliation from IFRS reported figures to adjusted figures

(in T€)	For the six months ended 30 June,	
	2020	2019
<b>EBITDA - IFRS reported</b>	<b>18,262</b>	<b>4,199</b>
Income in relation to fire incident <sup>9</sup>	-2,045	-3,308
Costs for employee stock option program <sup>10</sup>	180	0
Expenses in relation to fire incident <sup>11</sup>	895	2,505
Transaction costs of the initial public offering	0	2,596
Voluntary one-off bonus payment by majority shareholder <sup>12</sup>	0	7,987
<b>EBITDA - adjusted</b>	<b>17,292</b>	<b>13,979</b>
<b>EBITDA margin in % - IFRS reported</b>	<b>15.8%</b>	<b>4.1%</b>
<b>EBITDA margin in % - adjusted</b>	<b>15.0%</b>	<b>13.8%</b>

(in T€)	For the six months ended 30 June,	
	2020	2019
<b>Operating Profit (EBIT) - IFRS reported</b>	<b>9,476</b>	<b>-5,058</b>
Income in relation to fire incident <sup>9</sup>	-2,045	-3,308
Costs for employee stock option program <sup>10</sup>	180	0
Expenses in relation to fire incident <sup>11</sup>	895	2,505
Transaction costs of the initial public offering	0	2,596
Voluntary one-off bonus payment by majority shareholder <sup>12</sup>	0	7,987
Impairment in relation to fire incident	0	803
Acquisition related amortizations	891	957
<b>EBIT - adjusted</b>	<b>9,396</b>	<b>6,482</b>
<b>Operating Profit margin in % - IFRS reported</b>	<b>8.2%</b>	<b>-5.0%</b>
<b>EBIT margin in % - adjusted</b>	<b>8.1%</b>	<b>6.4%</b>

<sup>9</sup> Income refers to reimbursements for stock write off, other expenses and replacement values of tangible assets in relation to the fire incident that occurred at Eliopack on 24 June 2019 and excludes gains from business interruption insurance in the amount of EUR 0.2 million.

<sup>10</sup> Further information on Aluflexpack's employee phantom stock agreement can be found on pages 45 and 84 in Aluflexpack's Annual Report.

<sup>11</sup> Expenses refer to write off of stock and other expenses in relation to the fire incident that occurred at Eliopack on 24 June 2019 and exclude write-offs of book values of tangible assets.

<sup>12</sup> The payment must be included in personnel expenses according to IAS 19 against an increase in equity in the same amount, and is considered a contribution in kind by the majority shareholder. Neither Aluflexpack nor any of its subsidiaries were required to reimburse the majority shareholder for this expense.



Adjusted Material Costs (in T€)	For the six months ended 30 June,	
	2020	2019
<b>Cost of materials, supplies and services - IFRS reported</b>	<b>-77,357</b>	<b>-69,890</b>
Change in finished and unfinished goods	2,923	387
Temporary personnel included in total cost of materials, supplies and services	245	457
Income from the disposal of recycled products	2,239	2,364
Adjustment in relation to fire incident	0	2,505
<b>Adjusted Material Costs</b>	<b>-71,950</b>	<b>-64,177</b>

Adjusted Personnel Costs (in T€)	For the six months ended 30 June,	
	2020	2019
<b>Personnel expenses - IFRS reported</b>	<b>-15,139</b>	<b>-21,729</b>
Temporary personnel costs	-245	-457
One-off bonus payment to management by majority shareholder	0	-7,987
Costs for employee stock option program	180	0
<b>Adjusted Personal Costs</b>	<b>-15,204</b>	<b>-14,199</b>

Adjusted Other Operating Costs (in T€)	For the six months ended 30 June,	
	2020	2019
<b>Other operating expenses - IFRS reported</b>	<b>-12,857</b>	<b>-13,351</b>
Transaction costs of initial public offering	0	2,596
Other operating expenses in relation to fire incident	896	0
<b>Adjusted Other Operating Costs</b>	<b>-11,961</b>	<b>-10,755</b>

