



# Huhtamäki Oyj Half-yearly Report 2023

January 1 – June 30, 2023

**Huhtamäki**

## Stable performance in a challenging market

### Q2 2023 in brief

- Net sales decreased 8% to EUR 1,052 million (EUR 1,147 million)
- Adjusted EBIT was EUR 93 million (EUR 103 million); reported EBIT was EUR 55 million (EUR 97 million)
- Adjusted EPS was EUR 0.55 (EUR 0.63); reported EPS was EUR 0.24 (EUR 0.58)
- Comparable net sales growth at Group level was -2% and -2% in emerging markets
- The impact of currency movements on the Group's net sales was EUR -38 million and EUR -3 million on EBIT

### H1 2023 in brief

- Net sales decreased 4% to EUR 2,099 million (EUR 2,197 million)
- Adjusted EBIT was EUR 185 million (EUR 200 million); reported EBIT was EUR 142 million (EUR 190 million)
- Adjusted EPS was EUR 1.06 (EUR 1.26); reported EPS was EUR 0.72 (EUR 1.21)
- Comparable net sales growth at Group level was 0% and -1% in emerging markets
- The impact of currency movements on the Group's net sales was EUR -39 million and EUR -2 million on EBIT
- Capital expenditure was EUR 134 million (EUR 128 million)
- Free cash flow was EUR 71 million (EUR -66 million)

### Key figures

EUR million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	2022
Net sales	1,051.7	1,147.3	-8%	2,098.8	2,197.0	-4%	4,479.0
Comparable net sales growth	-2%	17%		0%	18%		15%
Adjusted EBITDA <sup>1</sup>	141.2	153.8	-8%	281.7	300.4	-6%	596.9
Margin <sup>1</sup>	13.4%	13.4%		13.4%	13.7%		13.3%
EBITDA	132.1	149.2	-12%	270.1	293.8	-8%	614.9
Adjusted EBIT <sup>2</sup>	92.7	102.7	-10%	184.8	200.3	-8%	395.1
Margin <sup>2</sup>	8.8%	9.0%		8.8%	9.1%		8.8%
EBIT	54.7	96.5	-43%	142.1	190.1	-25%	405.3
Adjusted EPS, EUR <sup>3</sup>	0.55	0.63	-12%	1.06	1.26	-15%	2.49
EPS, EUR	0.24	0.58	-58%	0.72	1.21	-41%	2.65
Adjusted ROI <sup>2</sup>				10.4%	11.1%		11.0%
Adjusted ROE <sup>3</sup>				13.1%	15.4%		14.9%
ROI				9.8%	10.7%		11.4%
ROE				12.3%	14.5%		15.7%
Capital expenditure	69.0	51.5	34%	134.2	127.9	5%	318.5
Free Cash Flow	28.3	-20.0	>100%	70.9	-65.7	>100%	11.1
<sup>1</sup> Excluding IAC of	-9.1	-4.6		-11.5	-6.6		18.0
<sup>2</sup> Excluding IAC of	-38.0	-6.2		-42.7	-10.2		10.2
<sup>3</sup> Excluding IAC of	-32.3	-4.5		-36.2	-4.2		16.0

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2022. Figures of return on investment (ROI), return on equity (ROE) and return on net assets (RONA) as well as net debt to EBITDA presented in this report are calculated on a 12-month rolling basis.

*IAC includes, but is not limited to, material restructuring costs and acquisition related costs (gains and losses on business combinations, professional and legal fees, material purchase price accounting adjustments for inventory, material purchase price amortization of intangible assets and changes in contingent considerations) as well as material impairment losses and reversals, gains and losses relating to sale of intangible and tangible assets and fines and penalties imposed by authorities.*

*The figures in the tables are exact figures and consequently the sum of individual figures may deviate from the sum presented. Key figures have been calculated using exact figures.*

## President and CEO's review

The market environment remained muted in the second quarter of 2023, as inflation affected consumption across categories and geographies. Destocking also continued to impact volumes during the second quarter, although at a lower level than during the first quarter.

Our financial performance in the second quarter was in line with the first quarter of 2023, however it was soft compared to last year. Market conditions remained challenging, resulting in lower sales volumes. Our comparable net sales decreased by 2% in the second quarter but remained stable during the first half of the year. Adjusted EBIT decreased by 10% in the second quarter and 8% during the first half of the year, mainly due to lower sales volumes and the divested operations in Russia. Free cash flow continued to improve, reaching EUR 28 million during the second quarter and EUR 71 million during the first half of the year, driven by reduced working capital.

During the second quarter, the North America segment delivered a strong adjusted EBIT. We also had solid performance by the Foodservice Europe-Asia-Oceania and Fiber Packaging segments. However, the Flexible Packaging segment continued to face decreased demand, particularly impacted by inflation.

