Aluflexpack AG

# Interim Report

Half year 2023

# Aluflexpack AG - Key Figures

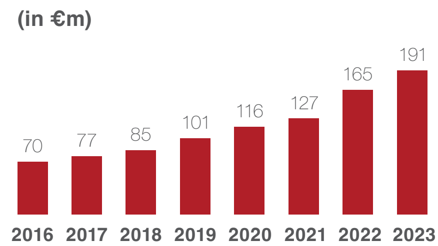
| | For the six months ended 30 June, | | |
|---|---|---|---|
| (financial figures in €m)[1] | 2023 | 2022 | yoy change |
| Net sales | 190.8 | 164.8 | 15.8% |
| Net sales excluding IAS 29 | 195.5 | / | / |
| EBITDA before special effects (SE) | 24.8 | 24.3 | 2.0% |
| EBITDA margin before SE (%) | 12.7% | 14.7% | / |
| EBITDA (reported) | 24.8 | 27.5 | -9.7% |
| Operating profit before SE | 14.6 | 13.7 | 6.2% |
| Operating profit margin before SE (%) | 7.4% | 8.3% | / |
| Operating profit (EBIT reported) | 12.2 | 15.9 | -23.6% |
| Profit for the period (before minorities) | 1.3 | 8.3 | -84.1% |
| Cash flow from operating activities | 8.2 | 8.4 | -3.0% |
| Cash flow from investing activities | -14.8 | -59.4 | -75.1% |
| Cash flow from financing activities | 19.4 | 62.0 | -68.7% |
| Equity ratio (%) | 40.8% | 42.9% | / |
| Net debt (cash) | 136.6 | 123.8 | 10.3% |
| Total assets | 459.1 | 448.0 | 2.5% |
| ROCE | 8.9% | 9.4% | / |
| Employees | 1,584 | 1,537 | 3.1% |

1 A detailed reconciliation of the reported figures and figures before special effects, as well as an overview of alternative performance measures used, can be found on pages 18-21. Balance sheet figures as well as the total number of employees refer to end-of-period figures for 2022.

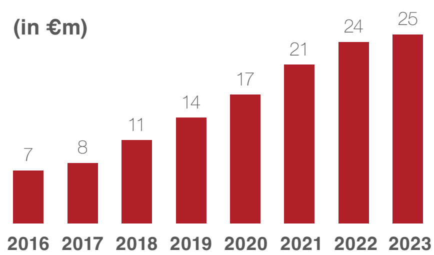
Organic net sales growth
H1 2023

+12.3%

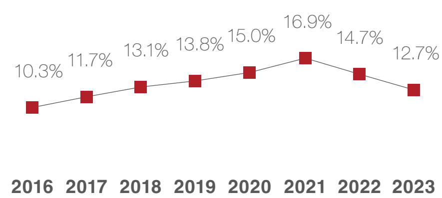
H1 net sales




H1 EBITDA before SE



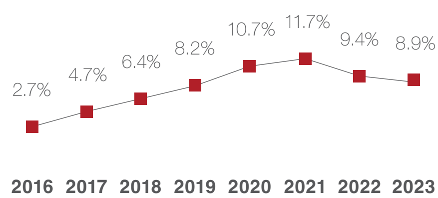

H1 EBITDA margin before SE




Capital expenditure
in H1 2023

€15.1m

ROCE LTM June



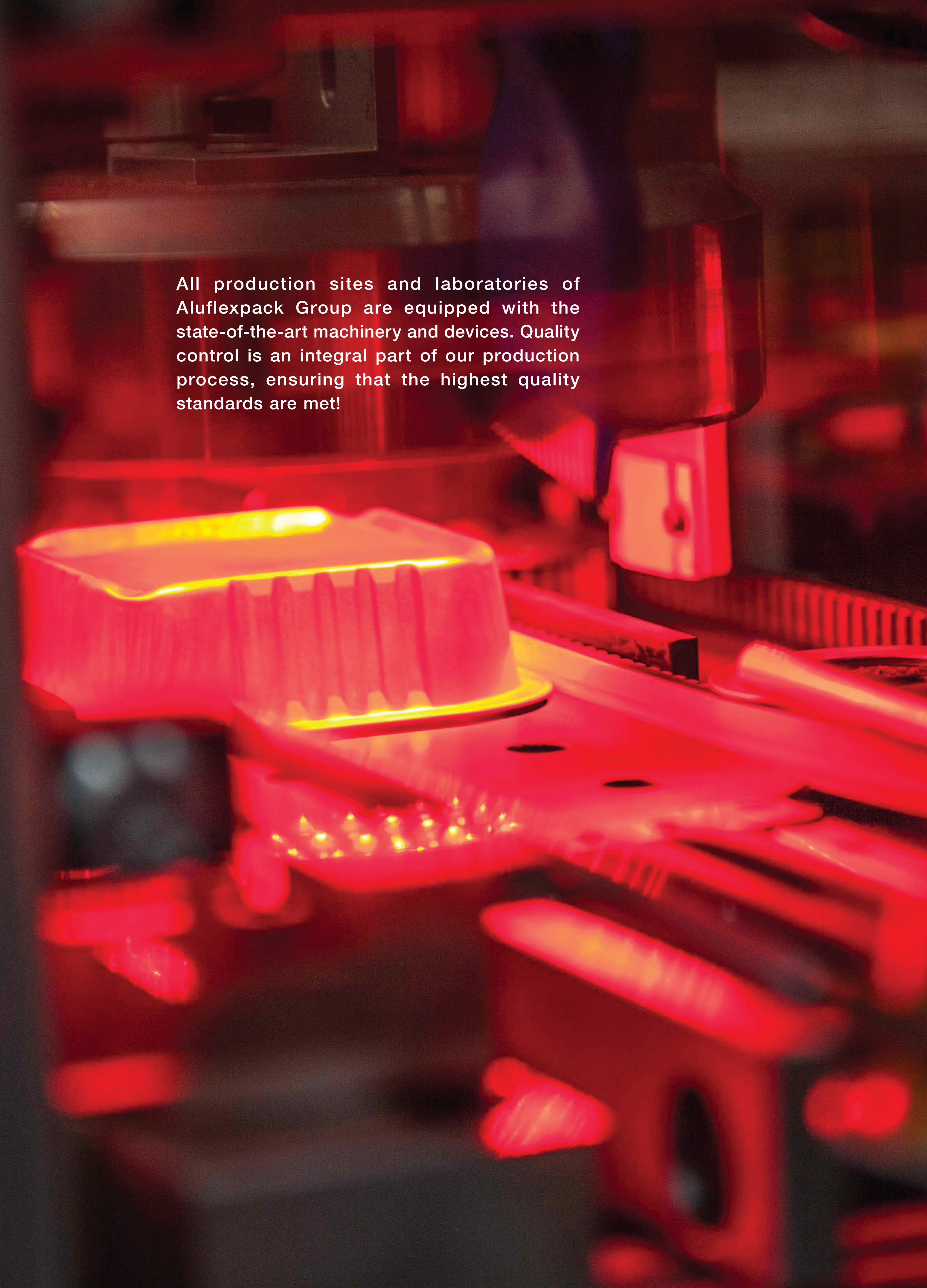

Net debt to EBITDA
LTM June 2023

2.9x

Equity ratio June 2023

40.8%

All production sites and laboratories of Aluflexpack Group are equipped with the state-of-the-art machinery and devices. Quality control is an integral part of our production process, ensuring that the highest quality standards are met!



# Table of Contents

# Letter to shareholders

Dear shareholders,

In the first half of 2023, Aluflexpack continued its growth trajectory, supported by robust business development in many end markets. Demand in Europe softened more than anticipated as customers destocked and inflationary pressure impacted consumers. Our well-diversified product and customer portfolio helped us balance these demand shifts and enabled us to navigate increasing geopolitical and macroeconomic challenges, while our deeply integrated value chain allowed us to maintain product quality and ensure supply reliability. We have begun ramping up our organic expansion in Drniš (Croatia), a one-of-a kind and major endeavour, and our focus in the months ahead will be on capitalizing on this project's opportunities. We will also continue to invest in our employees and focusing on the targets defined in our 3-WIN 2025 strategy.