## Aluflexpack AG

# Condensed consolidated interim financial statements (unaudited)

30 June 2020

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Consolidated statement of changes  
in equity 2020 (unaudited)

Attributable to owners of the Company									
(in T€)	Notes	Capital stock	Capital Reserves	Foreign Exchange Differences	Retained earnings	Total Retained earnings	Total	Non controlling interest	Total equity
<b>Balance as of 1 January 2020</b>		15,553	135,887	1,515	18,287	19,802	171,241	946	172,188
<b>Total comprehensive income for the period</b>									
Result for the period		-	-	-	2,385		2,385	293	2,678
Other comprehensive income for the period, net of tax		-	-	-2,495	51		-2,444	-	-2,444
<b>Total</b>		-	-	-2,495	2,436		-59	293	234
<b>Balance as of 30 June 2020</b>		15,553	135,887	-980	20,723	19,743	171,182	1,239	172,422

Consolidated statement of changes  
in equity 2019 (unaudited)

Attributable to owners of the Company									
(in T€)	Notes	Capital stock	Capital Reserves	Foreign Exchange Differences	Retained earnings	Total Retained earnings	Total	Non controlling interest	Total equity
<b>Balance as of 1 January 2019</b>		86	1,958	910	22,090	23,000	25,043	883	25,927
<b>Transactions with owners of the company</b>									
Issue of ordinary shares	10	15,467	132,571				148,038		148,038
Transaction costs from the IPO	10		-6,226				-6,226		-6,226
Contribution in kind	10		8,123				8,123		8,123
<b>Total comprehensive income for the period</b>									
Result for the period		-	-	-	-7,863		-7,863	-90	-7,953
Other comprehensive income for the period, net of tax		-	-	-213	-96		-309	-	-309
<b>Total</b>		-	-	-213	-7,959		-8,172	-90	-8,262
<b>Balance as of 30 June 2019</b>		15,553	136,426	697	14,131	14,828	166,806	793	167,600

## Consolidated statement of cash flows (unaudited)

(in T€)	Notes	For the six months ended 30 June,	
		2020	2019
<b>Income/Loss before tax</b>		<b>3,304</b>	<b>-7,284</b>
+/- Financial results excluding other financial income/expense		1,052	2,456
+/- Other non-cash expenses and income		1,595	-931
+ Depreciation and amortisation		8,786	9,257
-/+ increase and decrease in inventories		-5,842	1,705
-/+ Increase and decrease in current trade receivables		-5,371	79
-/+ Increase and decrease in other assets		274	-5,040
+/- Increase and decrease in trade payables		-1,909	631
+/- Increase and decrease in accruals		1,228	1,566
+/- Increase and decrease in other payables		2,533	-1,750
+/- Increase and decrease in provisions		124	161
+/- Increase and decrease in liabilities for employee benefits		290	353
-/+ Income taxes paid		-522	-1,017
<b>Net cash from operating activities</b>		<b>5,543</b>	<b>186</b>
- Payments made for purchases of PPE and intangible assets		-11,257	-17,015
+ Interest received		94	25
<b>Net cash used in investing activities</b>		<b>-11,163</b>	<b>-16,990</b>
+ Proceeds from the issue of ordinary shares	10	0	16,564
+ Contribution in kind	10	0	8,123
- Payments of lease liabilities		-2,041	-1,752
+ Issuances of financial liabilities (3rd parties)		205	5,255
- Repayments of financial liabilities (3rd parties)		-2,714	-3,655
- Repayments of financial liabilities (MTC group companies)		0	-2,290
- Interest paid		-855	-1,032
<b>Net cash from financing activities</b>		<b>-5,405</b>	<b>21,213</b>
<b>Net change in cash and cash equivalents</b>		<b>-11,025</b>	<b>4,409</b>
+/- Effect of exchange rate fluctuations on cash held		593	297
<b>+ Cash and cash equivalents at the beginning of the period</b>		<b>62,823</b>	<b>18,976</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>52,391</b>	<b>23,681</b>

## Notes to the condensed consolidated interim financial statements (unaudited)

## 1 Reporting entity

Aluflexpack AG (Aluflexpack) (the 'Company') was incorporated in Switzerland on 31 July 2018. The Company's registered office is at Alte Aarauerstrasse 11, Reinach, Switzerland. These condensed consolidated interim financial statements for the six months ended 30 June 2020 comprise the Company, its subsidiaries (collectively the 'Group' and individually 'Group companies') and equity accounted investees.