We are taking decisive actions to improve the financial performance in the Flexible Packaging segment. These actions include optimizing our operating model, labor productivity and consolidating our manufacturing footprint. In June, we announced the intention to close the manufacturing site in Prague, Czech Republic. In India, we have also initiated the consolidation of our smaller manufacturing sites with our existing footprint. Across the Group, we have continued to actively address productivity, with a focus on machine utilization, material waste reduction and labor efficiency. Employee numbers are 1,700 lower than in the comparison period, driven by the Russian divestment and efficiency improvements to drive competitiveness.

At the same time, we continue to drive our 2030 strategy by investing in growth and innovation. In 2023, we are bringing new capacity to commercial production, including tableware in North America, fiber lids in Europe, egg packaging in North America and South Africa, and Nespresso home compostable coffee capsules produced in The Netherlands. We recently announced the expansion of our North America Foodservice capacity in Paris, Texas, to capture the growing demand for folding carton packaging. These projects illustrate our strategy to scale up our profitable core business and innovate for sustainable packaging solutions.

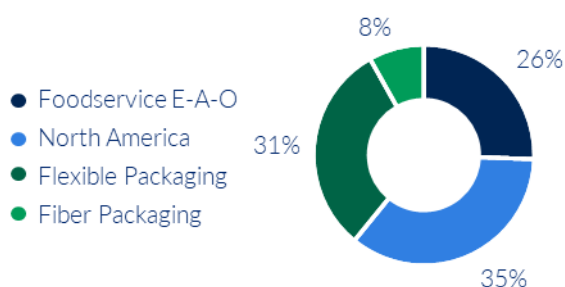
Charles Héaulmé  
President and CEO

## Financial review Q2 2023

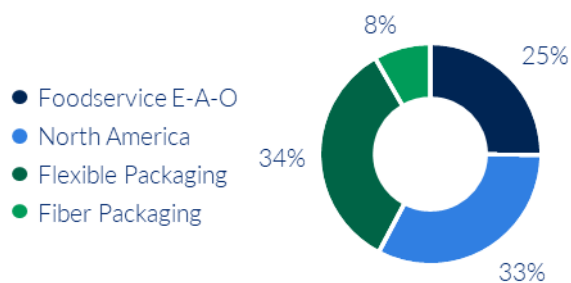
### Net sales by business segment

EUR million	Q2 2023	Q2 2022	Change
Foodservice Europe-Asia-Oceania	270.9	288.8	-6%
North America	373.2	374.8	-0%
Flexible Packaging	327.9	390.7	-16%
Fiber Packaging	86.1	95.4	-10%
Elimination of internal sales	-6.5	-2.5	
<b>Group</b>	<b>1,051.7</b>	<b>1,147.3</b>	<b>-8%</b>

### Net sales by segment, Q2 2023



### Net sales by segment, Q2 2022



### Comparable net sales growth by business segment

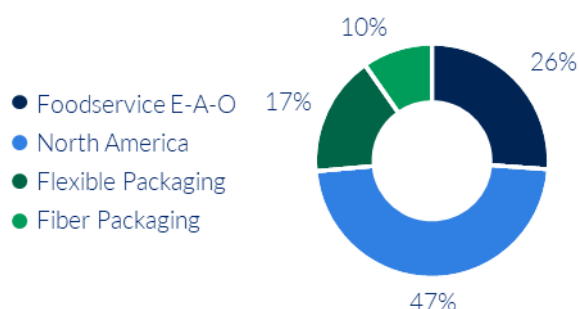
	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Foodservice Europe-Asia-Oceania	5%	11%	15%	22%	18%
North America	1%	2%	10%	10%	14%
Flexible Packaging	-11%	-5%	1%	20%	19%
Fiber Packaging	7%	17%	17%	19%	16%
<b>Group</b>	<b>-2%</b>	<b>2%</b>	<b>9%</b>	<b>17%</b>	<b>17%</b>

The Group's net sales decreased 8% to EUR 1,052 million (EUR 1,147 million) during the quarter and comparable net sales growth was -2%. Overall, demand continued to be muted by the impact of inflation. Net sales were weighed on by a decrease in sales volumes and changes in currencies, whereas pricing had a positive impact. The divestment of the operations in Russia had a negative impact. Comparable sales growth in emerging markets was -2%. Foreign currency translation impact on the Group's net sales was EUR -38 million (EUR 68 million) compared to 2022 exchange rates.