## Challenging market environment in H1 2023

Economies around the globe have been facing tremendous challenges for more than three years: the COVID-19 pandemic; supply chain disruptions; the war in Ukraine; and interest rate hikes in the US and Europe. In response, some companies resorted to higher safety stock to maintain operational stability and reliable supply. Increasing inflationary pressure curtailed purchasing power and restrained consumer demand, particularly in Europe, leading to a softening in demand and downtrading in many fast-moving consumer goods categories over the first six months of 2023. Despite these trends, Aluflexpack continued to perform well thanks to its diverse product portfolio in defensive end markets.

## Net sales growth in all end markets

Aluflexpack achieved broad-based growth in net sales in the first six months of 2023 on the back of solid business development paired with passing through significantly increased costs.

Growth in reported net sales was highest in the Dairy end market (+29.0%), driven by strong demand for private label products, increased market share in our home markets and additional volumes from our new subsidiary in Türkiye, Teko. In the Confectionery end market (+26.5%), we observed high growth generated by expanding business with existing customers. Business in the Other food end market (+17.9%) was very dynamic in some product solutions, such as spouted pouches.

The Pharmaceutical end market expanded further in H1 2023 (+3.3%), buoyed by additional business in our home markets. Owing to the significant share of business generated in Türkiye in the Pharmaceutical end market, growth in net sales was lowered by hyperinflation accounting. In the Coffee & Tea end market (+12.6%), Aluflexpack increased net sales in the period under review due to business with customers in new territories and cost pass-through effects. In the Pet food end market (+8.4%), whilst the general market dynamic remains solid, growth was hampered by changes in the overall product mix.

## Robust earnings and a sound balance sheet

In the first six months of 2023, Aluflexpack achieved net sales of €190.8m, translating to growth of 15.8% compared to the same reporting period last year.[2] Excluding effects from hyperinflation accounting in Türkiye (IAS 29), net sales amounted to €195.5m.[3] Adjusted for the acquisition of our Turkish subsidiary Teko on 12 May 2022, growth was 12.3%.

In the period under review, Aluflexpack achieved an EBITDA before SE of €24.8m (H1 2022: €24.3m). On a margin level, EBITDA before SE was at 12.7% compared to 14.7% in the first half of 2022.[4] The main reasons for the lower margin were the increased cost base evident in the Group's net sales and negative materials phasing effects. However, the margin achieved in H1 2023 represents an increase over the H2 2022 margin of 11.6%, and shows the impact of successful cost pass-throughs.

After having reached the peak of our organic investment cycle in 2022, Aluflexpack's equity ratio has remained at healthy levels, namely 40.8% as of 30 June 2023. During the same period, net debt increased to €136.6m, primarily reflecting payments of final installments and financing working capital in relation to the Drniš expansion. Consequently, the net-debt-to-EBITDA before SE ratio increased to 2.9x (31 December 2022: 2.5x).

In line with the high level of investments, capital employed increased further, resulting in reduced capital efficiency, which is evident in a decrease in ROCE to 8.9% from 9.4% in the first half of 2022. We expect the ratio to increase again in periods ahead as we gradually ramp up production for recent major investments into our platform. Capex in H1 2023 included mainly final installments for the Drniš expansion, but has already decreased significantly to €15.1m, corresponding to a capex-to-net-sales ratio of 7.9%, down from capex of €27.5m and capex-to-net-sales ratio of 16.7% in H1 2022.

2 Unless otherwise mentioned, net sales stated in the letter denote reported net sales, which include effects of hyperinflation accounting in Türkiye (i.e., IAS 29).

3 As of 30 June 2022, Aluflexpack is required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" for its operations in Türkiye. The application of IAS 29 includes the adoption of IAS 21 "Effects of Change in Foreign Exchange Rates". A detailed reconciliation of reported and adjusted figures can be found on pages 18-21 of this Interim Report.

4 EBITDA before SE is calculated as EBITDA before SE divided by net sales excluding IAS 29.

## Milestones in the first half of 2023

We have begun ramping up our major organic expansion in Drniš, where we have invested approximately €70m in cutting-edge machinery. The investment has doubled our foil conversion capacities, laying the foundation for strong growth in periods ahead and vertically deepening our value chain whilst providing enhanced operational flexibility. Over the next several months, we will be focused on starting larger-scale commercial production. The plant in Drniš is one of the most technologically advanced and automated conversion facilities globally, and we are convinced that we will substantially increase Group-wide production efficiency and further solidify our market-leading position in the industry.

Aluflexpack is launching a follow-up initiative to build on the success of the first innovation challenge, which encouraged Group employees to share their ideas for designing entirely novel packaging that would benefit customers and ultimately also consumers by providing sustainable and user-friendly solutions. Our second innovation challenge will be done in cooperation with our suppliers and partners aiming at achieving shared goals of driving industry-wide transformation, improving practices and delivering innovative packaging solutions that add value to society as a whole.

We are also continuing our other work on developing and introducing new flexible packaging solutions. We have made substantial progress in this area over the last several months, launching new products including peel-off-end lids, monomaterial spouted pouches for human food applications or printed battery foils. Our R&D efforts are focusing on promising markets where we aim to develop new monomaterial solutions, increasing recycled content and downgauging packaging, among other things. As we move forward, we remain resolute in our pursuit of innovation at every touchpoint.

In the first half of 2023, we formalised our new sustainability strategy, setting the path for future initiatives to reduce carbon emissions, drive circularity, establish responsible ESG practices and promote transparency in our work. In June 2023, Aluflexpack took the first major step by committing to the Scientific Based Targets initiative (SBTi), demonstrating our dedication to setting ambitious and data-driven sustainability goals aligned with the latest scientific knowledge and global environmental standards. With this commitment, we are backing the Paris Agreement goal of limiting global warming to 1.5 °C above pre-industrial levels.

A pivotal part of our 3-WIN 2025 strategy is our market positioning, where we are in the process of entering new continents both through M&A and by following our customers abroad. We will communicate on these matters as soon as further steps have been formalised. Significant progress towards achieving operational excellence was made during the first half of 2023 by enhancing the automation of our machinery park with the addition of new machines. At the same time, we have continued investing in strengthening our organisation with our branding project and recruiting additional key managers.

## Outlook

We remain confident in the stability of our business despite softer demand in some of our end markets, persistent geopolitical tensions and macroeconomic challenges. We anticipate net sales of €390-430m excluding impacts of IAS 29 and an EBITDA before SE of €50-55m.

Opportunities and challenges lie ahead, but we are embracing them with optimism and confidence. As we continue to evolve and adapt to changing market dynamics, we remain steadfast in our commitment to delivering value to our shareholders and contributing positively to society. It is our firm belief that the major expansion project in Croatia will position us to achieve sustained growth and profitability in the years ahead whilst bolstering our competitive position in the market. With our 3-WIN 2025 strategy in place, we are aiming to generate net sales of €450-500m and an EBITDA margin before SE of 14-16% by 2025.

## Thank you!

On behalf of the Board of Directors and the Management Board, we would also like to take this opportunity to thank all of our employees for their continued efforts in these challenging times. We extend our deepest gratitude to each and every one of you for being a part of our journey and for your belief in our vision. Together, we will continue to build a brighter, more sustainable and prosperous future. We also want to thank our shareholders for continuing to place their trust in our organisation.

On behalf of the Management team,

Johannes Steurer,
CEO

Lukas Kothbauer,
CFO

For the Board of Directors,

Martin Ohneberg,
President

# Financial Overview

## Earnings

| | For the six months ended 30 June, | | | |
|---|---|---|---|---|
| **(in €m)** | **2023** | **2023 special effects** | **2022** | **2022 special effects** |
| **Net sales** | **190.8** | | **164.8** | |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye[5] | | 4.7 | | |
| **Net sales excluding IAS 29** | | **195.5** | | |
| Change in finished and unfinished goods | 9.6 | | 4.4 | |
| Other operating income | 8.2 | | 9.3 | |
| Cost of materials, supplies and services | -134.9 | | -114.2 | |
| Personnel expenses | -22.5 | | -18.1 | |
| Other operating expenses | -26.4 | | -18.7 | |
| **EBITDA** | **24.8** | | **27.5** | |
| Cost/benefit of stock option programmes[6] | | -0.2 | | -0.3 |
| Transaction costs[7] | | 0.7 | | 0.4 |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye[5] | | -0.6 | | -3.4 |
| **EBITDA before SE** | | **24.8** | | **24.3** |
| *EBITDA margin before SE[8]* | | *12.7%* | | *14.7%* |
| Depreciation and amortisation | -12.7 | | -11.6 | |
| **Operating profit (EBIT)** | **12.2** | | **15.9** | |
| Financial result | -9.9 | | -6.5 | |
| **Profit before tax** | **2.3** | | **9.4** | |
| Tax expense/benefit | -1.0 | | -1.1 | |
| **Profit for the period** | **1.3** | | **8.3** | |
| *Thereof attributable to:* | | | | |
| Owners of the company | 1.3 | | 8.1 | |
| Non controlling interests | 0.0 | | 0.2 | |

5 As of 30 June 2022, Aluflexpack is required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" for its operations in Türkiye. Further clarification is presented on page 29.