The core business activity of Aluflexpack and its affiliated companies is the production of flexible packaging and conversion of aluminium foil, paper and flexible films by using printing technologies such as rotogravure, UV-flexo, conventional flexo and digital as well as other conversion steps such as lacquering, laminating, extrusion coating & lamination, slitting, oiling, lasering, container & capsule forming, punching, embossing and pouch-making. Aluflexpack is producing a wide range of flexible packaging products and solutions.

The controlling parent company of Aluflexpack AG is Montana Tech Components AG.

## 2 Significant changes in the reporting periods

The Company completed a successful initial public offering on June 28, 2019 and is now listed on the SIX Swiss Exchange. The shares of Aluflexpack AG are traded under the Swiss Securities Number (Valor) 45322689, the International Securities Identification Number (ISIN) CH0453226893 and the ticker symbol AFP. Prior to the Offering, there has been no public market for the shares. With the issuance of 7,300,000 new shares and the offer price of CHF 21,00 per share the Company was able to receive gross proceeds of TCHF 153,300 (T€ 138,038) (see also note 10).

## 3 Basis of accounting

These interim financial statements for the six months ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2019 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies adopted are consistent with those of the previous financial year (last annual consolidated financial statements of Aluflexpack AG as of 31 December 2019). Aluflexpack's sales were not subject to seasonal variations during the reporting period.

These interim financial statements were authorised for issue by the Board of Directors on 20 August 2020.

## 4 Use of judgements and estimates

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements of Aluflexpack AG.

**Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

## 5 Changes in significant accounting policies

The accounting policies applied in these consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019. A number of new standards are effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

## 6 Segment reporting

### 6.1 Basis for segmentation

The Group is producing a wide range of flexible packaging products and solutions by converting and refining aluminium foil, paper and flexible films. The allocation of resources and performance assessment is made at Group level. The Group's organisation is not divided into business units, neither in the management structure nor in the internal reporting system.

The Group has the following production sites:

- Production plant Zadar (Croatia)
- Production plant Umag (Croatia)
- Production plant Drnis (Croatia)
- Production plant Omis (Croatia)
- Production plant Einsiedeln (Switzerland)
- Production plant La Ferté-Bernard (France)
- Production plant Istanbul (Turkey)

The Chief Operating Decision Maker (CODM) receives a monthly reporting, which includes figures on a Group-wide level. For single products, no segment manager is installed and neither allocation of resources nor a performance review for single products is done by the CODM.

### 6.2 Entity-wide disclosures

Revenue and non-current assets – Geographic information by countries

(in T€)	For the six months ended 30 June,			
	2020		2019	
	Net Sales	Non-current assets	Net Sales	Non-current assets
Croatia	7,456	83,754	7,947	80,288
Germany	17,728		15,595	
Italy	6,055		6,580	
Poland	4,522	129	3,833	180
Liechtenstein	7,769	11,238	8,267	11,230
Switzerland	6,212		616	
Denmark	28		363	
Czech Republic	1,550		1,371	
France	34,625	15,412	28,869	9,521
Austria	751	179	749	105
Netherlands	5,662		7,375	
Turkey	9,117	19,349	6,716	22,163
Russia	745		674	
Other Europe	9,665		8,176	
America	2,004		2,552	
China	969		819	
Other Asia	628		596	
Africa, Australia and New Zealand	60		221	
<b>Total Group</b>	<b>115,546</b>	<b>130,061</b>	<b>101,319</b>	<b>123,487</b>

The geographic information on revenues in the table above is based on the customers' location.

(in T€)	For the six months ended 30 June,			
	2020		2019	
	Net sales w/o IC	Trade receivables	Net sales w/o IC	Trade receivables
thereof product sales	115,068	27,468	101,255	22,653
thereof service sales	478	5	64	10
<b>Total Group</b>	<b>115,546</b>	<b>27,473</b>	<b>101,319</b>	<b>22,663</b>

For the 6 months ended 30 June 2020, transactions with one external customer accounted for 20% of the Group Sales (2019: one external customer, more than 15% but less than 20%).

## 7 Related parties

The related parties include the members of Group Management, key shareholders and companies over which the key shareholders exert control or significant influence and pension funds existing for the benefit of employees to provide benefits after cessation of the employment relationship.

The main shareholder of Aluflexpack is Montana Tech Components AG, Switzerland. DDr. Michael Tojner, who holds the majority of voting rights either directly or indirectly via several companies, controls the Montana Tech Components AG.

### Overview

The significant transactions with related parties in the first half of 2020 are lease contracts resulting in lease expenses as follows:

Transaction type (in T€)	For the six months ended 30 June,		Outstanding amount	
	2020	2019	30/06/2020	31/12/2019
Transactions with companies related to the main shareholder	509	520	31	0
<b>Operating activity</b>	<b>509</b>	<b>520</b>	<b>31</b>	<b>0</b>

## 8 Financial instruments – Fair values and risk management

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The fair values of financial instruments such as short-term trade receivables and payables and short-term bank loans and borrowings are not disclosed, because their carrying amounts are a reasonable approximation of fair value.

The put options granted to non-controlling shareholders that are presented in other financial liabilities are categorised as Level 3 within the fair value hierarchy. For measurement please refer to note 10 below.

(in T€)	Carrying amount					
	30 June 2020	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments						0
<b>Financial assets measured at fair value</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Trade receivables	27,473			27,473		27,473
Cash and cash equivalents	52,391			52,391		52,391
Corporate debt securities	5			5		5
Other receivables and assets	5,291			5,291		5,291
<b>Financial assets not measured at fair value</b>	<b>85,160</b>	<b>0</b>	<b>0</b>	<b>85,160</b>	<b>0</b>	<b>85,160</b>
Derivative financial instruments	-2,230	-2,230				-2,230
<b>Financial liabilities measured at fair value</b>	<b>-2,230</b>	<b>-2,230</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,230</b>
Bank loans and borrowings	-26,663				-26,663	-26,663
Other financial liabilities	-6,126		-6,126			-6,126
Lease liabilities (IFRS 16)	-14,000				-14,000	-14,000
Trade payables	-35,789				-35,789	-35,789
Accruals	-3,958				-3,958	-3,958
Other liabilities	-2,099				-2,099	-2,099
<b>Financial liabilities not measured at fair value</b>	<b>-88,635</b>	<b>0</b>	<b>-6,126</b>	<b>0</b>	<b>-82,509</b>	<b>-88,635</b>

(in T€)	Carrying amount					
	31 December 2019	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments	40	40				40
<b>Financial assets measured at fair value</b>	<b>40</b>	<b>40</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40</b>
Trade receivables	22,830			22,830		22,830
Cash and cash equivalents	62,823			62,823		62,823
Corporate debt securities	5			5		5
Other receivables and assets	5,348			5,348		5,348
<b>Financial assets not measured at fair value</b>	<b>91,006</b>	<b>0</b>	<b>0</b>	<b>91,006</b>	<b>0</b>	<b>91,006</b>
Derivative financial instruments	-175	-175				-175
<b>Financial liabilities measured at fair value</b>	<b>-175</b>	<b>-175</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-175</b>
Bank loans and borrowings	-28,996				-28,996	-28,996
Other financial liabilities	-5,957		-5,957			-5,957
Lease liabilities (IFRS 16)	-15,812				-15,812	-15,812
Trade payables	-38,861				-38,861	-38,861
Accruals	-2,765				-2,765	-2,765
Other liabilities	-2,385				-2,385	-2,385
<b>Financial liabilities not measured at fair value</b>	<b>-94,776</b>	<b>0</b>	<b>-5,957</b>	<b>0</b>	<b>-88,819</b>	<b>-94,776</b>