6 Adjustment includes effects from the employee phantom stock option programme, and in addition, effects from the long-term incentive component of the Management Board's compensation which was introduced in 2021, and which is stock based.

7 Transaction costs include general consultancy costs and other costs in relation to M&A activities.

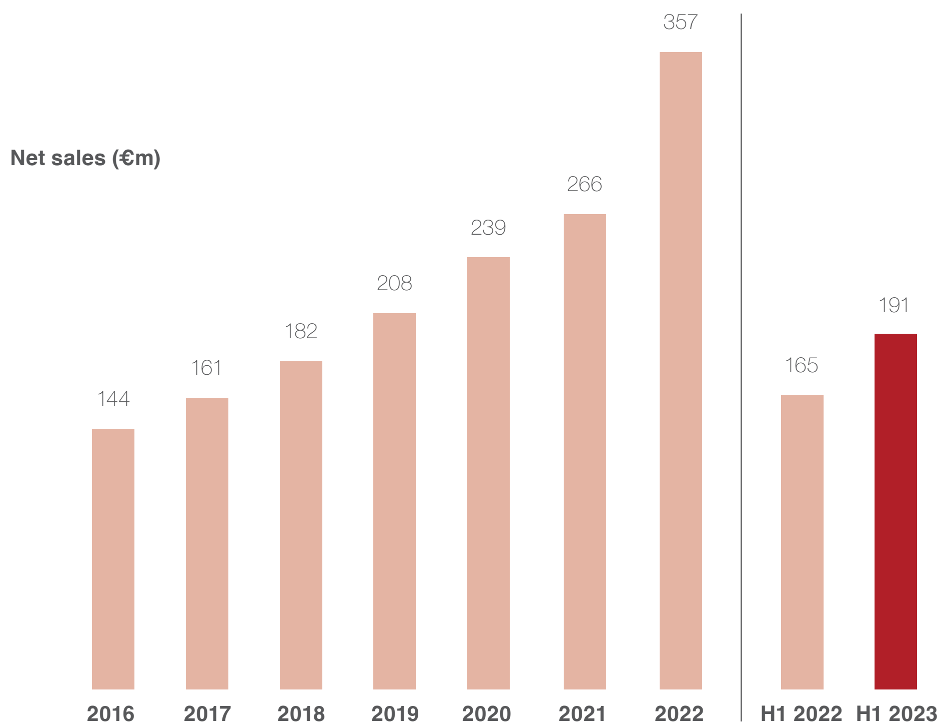
8 EBITDA margin before SE equals EBITDA before SE divided by net sales adjusted for impacts of IAS 29 (hyperinflationary accounting).

## Sales overview

Aluflexpack recorded net sales of € 190.8m in the first half of 2023, up by 15.8% compared to the same reporting period last year (H1 2022: € 164.8m). Excluding the effects of the hyperinflation accounting in Türkiye (IAS 29), net sales totaled € 195.5m. The increase in net sales was achieved as a result of robust business development in most of the Group's end markets, despite a softer market environment characterised by weaker demand from the final consumer and destocking among the Group's customers, and was supported significantly by pass-through effects of increased costs. Adjusted for the acquisition of Turkish subsidiary Teko in May 2022, organic net sales growth was 12.3%.

**Organic net sales growth in H1 2023**

**+12.3%**




Growth in the **Dairy** end market was highest with 29% increase in net sales, due to strong demand from private label business, increase in market share in the Group's home markets and additional volumes from Teko. In the **Confectionery** end market, the Group grew by 26% as a result of more business with existing customers. The **Other food** end market saw strong development in business with spouted pouches, while volumes from Teko also supported sales growth of 18%.

Growth in the **Coffee & Tea** end market amounted to 13% mainly as a result of additional business with customers in new geographies and cost pass-through effects. Within the **Pet food** end market (+8%), market dynamics remained healthy, but growth was adversely affected by shifts in the Group's overall product portfolio. In the **Pharmaceutical** end market, Aluflexpack's net sales increased by 3% supported by solid business development in Group's home markets, but due to the significant share of business generated in Türkiye, growth in net sales was significantly lowered by effects of IAS 29. The smallest end market of Aluflexpack in terms of relative sales share, namely **other non-food**, grew by 17% in H1 2023.

| (in %) | Coffee & Tea | Confectionery | Dairy | Pharmaceuticals | Pet food | Other food | Other non-food |
|---|---|---|---|---|---|---|---|
| Net sales growth (yoy) | 13 | 26 | 29 | 3 | 8 | 18 | 17 |
| Share in Group sales | 20 | 10 | 21 | 13 | 17 | 17 | 2 |

## Cost overview

**Cost of material, supplies and services** in % of net sales decreased marginally to 62.9% from 63.2% in H1 2022 on an adjusted level. Aluminium, which represents the largest share of material sourced by the Group, saw a decrease in price during the reporting period. According to the London Metal Exchange (LME), the price of the industrial metal stood at $ 2,360 per ton on 31 December 2022 and decreased to $ 2,097 per ton on 30 June 2023. Aluflexpack typically applies hedging strategies that align with customer requirements or passes through to the customer changes in price of the LME and RDP component of aluminium. Liquids (i.e., lacquers, inks, solvents and glues) as well as plastics compose the second and third largest share of Group's input material and during the reporting period also saw a decrease in price compared to H1 2022, when prices were on an elevated level as a result of supply chain disruptions caused by the conflict in Ukraine.

**Personnel costs** in % of net sales increased to 12.1% from 11.3% in the first half of 2022 on an adjusted level. The increase of 80 basis points is predominantly a result of salary increases across the Group, which were implemented in light of the inflationary environment in countries where the Group operates and also new hirings on key managerial positions.

**Other operating expenses** in % of net sales increased to 13.4% the first six month of 2023 from 11.1% in the same period last year on adjusted level. The bulk of this increase is attributed to significantly higher energy costs, including electricity, natural gas and LPG and a higher cost base across different other operating expenses.

| Key cost ratios on adjusted level (in €m)[9] | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|
| Cost for material, supplies and services | 119.9 | 104.1 |
| *in % of net sales* | 62.9% | 63.2% |
| Personnel costs | -23.1 | -18.6 |
| *in % of net sales* | 12.1% | 11.3% |
| Other operating expenses | -25.6 | 18.3 |
| *in % of net sales* | 13.4% | 11.1% |

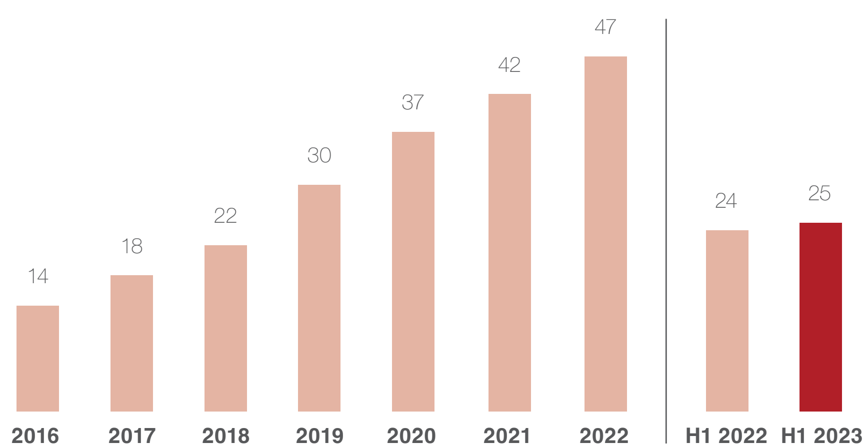
## EBITDA

EBITDA before SE in H1 2023

**€24.8m**

In the first half of 2023, the Group achieved an **EBITDA before SE** of € 24.8m, up slightly compared to previous reporting period (H1 2022: € 24.3m). This equates to an EBITDA margin before SE of 12.7% (H1 2022: 14.7%). The decrease in margin reflects mainly the dilutive impact from an increased cost base on the Groups net sales and negative phasing effects from the decrease in the price of aluminium. On a reported level, EBITDA reached € 24.8m, down from € 27.5m in H1 2022, mainly due to the decrease of the positive effect of IAS 29. This corresponds to a margin of 13.0% (H1 2022: 16.7%).