## 9 Other financial liabilities

In accordance with the shareholder agreement of 26 August 2018 between Aluflexpack AG and one existing shareholder of Arimpeks, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Arimpeks to Aluflexpack AG. The put option can be first time triggered between April 1st, 2021 and April 30th, 2021 based on Financial Statements for the financial year 2020. Throughout the subsequent years, the put option will be able to trigger each year between April 1st and April 30th based on the previous years Financial Statements. In addition, a call option is granted to Aluflexpack AG to buy the remaining 20% interest in Arimpeks. The call option can be first time triggered between May 1st, 2021 and May 31st, 2021 based on Financial Statements for the financial year 2020. Throughout the subsequent years, the call option will be able to trigger each year between May 1st and May 31st based on the previous years Financial Statements. The option price for the share options (20% of the entire share capital) is calculated as the higher of 1) the equity value for 20% of shares or 2) based on a calculated enterprise value for 100% of the shares. The written put option is recognised as “other financial liability” and no interest of non-controlling shareholders is presented since it is deemed to have acquired the 20% interest at the date of acquisition. The liability is recognised at the present value of the exercise price of the option which amounts to T€ 4,817 (2019: T€ 4,647).

In accordance with the Framework- and Syndicate contract of 30 September 2013, AFP Group GmbH (as the controlling shareholder of Omial Novi d.o.o) has the obligation to take up the shares which were sold in 2013, when certain agreed criteria are met and upon receipt of a written request from the non-controlling shareholders according to the conditions of the Framework- and Syndicate contract. The take-up price to be paid by AFP Group GmbH will be determined at the time of the exercise of the put-option by the non-controlling interests.

According to the share purchase agreement of 5 August 2014, Omial Novi d.o.o. (as the controlling shareholder of Process Point Service AG) has the obligation to take up the shares upon receipt of a written request from the non-controlling shareholders according to the share purchase agreement. The take-up price to be paid by Omial Novi d.o.o. will be determined at the time of the exercise of the put-option by the non-controlling interests.

The fair value for both obligations amounts to T€ 1,300 (2019: T€ 1,300).

## 10 Equity

### 10.1 Capital stock

The company Aluflexpack AG was incorporated on 31 July 2018 with 100,000 shares and a fully paid-in share capital of CHF 100,000 (T€ 86).

As of 27 June 2019, the extraordinary shareholder's meeting decided to increase the Company's share capital from CHF 100,000 to CHF 17,300,000 (T€ 15,553) by issuing 17,200,000 registered shares of the Company with a nominal value of CHF 1,00 (in total T€ 15,467) each against contribution in cash.

In the first tranche 9,900,000 registered shares of the Company with a nominal value of CHF 1,00 were issued and subscribed by the controlling shareholder (Montana Tech Components AG) for a total amount of T€ 10,000. In the second tranche 7,300,000 registered shares of the Company with a nominal value of CHF 1,00 were issued as part of the initial public offering for CHF 21 per share in cash (see also note 2).

Transaction costs for the initial public offering incurred in the amount of TCHF 9,846 (T€ 8,717). Thereof TCHF 6,914 (T€ 6,226) are recognised directly in equity within the capital reserve and the remaining costs of TCHF 2,932 (T€ 2,596) are included in "Other operating expenses".

As of 30 June 2020, the total authorised and issued number of ordinary shares comprises 17,300,000 shares with a nominal value of CHF 1,00 each. The split of the capital stock is shown in the table below.

Capital stock	30 June 2020	30 June 2019
Nominal value per share (CHF)	1.00	1.00
Total number of shares	17,300,000	17,300,000
Total amount of share capital (CHF)	17,300,000	17,300,000

The Principal Shareholder (Montana Tech Components AG) holds 53.6% of the shares as of 30 June 2020.

### 10.2 Capital reserves

In the first half of 2019, the capital reserves increased due to contribution in kind in Aluflexpack AG by T€ 8,123 (see also Note 11).

TCHF 1,221 (T€ 1,098) were allocated to the capital reserve from the first tranche of the increase of the share capital and TCHF 146,000 (T€ 131,473) were allocated to the capital reserve from the proceeds of the initial public offering.