**EBITDA before SE (€m)**




9 A detailed reconciliation from reported and adjusted figures, as well as an overview of the use of alternative performance measures can be found on pages 18-21.

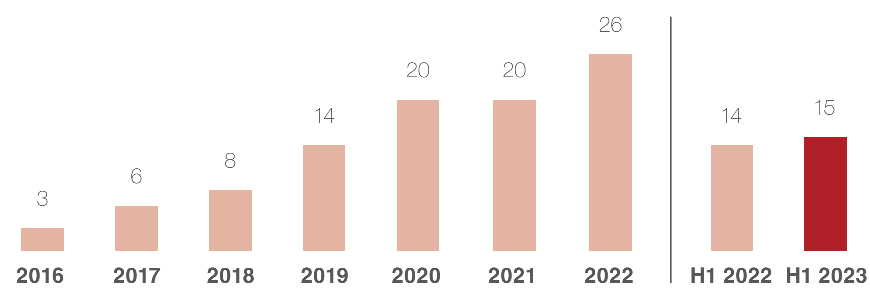
## Depreciation and Amortisation

**Depreciation and amortisation** expenses amounted to € 12.7m in H1 2023 (H1 2022: € 11.6m). The increase is attributed to activation of additional assets in relation to the major organic expansion in Drniš and the Group's acquisition of Teko.

## EBIT

**EBIT before SE** increased by 6.2% to € 14.6m in H1 2023 (H1 2022: € 13.7m). The **EBIT margin before SE** decreased by 90 basis points to 7.4% compared to the same period last year. On a reported level, EBIT reached € 12.2m, translating to a margin of 6.4% (H1 2022: € 15.9m and 9.7%, respectively).

**EBIT before SE (€m)**




## Financial result

For the six months ended 30 June 2023, Aluflexpack is reporting a **financial result** of € -9.9m compared to € -6.5m in H1 2022. This is primarily driven by net interest expenses of € -3.6m (H1 2022: € -1.2m) as a result of higher gross debt and interest rates compared to previous reporting periods as well as lower other financial result of € -6.3m (HY 2022: € -5.3m), which includes mainly a negative non-cash mark-to-market valuation effect (€ -0.3m) of financial instruments used to hedge against volatility of the price of aluminium, negative FX effects largely on intercompany loans (€ -6.7m) and negative effects from the valuation of put options for outstanding minority shareholders (€ -0.8m).

| | For the six months ended 30 June, | |
|---|---|---|
| **Breakdown of the financial result (in € m)** | **2023** | **2022** |
| Net interest expenses | -3.6 | -1.2 |
| Other financial income | 1.7 | 0.6 |
| Other financial expenses | -8.0 | -5.9 |
| **Financial result** | **-9.9** | **-6.5** |

## Items below the financial result

Aluflexpack's **result before tax** amounted to € 2.3m in H1 2023 compared to € 9.4m in H1 2022. Tax expenses totaled € -1.0m and were roughly at the same level as in the previous reporting period (H1 2022: € -1.1m). **Net profit** decreased to € 1.3m in H1 2023 from € 8.3m in the six months ended 30 June 2022, mainly as a result of the more negative financial result. The Group's net result adjusted for the impact of IAS 29 amounted to € 1.0m.

# Cash flow statement

| | For the six months ended 30 June, | |
|---|---|---|
| **(in € m)** | **2023** | **2022** |
| **Cash and cash equivalents at the beginning of the period** | **23.3** | **15.6** |
| Net cash provided / used in operating activities | 8.2 | 8.4 |
| Net cash used in investing activities | -14.8 | -59.4 |
| Net cash used in / from financing activities | 19.4 | 62.0 |
| +/- effect of exchange rate fluctuations on cash held | -1.3 | 0 |
| **Cash and cash equivalents at the end of the period** | **34.8** | **26.7** |

**Net cash flow from operating activities** in the first six month of 2023 amounted to € 8.2m (H1 2022: € 8.4m) and was negatively impacted by changes in working capital in the amount of € -14.3m which besides the overall growth in business is reflecting the additional working capital for the expansion in Drniš (Croatia), among others.

**Net cash flow from investing activities** added up to € -14.8m in H1 2023 (H1 2022: € -59.4m) and included mainly capital expenditures linked to the expansion project in Drniš and a few selective other growth investments.

**Net cash flow from financing activities** amounted to € 19.4m in the first half of 2023 (H1 2022: € 62.0m) and comprised net additions in loans from financial institutions to finance the Group's growth projects and expenditures for leases.

# Balance sheet

As of 30 June 2023, Group's total assets equaled € 459.1m (€ 448.0m[10]). Total non-current assets stood at € 269.7m (€ 272.1) and reflect an increase in PPE to € 197.3m (€ 192.0) as a result of a higher asset base due to activation of some assets from the expansion in Drniš, and a decrease in intangible assets and goodwill to € 67.0m (€ 74.8m), among others. The decrease in intangible assets and goodwill is attributed to the strong devaluation of Turkish lira. The Group's total current assets stood at €189.3m, up from €176.0m in December 2022. This is reflecting mainly an increase in inventory to €100.2m (€ 97.1m) and an increase in cash and cash equivalents to €34.8m (€ 23.3m).

Total liabilities as of 30 June 2023 amounted to € 271.9m (€255.6m). Total non-current liabilities decreased to € 107.4m (€ 124.7m). This is mainly attributed to a decrease in non-current bank loans and borrowings to € 71.7m (€ 74.8m) and a decrease in other financial liabilities to € 18.9m (€ 31.0m) as a result of put options for outstanding minority shareholders being moved to current liabilities due to the fact that they become exercisable in 2024. In contrast to non-current liabilities, total current liabilities increased to € 164.4m (€ 130.9m). The two main liability positions that resulted in this increase were higher current bank loans and borrowings, which in H1 2023 amounted to € 57.0m as compared to €28.1m as of 31 December 2022 and higher other financial liabilities of € 23.7m (€ 13.2m). Trade payables and advances received from customers in H1 2023 decreased to € 63.8m (€ 69.9m).

Despite the increase in borrowings from financial institutions to finance the Group's major expansion in Drniš, the Group continues to maintain a solid balance sheet with total equity of € 187.2m (€ 192.4m), translating to an equity ratio of 40.8% (42.9%).

**Equity Ratio H1 2023**

**40.8%**

| (in € m) | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **ASSETS** | | |
| Non-current assets | 269.7 | 272.1 |
| Current assets | 189.3 | 176.0 |
| **Total assets** | **459.1** | **448.0** |
| **EQUITY AND LIABILITIES** | | |
| Total equity | 187.2 | 192.4 |
| Non-current liabilities | 107.4 | 124.7 |
| Current liabilities | 164.4 | 130.9 |
| **Total equity and liabilities** | **459.1** | **448.0** |

10 Figures in brackets on page 16 reflect figures as of 31 December 2022.

Total **net debt** of the Group amounted to € 136.6m as of 30 June 2023 (31 December 2022: 123.8m) and translated to a net-debt-to-LTM-EBITDA ratio of 2.9x as of 30 June 2023, up from 2.5x compared to 31 December 2022.

| (in € m) | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **Gross debt** | **171.3** | **147.1** |
| Cash and cash equivalents | 34.8 | 23.3 |
| Net debt | 136.6 | 123.8 |
| **Leverage** | **2.9x** | **2.5x** |

As of 30 June 2023, Aluflexpack's trade working capital (TWC) stood at € 79.0m (31 December 2022: 70.5m). Higher inventory levels of € 100.2m as compared to € 97.1m on 31 December 2022 were a consequence of an increase in business and higher raw material levels driven by the ramp up in Drniš. At the same time, a significant reduction of trade payables to € 63.8m as of 30 June 2023 from € 69.9m as of 31 December 2022 contributed to the increase in TWC, which rose to 20.6% as a percentage of net sales (2022: 19.7%).

The return on capital employed (ROCE), which is the metric the Group uses to evaluate its organic and non-organic growth projects, decreased during the reporting period to 8.9% from 9.4% in LTM June 2022, with the reason for this decrease being mainly higher capital employed as a result of the peak in organic Capex in 2021-2022.

**ROCE LTM June 2023**

**8.9%**

# Supplemental financial information

**Net sales excluding IAS 29** refers to net sales excluding the impact of hyperinflationary accounting in Türkiye.

**EBIT before special effects** refers to operating profit before interest and taxes adjusted for special effects and acquisition related amortisations as outlined on page 20.

**EBITDA before special effects** refers to operating profit before interest, taxes, depreciation and amortisation adjusted for special effects as outlined on page 19.

**Adjusted material costs** refer to total costs of materials, supplies and services less change in finished and unfinished goods, temporary personnel and income from the disposal of recycled products, insurance income and other effects.

**Adjusted other operating expenses** is defined as total other operating costs less extraordinary items.

**Adjusted personnel costs** refer to total personnel expenses less extraordinary items and costs for temporary personnel.

**Capex** (capital expenditures) refers to payments made for the purchase of property, plant and equipment and intangible assets.

**EBIT** refers to operating profit before interest and taxes.

**EBITDA** is defined as operating profit before interest, taxes, depreciation and amortisation.

**Equity ratio** refers to total equity in % of total equity and liabilities.

**Net debt** is defined as the sum of short term and long-term interest-bearing financial liabilities less cash and cash equivalents.

**Leverage** is defined as net debt divided by the EBITDA before special effects for the last twelve months.

**Operating cash flow** is defined as net cash from operating activities.

**Organic growth** was used as an alternative performance measure in the context of relative growth in net sales in the financial year 2023. In this context, organic growth was calculated by comparing the half year 2022 sales with half year 2023 sales excluding the contribution made by Aluflexpack's acquisition of the Turkish flexible packaging specialist Teko, which was consolidated as of 1 May 2022.

**ROCE** stands for return on capital employed and refers to EBIT before SE 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** comprises trade receivables and inventories less trade payables and advances received from customers reflecting end-of-period values.

**Trade Working Capital Ratio** is calculated by dividing the end of period working capital by sales of the last 12 months.

## Reconciliation from IFRS reported figures to adjusted figures

| | For the six months ended 30 June, | |
|---|---|---|
| **EBITDA before SE (in € m)** | **2023** | **2022** |
| **EBITDA - IFRS reported** | **24.8** | **27.5** |
| Costs for stock option programme[11] | -0.2 | -0.3 |
| Transaction costs[12] | 0.7 | 0.4 |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye[13] | -0.6 | -3.4 |
| **EBITDA before SE** | **24.8** | **24.3** |

| | For the six months ended 30 June, | |
|---|---|---|
| **EBITDA margin before SE (in € m)** | **2023** | **2022** |
| **Net sales – IFRS reported** | **190.8** | **164.8** |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye[13] | 4.7 | |
| Net sales excluding IAS 29 | 195.5 | |
| EBITDA - IFRS reported | 24.8 | 27.5 |
| **EBITDA before SE** | **24.8** | **24.3** |
| **EBITDA margin in % - IFRS reported** | **13.0%** | **16.7%** |
| **EBITDA margin in % - before SE** | **12.7%** | **14.7%** |

11 Amount includes effects from the employee phantom stock option programme, and in addition, effects from the long-term incentive component of the Management Board's compensation which was introduced in 2021, and which is stock based.

12 Transaction costs include general consultancy costs and other costs in relation to M&A activities.

13 As of 30 June 2022, Aluflexpack is required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" for its operations in Turkey. The application of IAS 29 includes the adoption of IAS 21 "Effects of Change in Foreign Exchange Rates".

| EBIT before SE (in € m) | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|
| **Operating profit (EBIT) – IFRS reported** | **12.2** | **15.9** |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye | -0.0 | -3.3 |
| Costs for stock option programme | -0.2 | -0.3 |
| Transaction costs | 0.7 | 0.4 |
| Acquisition related amortisations | 1.9 | 0.9 |
| **Operating profit (EBIT) - before SE** | **14.6** | **13.7** |

| EBIT margin before SE (in € m) | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|
| **Net sales – IFRS reported** | **190.8** | **164.8** |
| Effects of adoption of IAS 29 *(Financial Reporting in Hyperinflationary Economies)* in Türkiye | 4.7 | |
| Net sales excluding IAS 29 | 195.5 | |
| EBIT - IFRS reported | 12.2 | 15.9 |
| **EBIT before SE** | **14.6** | **13.7** |
| **EBIT margin in % - IFRS reported** | **6.4%** | **9.7%** |
| **EBIT margin in % - before SE** | **7.4%** | **8.3%** |

| | For the six months ended 30 June, | |
|---|---|---|
| Adjusted cost of materials, supplies and services (in € m) | 2023 | 2022 |
| **Cost of materials, supplies and services – IFRS reported** | **-134.9** | **-114.2** |
| Change in finished and unfinished goods | 9.6 | 4.4 |
| Temporary personnel included in total cost of materials, supplies and services | 0.4 | 0.3 |
| Income from disposal of recycled products | 5.0 | 5.5 |
| **Adjusted cost of materials, supplies and services** | **-119.9** | **-104.1** |
| **Cost of materials, supplies and services margin in % - IFRS reported** | **70.7%** | **69.3%** |
| **Cost of materials, supplies and services margin in % - adjusted** | **62.9%** | **63.2%** |

| | For the six months ended 30 June, | |
|---|---|---|
| Adjusted personnel expenses (in € m) | 2023 | 2022 |
| **Personnel expenses – IFRS reported** | **-22.5** | **-18.1** |
| Temporary personnel costs | -0.4 | -0.3 |
| Costs for stock option programme | -0.2 | -0.3 |
| **Adjusted personnel expenses** | **-23.1** | **-18.6** |
| **Personnel expenses margin in % - IFRS reported** | **11.5%** | **11.0%** |
| **Personnel expenses margin in % - adjusted** | **12.1%** | **11.3%** |

| | For the six months ended 30 June, | |
|---|---|---|
| Adjusted other operating expenses (in €m) | 2023 | 2022 |
| **Other operating expenses – IFRS reported** | **-26.4** | **-18.7** |
| Transaction costs | 0.7 | 0.4 |
| **Adjusted other operating expenses** | **-25.6** | **-18.3** |
| **Other operating expenses margin in % - IFRS reported** | **13.8%** | **11.4%** |
| **Other operating expenses margin in % - adjusted** | **13.4%** | **11.1%** |

# Aluflexpack AG
# Condensed consolidated interim financial statements (unaudited)

30 June 2023

# Consolidated statement of financial position (unaudited)

| (€k) | Notes | 30/06/2023 | 31/12/2022 |
|---|---|---|---|
| **ASSETS** | | | |
| Intangible assets and goodwill | | 66,977 | 74,835 |
| Property, plant and equipment | | 197,303 | 191,992 |
| Other financial assets | | 152 | 151 |
| Other receivables and assets | 9 | 997 | 1,169 |
| Deferred tax assets | | 4,300 | 3,930 |
| **Non-current assets** | | **269,729** | **272,077** |
| Inventories | | 100,168 | 97,065 |
| Trade receivables | 10 | 42,223 | 42,993 |
| Income tax receivables | | 110 | 97 |
| Other receivables and assets | 9 | 12,076 | 12,507 |
| Cash and cash equivalents | | 34,772 | 23,300 |
| **Current assets** | | **189,349** | **175,962** |
| **TOTAL ASSETS** | | **459,078** | **448,039** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Capital stock | | 15,553 | 15,553 |
| Capital reserves | | 136,015 | 135,995 |
| Retained earnings | | 34,040 | 39,226 |
| **Equity attributable to owners of the Company** | | **185,608** | **190,774** |
| Non controlling interests | | 1,610 | 1,620 |
| **TOTAL EQUITY** | **12** | **187,218** | **192,394** |
| Bank loans and borrowings | | 71,747 | 74,817 |
| Other financial liabilities | 11 | 18,947 | 30,989 |
| Deferred tax liabilities | | 9,083 | 10,937 |
| Employee benefits | | 1,124 | 1,221 |
| Other liabilities | | 6,522 | 6,733 |
| **Non-current liabilities** | | **107,423** | **124,697** |
| Bank loans and borrowings | | 56,975 | 28,086 |
| Other financial liabilities | 2/11 | 23,667 | 13,208 |
| Current tax liabilities | | 1,416 | 2,161 |
| Provisions | | 0 | 78 |
| Employee benefits | | 2,662 | 2,529 |
| Trade payables and advances received from customers | | 63,785 | 69,944 |
| Accruals | | 6,341 | 4,708 |
| Other liabilities | | 9,591 | 10,234 |
| **Current liabilities** | | **164,437** | **130,948** |
| **TOTAL LIABILITIES** | | **271,860** | **255,645** |
| **TOTAL EQUITY AND LIABILITIES** | | **459,078** | **448,039** |

The notes on pages 28 to 35 are an integral part of these condensed consolidated interim financial statements.