### 10.3 Earnings per share

The calculation of earnings per share has been based on the profit or loss attributable to shareholders of Aluflexpack AG as presented in the consolidated income statement and the weighted average of shares in circulation as of 30 June 2020.

	30 June 2020	30 June 2019
Total number of shares	17,300,000	17,300,000
Weighted average of ordinary shares in circulation	17,300,000	385,083
Result of the period attributable to the Owners of the company in T€	2,385	-7,863
Basic earnings per share in EUR	0.1	-20.4
Diluted earnings per share in EUR	0.1	-20.4

### 10.4 Nature and purpose of reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

### 10.5 Dividends

The Company has not paid any dividends in the periods presented.

## 11 Personnel expenses

In the first half of 2019 Montana Tech Components AG, the sole shareholder of Aluflexpack AG, made a commitment for a one-off bonus payment in the amount of T€ 7,987 (T€ 8,123 if the day's current rate CHF/EUR is used) to key management personnel of Aluflexpack for work performed for Aluflexpack AG. Neither Aluflexpack nor any of its subsidiaries are required to reimburse Montana Tech Components AG for this expense. The aforementioned payment is included in personnel expenses and considered a contribution by shareholder (see also note 10.2) in 2019.

## 12 Other operating income/Other operating expenses

As of 25 June 2019, the Company informed, that on the late afternoon of 24 June 2019, a fire occurred at the manufacturing facility of its subsidiary Eliopack in the industrial zone of Ajeux in La FertéBernard, France.

In the first half of 2020, an insurance compensation regarding the fire at the manufacturing facility Eliopack in the amount of T€ 2,045 (first half of 2019: T€ 3,483) is shown in "Other operating income". In the first half of 2020, fire related costs in the amount of T€ 895 are shown in "Other operating expenses". In the first half of 2019, depreciations on inventories amounting to T€ 2,505 and impairments on technical equipment and machinery amounting to T€ 803 were taken into account.

## 13 Other financial expenses

In the first half of 2020, other financial expenses valued at T€ 2,726 relate to foreign currency exchange losses (first half of 2019: T€ 354) and T€ 2,130 relates to the valuation of derivative positions (first half of 2019: T€ 357 income).

## 14 Pledged Assets

At the balance sheet date, divisional equity investments are pledged in connection with credit agreements. The shares of the subsidiaries Omial Novi d.o.o., Omis, Croatia and Aluflexpack Novi d.o.o., Zadar, Croatia are pledged in favour of the European Bank for Reconstruction and Development („EBRD“) and OTP banka d.d as security for the loan of 28 October 2013 and 11 July 2016 between the subsidiaries and EBRD.

Moreover, the Group is required to adhere to various defined financial ratios under the credit agreements (including interest coverage ratio, total liabilities to equity ratio, current ratio, net financial debt to EBITDA ratio). For these loans exist a guarantee of Montana

Tech Components AG, Switzerland.

The financial ratios shall be tested semi-annually by reference to the financial position as of 30 June and 31 December.

All of these bank covenants have been met as of 31 December 2019 and as of 30 June 2020.

### 15 Subsequent events

No other events took place between 30 June 2020 and 20 August 2020 that would require adjustments to the carrying amounts of the assets or liabilities in these condensed consolidated interim financial statements or would need to be disclosed here.

## About Aluflexpack

Aluflexpack produces flexible packaging solutions mainly for end markets such as coffee/tea, pharmaceuticals, pet food, confectionery and dairy. Well-established insights, service flexibility and development competence are what underpin long-term customer relationships; both with locally operating companies and large international corporations. Aluflexpack, headquartered in Reinach (AG), Switzerland, has production facilities in Switzerland, France and Turkey and four production facilities in Croatia. The number of employees as of 30 June, 2020 was approximately 1,248.

## Disclaimer

Some of the information contained in this release may be forward-looking statements. Aluflexpack AG cautions that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Aluflexpack AG undertakes no obligation to publicly update or revise any forward-looking statements.

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