# Consolidated statement of profit or loss and other comprehensive income (OCI) (unaudited)

| (€k) | Notes | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|---|
| **Gross Sales** | | **193,659** | **167,276** |
| Sales deductions | | -2,854 | -2,499 |
| **Net Sales** | **6** | **190,805** | **164,777** |
| Change in finished and unfinished goods | | 9,554 | 4,416 |
| Other operating income | 13 | 8,223 | 9,325 |
| Cost of materials, supplies and services | | -134,863 | -114,239 |
| Personnel expenses | | -22,502 | -18,069 |
| Other operating expenses | | -26,376 | -18,709 |
| **EBITDA** | | **24,841** | **27,501** |
| Depreciation and amortisation | | -12,667 | -11,572 |
| **Operating Profit** | | **12,174** | **15,929** |
| Interest income | | 315 | 76 |
| Interest expenses | | -3,951 | -1,303 |
| Other financial income | 14 | 1,735 | 641 |
| Other financial expenses | 14 | -7,992 | -5,910 |
| **Financial result** | | **-9,893** | **-6,496** |
| **Profit before tax** | | **2,282** | **9,434** |
| Tax expense/benefit | | -963 | -1,125 |
| **Result for the period** | | **1,319** | **8,309** |
| Thereof attributable to: | | | |
| Owners of the company | | 1,329 | 8,129 |
| Non controlling interests | | -10 | 180 |
| | | | |
| **Earnings per share in EUR** | **12.2** | | |
| Basic earnings per share | | 0.1 | 0.5 |
| Diluted earnings per share | | 0.1 | 0.5 |

EBITDA also excludes interest income and expenses as well as financial income and expenses that are not interest related.

The notes on pages 28 to 35 are an integral part of these condensed consolidated interim financial statements.

| (€k) | Notes | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|---|
| **Result for the period** | | **1,319** | **8,309** |
| | | | |
| **Items that are not reclassified to profit or loss** | | | |
| Remeasurements of the defined benefit liability (asset) | | -28 | 353 |
| Related taxes | | 4 | -44 |
| | | **-24** | **309** |
| | | | |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign exchange differences | | -12,485 | -4,647 |
| | | **-12,485** | **-4,647** |
| **Other comprehensive income for the period** | | **-12,509** | **-4,338** |
| **Total comprehensive income for the period** | | **-11,190** | **3,971** |
| Thereof attributable to: | | | |
| Owners of the Company | | -11,180 | 3,791 |
| Non controlling interests | | -10 | 180 |

# Consolidated statement of changes in equity 2023 (unaudited)

| (€k) | Notes | Attributable to owners of the Company<br>Capital stock | Capital Reserves | Foreign Exchange Differences | Retained earnings | Total Retained earnings | Total | Non controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2023** | | **15,553** | **135,995** | **-21,590** | **60,816** | **39,226** | **190,774** | **1,620** | **192,394** |
| **Total comprehensive income for the period** | | | | | | | | | |
| Result for the period | | - | - | - | 1,329 | - | 1,329 | -10 | 1,319 |
| Other comprehensive income for the period, net of tax | | - | - | -12,485 | -24 | - | -12,509 | - | -12,509 |
| **Total** | | **-** | **-** | **-12,485** | **1,305** | **-** | **-11,180** | **-10** | **-11,190** |
| Application of hyperinflation accounting (IAS 29), net of tax | | - | - | - | 6,563 | - | 6,563 | - | 6,563 |
| **Transactions with owners of the company** | | | | | | | | | |
| Effect of share based payment | | - | 20 | - | - | - | 20 | - | 20 |
| Dividends | 12.4 | - | - | - | -569 | - | -569 | - | -569 |
| **Total** | | **-** | **20** | **-** | **-569** | **-** | **-549** | **-** | **-549** |
| **Balance as of June 30, 2023** | | **15,553** | **136,015** | **-34,075** | **68,115** | **34,040** | **185,608** | **1,610** | **187,218** |

# Consolidated statement of changes in equity 2022 (unaudited)

| (€k) | Notes | Attributable to owners of the Company<br>Capital stock | Capital Reserves | Foreign Exchange Differences | Retained earnings | Total Retained earnings | Total | Non controlling interest | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as of January 1, 2022** | | **15,553** | **135,926** | **-12,754** | **41,529** | **28,775** | **180,254** | **1,322** | **181,576** |
| **Total comprehensive income for the period** | | | | | | | | | |
| Result for the period | | - | - | - | 8,129 | - | 8,129 | 180 | 8,309 |
| Other comprehensive income for the period, net of tax | | - | - | -4,647 | 309 | - | -4,338 | - | -4,338 |
| **Total** | | **-** | **-** | **-4,647** | **8,438** | **-** | **3,791** | **180** | **3,971** |
| Application of hyperinflation accounting (IAS 29), net of tax | | - | - | - | 3,624 | - | 3,624 | - | 3,624 |
| **Transactions with owners of the company** | | | | | | | | | |
| Effect of share based payment | | - | 49 | - | - | - | 49 | - | 49 |
| Dividends | | - | - | - | - | - | - | - | - |
| **Total** | | **-** | **49** | **-** | **-** | **-** | **49** | **-** | **49** |
| **Balance as of June 30, 2022** | | **15,553** | **135,975** | **-17,401** | **53,591** | **36,190** | **187,718** | **1,502** | **189,220** |

The notes on pages 28 to 35 are an integral part of these condensed consolidated interim financial statements.

# Consolidated statement of cash flows (unaudited)

| (€k) | Notes | For the six months ended 30 June, 2023 | 2022 |
|---|---|---|---|
| **Profit before tax** | | **2,282** | **9,434** |
| +/- Financial results excluding other financial income/expense | | 3,636 | 1,227 |
| +/- Other non-cash expenses and income | | 5,683 | -2,764 |
| + Depreciation and amortisation | | 12,667 | 11,572 |
| -/+ Gains and losses from disposals of PPE and intangible assets | | 50 | 24 |
| -/+ increase and decrease in inventories | | -6,143 | -14,543 |
| -/+ Increase and decrease in current trade receivables | | -1,304 | -8,386 |
| -/+ Increase and decrease in other assets | | 113 | 1,986 |
| +/- Increase and decrease in trade payables | | -6,848 | 4,385 |
| +/- Increase and decrease in accruals | | 1,632 | 3,197 |
| +/- Increase and decrease in other payables | | -767 | 4,975 |
| +/- Increase and decrease in provisions | | -78 | 558 |
| +/- Increase and decrease in liablities for employee benefits | | 141 | -115 |
| -/+ Income taxes paid | | -2,914 | -3,151 |
| **Net cash from operating activities** | | **8,149** | **8,400** |
| | | | |
| + Payments received for disposals of PPE and intangible assets | | 3 | 118 |
| - Payments made for purchases of PPE and intangible assets | | -15,084 | -27,454 |
| - Payments for acquisition of subsidiaries (net of cash acquired) | 7 | 0 | -31,973 |
| + Interest received | | 315 | 92 |
| +/- Other payments received/made for investing activities | | 0 | -144 |
| **Net cash used in investing activities** | | **-14,766** | **-59,361** |
| | | | |
| - Payments of lease liabilities | | -2,828 | -2,737 |
| + Issuances of financial liabilities (3rd parties) | | 28,601 | 69,946 |
| - Repayments of financial liabilities (3rd parties) | 11 | -2,771 | -4,338 |
| - Dividends paid | 12.4 | -569 | 0 |
| - Interest paid | | -3,012 | -856 |
| **Net cash from financing activities** | | **19,422** | **62,015** |
| | | | |
| **Net change in cash and cash equivalents** | | **12,804** | **11,054** |
| **+/- Effect of exchange rate fluctuations on cash held** | | **-1,332** | **7** |
| **+ Cash and cash equivalents at the beginning of the period** | | **23,300** | **15,614** |
| **Cash and cash equivalents at the end of the period** | | **34,772** | **26,674** |

The notes on pages 28 to 35 are an integral part of these condensed consolidated interim financial statements.

# 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 as at and for the six months ended 30 June 2023 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

*Significant changes in the first half year 2023*

In accordance with the shareholder agreement of 9 September 2020 between Aluflexpack AG and one existing shareholder of Top System, the put option notice was submitted to Aluflexpack AG in April 2023. The put option was set with the agreed purchase price as a financial liability, see also note 11. The payment of the remaining purchase price was made in July 2023.

*Significant changes in the first half year 2022*

On 12 May 2022, the Group acquired 80% interest in Teko Alüminyum Sanayi Anonim Şirketi ("Teko", see note 7).

## 3 Basis of accounting

These interim financial statements for the six months ended 30 June 2023 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 2022 ('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 2022). 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 18 August 2023.

## 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 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 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 2022.

The Group has adopted the amendments to IAS 12 'Income taxes' relating to 'International Tax Reform – Pillar Two Model Rules' issued by the International Accounting Standards Board (IASB) in May 2023. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

**Hyperinflation**

Due to the rapid devaluation of the Turkish lira, Türkiye is considered as hyperinflationary and as a result the application of IAS 29 “Financial Reporting in Hyperinflationary Economies” was adopted for the first time in the second quarter of 2022. The activities in Türkiye are therefore not accounted for on the basis of historical acquisition or production costs but adjusted for the effects of inflation. Gains and losses from the inflation adjustment are recognized in other operating result.

For translation into the presentation currency (€), all amounts were translated at the closing rate at June 30, 2023 (respectively December 31, 2022 and June 30, 2022). The net assets in the subsidiary’s local financial statements were adjusted for changes in the price level.

In the first half of 2023 and for 2022, the regulations of IAS 29 “Financial Reporting in Hyperinflationary Economies” were relevant for the Turkish subsidiaries Arimpeks and Teko.

The general price index used for the calculation of IAS 29 is the consumer price index based on monthly inflation rates announced by the Turkish Statistical Institute. On 31 December 2022, the price index amounted to 1.128,45 while the price index on 30 June 2023 stood at 1.351,59.

The net position of monetary items results in a gain in the amount of € 1,517k in the first half of 2023 (2022 full year: € 2,080k). In addition to adjustments in the consolidated income statement, accounting pursuant to IAS 29 “Financial reporting in hyperinflationary economies” also results in impacts on the consolidated statement of financial position for the subsidiaries using the Turkish lira as their functional currency. Moreover, the indexation leads to an increase in the consolidated equity by € 6,6m.

## 6 Segment reporting

**6.1 Basis for segmentation**

The Group operates in one industry segment which encompasses the production of flexible packaging and conversion of aluminium foil, paper and flexible films. 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 factories:

- Production plant Zadar (Croatia)
- Production plant Umag (Croatia)
- Production plant Drnis (Croatia)
- Production plant Omis (Croatia)
- Production plant Einsiedeln (Switzerland)
- Production plant La Ferte-Bernard (France)
- Production plant Istanbul (Türkiye)
- Production plant Tarnowo Podgorne (Poland)
- Production plant Tekirdag (Türkiye)

The segment information is presented as provided to the Board of Directors in their role as Chief Operating Decision Maker (CODM) and to the Group Management in their role as operational management.

The Chief Operating Decision Maker (CODM) receives a monthly reporting, which includes figures on a Group wide level. For the single products, no segment manager is installed and neither an 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

| | For the six months ended 30 June, | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| (€k) | Net Sales | Non-current assets | Net Sales | Non-current assets |
| Switzerland | 7,866 | 3 | 6,663 | 9 |
| Croatia | 9,784 | 164,546 | 9,771 | 139,361 |
| Germany | 23,608 | | 21,022 | |
| Italy | 6,854 | | 9,197 | |
| Poland | 16,027 | 16,546 | 15,013 | 16,029 |
| Liechtenstein | 15,702 | 10,169 | 10,919 | 9,527 |
| United Kingdom | 2,211 | | 2,570 | |
| Czech Republic | 2,042 | | 1,529 | |
| Hungary | 1,871 | | 1,414 | |
| Serbia | 5,334 | | 4,717 | |
| France | 54,220 | 21,444 | 48,541 | 20,827 |
| Austria | 1,269 | 441 | 862 | 388 |
| Netherlands | 8,688 | | 6,488 | |
| Belgium | 1,292 | | 892 | |
| Türkiye | 18,684 | 51,131 | 14,844 | 51,877 |
| Russia | 833 | | 450 | |
| Other Europe | 4,511 | | 3,970 | |
| America | 3,624 | | 2,453 | |
| China | 2,418 | | 1,322 | |
| Other Asia | 2,817 | | 1,773 | |
| Africa, Australia and New Zealand | 1,150 | | 367 | |
| **Total Group** | **190,805** | **264,280** | **164,777** | **238,018** |

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

| | For the six months ended 30 June, | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| (€k) | Net sales w/o IC | Trade receivables | Net sales w/o IC | Trade receivables |
| thereof product sales | 189,940 | 42,147 | 162,031 | 39,405 |
| thereof service sales | 865 | 76 | 2,746 | 77 |
| **Total Group** | **190,805** | **42,223** | **164,777** | **39,482** |

For the 6 months ended 30 June 2023, transactions with one external customer accounted for more than 15% of the Group Sales (2022: one external customer, more than 15%).

## 7 Significant changes to the scope of consolidation

*Significant changes in the first half year 2023*

There were no changes in the scope of consolidation.

*Significant changes in the first half year 2022*

On 12 May 2022, the Group acquired 80% interest in Teko Alüminyum Sanayi Anonim Sirketi ("Teko"), 79% of these were acquired by Arimpeks and 1% by Aluflexpack AG.

Teko is the domestic market leader in the flexible packaging dairy and beverage industry in Türkiye as well as adjacent countries.

For the remaining 20% interest a put and call option was granted. For further information, see Note 11.

For the period ended 30 June 2022, Teko contributed revenue of € 4,055k and operating profit of € 616k to the Group's result (both figures adjusted for the effects of IAS 29 "Financial Reporting in Hyperinflationary Economies").

**Consideration transferred**

The following table summarises the acquisition-date fair value of each major class of consideration transferred (in €k).

| | |
|---|---|
| Cash | 33,352 |
| Deferred consideration | 11,103 |
| **Total consideration transferred** | **44,456** |

**Goodwill**

Goodwill arising from the acquisition has been recognised as follows (in €k).

| | |
|---|---|
| Total consideration transferred (for 100%) | 44,456 |
| Less fair value of identifiable net assets | 28,385 |
| **Goodwill** | **16,071** |

The goodwill is attributable mainly to the skills and technical talent of Teko work force, and the synergies expected to be achieved from integrating the company into the Groups existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

## 8 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 Montana Tech Components AG.

**Overview**

The significant transactions with related parties in the first half of 2023 and 2022 are lease contracts resulting in lease expenses and the sale and leaseback transaction between Aluflexpack Novi d.o.o. and WertInvest Nekretnine d.o.o.

| | For the six months ended June 30, 2023 | | Outstanding amount 30/06/2023 | |
|---|---|---|---|---|
| **Transaction type (in €k)** | **Revenue** | **Expense** | **Receivables** | **Payables** |
| Transactions with companies related to the main shareholder | 0 | 1,403 | 0 | 0 |
| **Operating activity** | **0** | **1,403** | **0** | **0** |

| | For the six months ended June 30, 2022 | | Outstanding amount 30/06/2022 | |
|---|---|---|---|---|
| **Transaction type (in €k)** | **Revenue** | **Expense** | **Receivables** | **Payables** |
| Transactions with companies related to the main shareholder | 0 | 1,102 | 0 | 0 |
| **Operating activity** | **0** | **1,102** | **0** | **0** |

## 9 Other receivables and assets

Other non-current and current receivables and assets are composed as follows:

| (€k) | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Other receivables and assets | 997 | 1,169 |
| **Total** | **997** | **1,169** |

| (€k) | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Other receivables and assets | 2,596 | 2,589 |
| Prepaid expenses / deferred charges | 5,300 | 3,464 |
| Other tax receivables | 4,180 | 6,454 |
| **Total** | **12,076** | **12,507** |

## 10 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.

| | Carrying amount | | | | | |
|---|---|---|---|---|---|---|
| (€k) | 30/06/2023 | Fair value - hedging instruments | Mandatorily at FVTPL - others | Financial assets at amortised cost | Other financial liabilities | Total |
| Trade receivables | 42,223 | | | 42,223 | | 42,223 |
| Cash and cash equivalents | 34,772 | | | 34,772 | | 34,772 |
| Other financial assets | 152 | | | 152 | | 152 |
| Other receivables and assets | 3,593 | | | 3,593 | | 3,593 |
| **Financial assets not measured at fair value** | **80,740** | **0** | **0** | **80,740** | **0** | **80,740** |
| | | | | | | |
| Derivative financial instruments | -3,813 | -3,813 | | | | -3,813 |
| **Financial liabilities measured at fair value** | **-3,813** | **-3,813** | **0** | **0** | **0** | **-3,813** |
| | | | | | | |
| Other financial liabilities | -22,311 | | | | -22,311 | -22,311 |
| **Financial liabilities measured at fair value** | **-22,311** | **0** | **0** | **0** | **-22,311** | **-22,311** |
| | | | | | | |
| Bank loans and borrowings | -128,722 | | | | -128,722 | -128,722 |
| Lease liabilities (IFRS 16) | -20,303 | | | | -20,303 | -20,303 |
| Trade payables | -63,208 | | | | -63,208 | -63,208 |
| Accruals | -6,341 | | | | -6,341 | -6,341 |
| Other liabilities | -6,116 | | | | -6,116 | -6,116 |
| **Financial liabilities not measured at fair value** | **-224,690** | **0** | **0** | **0** | **-224,690** | **-224,690** |

**Carrying amount**

| (€k) | 31/12/2022 | Fair value - hedging instruments | Mandatorily at FVTPL - others | Financial assets at amortised cost | Other financial liabilities | Total |
|---|---|---|---|---|---|---|
| Trade receivables | 42,993 | | | 42,993 | | 42,993 |
| Cash and cash equivalents | 23,300 | | | 23,300 | | 23,300 |
| Other financial assets | 151 | | | 151 | | 151 |
| Other receivables and assets | 3,758 | | | 3,758 | | 3,758 |
| **Financial assets not measured at fair value** | **70,202** | **0** | **0** | **70,202** | **0** | **70,202** |
| | | | | | | |
| Derivative financial instruments | -3,467 | -3,467 | | | | -3,467 |
| **Financial liabilities measured at fair value** | **-3,467** | **-3,467** | **0** | **0** | **0** | **-3,467** |
| | | | | | | |
| Other financial liabilities | -21,213 | | | | -21,213 | -21,213 |
| **Financial liabilities measured at fair value** | **-21,213** | **0** | **0** | **0** | **-21,213** | **-21,213** |
| | | | | | | |
| Bank loans and borrowings | -102,903 | | | | -102,903 | -102,903 |
| Lease liabilities (IFRS 16) | -22,985 | | | | -22,985 | -22,985 |
| Trade payables | -69,320 | | | | -69,320 | -69,320 |
| Accruals | -4,708 | | | | -4,708 | -4,708 |
| Other liabilities | -7,448 | | | | -7,448 | -7,448 |
| **Financial liabilities not measured at fair value** | **-207,364** | **0** | **0** | **0** | **-207,364** | **-207,364** |

## 11 Other financial liabilities

Other financial liabilities are composed as follows:

| (€k) | 30/06/2023 | 31/12/2022 |
|---|---|---|
| Lease liabilities (according to IFRS 16) | 20,303 | 22,984 |
| Other financial liabilities | 22,311 | 21,213 |
| | | |
| **Other financial liabilities** | **42,614** | **44,197** |
| Thereof current | 23,667 | 13,208 |
| Thereof non-current | 18,947 | 30,989 |

In accordance with the shareholder agreement of 12 May 2022 between Aluflexpack AG/Arimpeks and the existing shareholders of Teko, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Teko to Aluflexpack AG/Arimpeks. In addition, a call option is granted to Aluflexpack AG/Arimpeks to buy the remaining 20% interest in Teko. The option price for the share options (20% of the entire share capital) is calculated as the higher of 1) 20% of purchase price 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. As of June 30, 2023, the liability is recognised at the present value of the exercise price of the option which amounts to € 11,738k (2022: € 11,436k).

In accordance with the shareholder agreement of 9 September 2020 between Aluflexpack AG and one existing shareholder of Top System, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Top System to Aluflexpack AG. In addition, a call option is granted to Aluflexpack AG to buy the remaining 20% interest in Top System. The option price for the share options (20% of the entire share capital) is based on a calculated enterprise value for 100% of the shares. The written put option is recognized 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 recognized at the agreed exercise price of the option which amounts to € 7,840k (2022: € 6,967k, present value of the exercise price).

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 amount to € 2,716k (2022: € 2,798k).

## 12 Equity

### 12.1 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 (€ 86k).

As of 30 June 2023, 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 | June 30, 2023 | June 30, 2022 |
|---|---|---|
| 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 2023.

### 12.2 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 2023.

| | June 30, 2023 | June 30, 2022 |
|---|---|---|
| Total number of shares | 17,300,000 | 17,300,000 |
| Weighted average of ordinary shares in circulation | 17,300,000 | 17,300,000 |
| | | |
| Result of the period attributable to the Owners of the company in €k | 1,329 | 8,129 |
| | | |
| Basic earnings per share in EUR | 0.1 | 0.5 |
| Diluted earnings per share in EUR | 0.1 | 0.5 |

### 12.3 Nature and purpose of reserves

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

### 12.4 Dividends

In the Top System shareholder meeting held in June 2023, a dividend was decided, which was paid out to the minority shareholder in June 2023.

## 13 Other operating income

The other operating income also includes the net monetary position due to the application of IAS 29 (see also note 5).

## 14 Other financial income/Other financial expenses

In the first half of 2023, other financial income valued at € 1,573k relates to foreign currency exchange gains (first half of 2022: € 637k).

In the first half of 2023, other financial expenses valued at € 345k relate to the valuation of derivative positions (first half of 2022: € 5,574k), € 6,732k relates to foreign currency exchange losses and 775k relates to the remeasurement of the put options (excluding effects of currency translation).

## 15 Subsequent events

In July 2023, the Group acquired the residual 20% interest in Eliopack S.A.S. The payment of the purchase price was also made in July 2023.

No other events took place between 30 June 2023 and 18 August 2023 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.

# List of abbreviations used

| Numerical abbreviations | |
|---|---|
| k | Thousands of a unit |
| m | Millions of a unit |

| Currency abbreviations | |
|---|---|
| € | Euro |
| CHF | Swiss Franc |
| $ | US dollar |

| Other abbreviations | |
|---|---|
| AG | Aktiengesellschaft (Joint Stock Company) |
| adj. | Adjusted for non-recurring effects |
| Capex | Capital expenditures |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CODM | Chief Operating Decision Maker |
| COVID-19 | Coronavirus Disease 2019 |
| d.o.o. | društvo s ograničenom odgovornošću (Limited Liability Company) |
| EBIT | Earnings before interest and taxes |
| EBITDA | Earnings before interest, taxes, depreciation and amortisation |
| FX | Foreign exchange |
| FY | Full year |
| HY | Half year |
| IAS | International Accounting Standards |
| IASB | International Accounting Standards Board |
| IFRS | International Financial Reporting Standards |
| LME | London Metal Exchange |
| LNG | Liquified natural gas |
| M&A | Mergers & Acquisitions |
| OCI | Other comprehensive income |
| Q | Quarter |
| PPE | Property, plant and equipment |
| R&D | Research and Development |
| ROCE | Return on Capital Employed |
| S.A.S | Société par actions simplifiée (Joint Stock Company) |
| SBTi | Scientific Based Targets initiative |
| SE | Special effects |
| UV-flexo | Ultraviolet-flexographic printing |
| TWC | Trade working capital |
| yoy | Year-on-year |

## Disclaimer



## Published and edited by

Aluflexpack AG, Reinach, Switzerland
21 August 2023

## Design

Studio Sonda



## Contact:

Akim Bogdani
M&A and Investor Relations Manager
Tel: +43 664 8581 138
ir@aluflexpack.com

All figures contained in this report are unaudited.
This half-year report can be downloaded at
**https://www.aluflexpack.com/investors/**

ALU
FLEX
PACK

www.aluflexpack.com