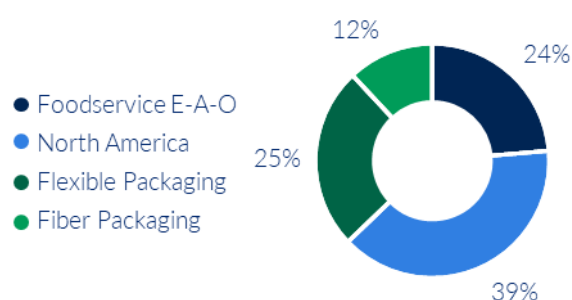
### Adjusted EBIT by business segment

EUR million	Q2 2023	Q2 2022	Change	Items affecting comparability	
				Q2 2023	Q2 2022
Foodservice Europe-Asia-Oceania	25.0	25.3	-1%	-0.5	-3.5
North America	45.4	41.9	8%	-0.0	-
Flexible Packaging	16.0	26.9	-41%	-36.5	-2.3
Fiber Packaging	9.3	12.8	-27%	-0.8	-0.3
Other activities	-3.0	-4.2		-0.1	-0.1
<b>Group</b>	<b>92.7</b>	<b>102.7</b>	<b>-10%</b>	<b>-38.0</b>	<b>-6.2</b>

## Adjusted EBIT by segment, Q2 2023



## Adjusted EBIT by segment, Q2 2022



## Adjusted EBIT margin by business segment

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Foodservice Europe-Asia-Oceania	9.2%	8.3%	9.1%	10.2%	8.7%
North America	12.2%	11.9%	12.8%	11.2%	11.2%
Flexible Packaging	4.9%	6.1%	4.2%	6.2%	6.9%
Fiber Packaging	10.8%	12.1%	12.7%	9.6%	13.4%
<b>Group</b>	<b>8.8%</b>	<b>8.8%</b>	<b>8.5%</b>	<b>8.6%</b>	<b>9.0%</b>

The Group's adjusted EBIT decreased to EUR 93 million (EUR 103 million) and reported EBIT was EUR 55 million (EUR 97 million) in the quarter. Adjusted EBIT decreased mainly due to lower sales volumes and the divestment of operations in Russia. The Group's adjusted EBIT margin decreased and was 8.8% (9.0%). Foreign currency translation impact on the Group's earnings was EUR -3 million (EUR 6 million).

Adjusted EBIT excludes EUR -38.0 million (EUR -6.2 million) of items affecting comparability (IAC). The main change in IACs relate to the planned closure of the Flexible Packaging production facility in Prague, Czech Republic.

## Adjusted EBIT and IAC

EUR million	Q2 2023	Q2 2022
<b>Adjusted EBIT</b>	<b>92.7</b>	<b>102.7</b>
Acquisition related costs	-0.2	0.0
Restructuring gains and losses, including writedowns of related assets	-3.0	-3.6
PPA amortization	-2.2	-1.5
Settlement and legal fees of disputes	-0.1	-0.1
Prague site closure-related costs	-32.5	-
Property damage incidents	-	-1.0
<b>EBIT</b>	<b>54.7</b>	<b>96.5</b>

Net financial expenses were EUR 15 million (EUR 12 million) in the quarter. The increase was due to higher interest rates. Tax expense was EUR 13 million (EUR 22 million), due to lower profit before taxes. Profit for the quarter was EUR 27 million (EUR 63 million). Adjusted earnings per share (EPS) was EUR 0.55 (EUR 0.63) and reported EPS EUR 0.24 (EUR 0.58). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -32.3 million (EUR -4.5 million) of IAC.

## Adjusted profit and IAC

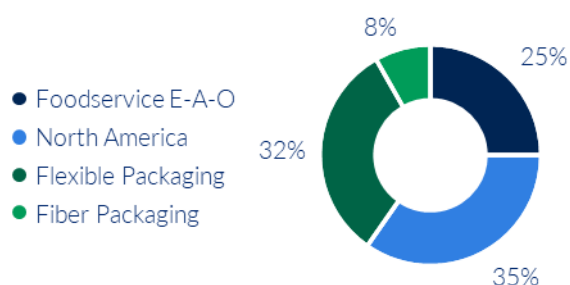
EUR million	Q2 2023	Q2 2022
<b>Adjusted profit for the period attributable to equity holders of the parent company</b>	<b>57.6</b>	<b>65.3</b>
IAC in EBIT	-38.0	-6.2
IAC in Financial items	0.0	0.3
Taxes relating to IAC	5.7	1.5
<b>Profit for the period attributable to equity holders of the parent company</b>	<b>25.3</b>	<b>60.8</b>

## Financial review H1 2023

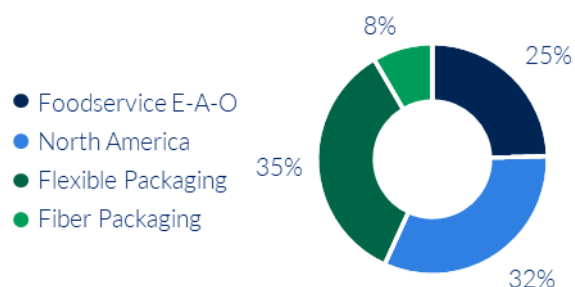
### Net sales by business segment

EUR million	H1 2023	H1 2022	Change
Foodservice Europe-Asia-Oceania	527.1	543.5	-3%
North America	731.4	712.3	3%
Flexible Packaging	677.0	768.4	-12%
Fiber Packaging	173.0	186.4	-7%
Elimination of internal sales	-9.6	-13.6	
<b>Group</b>	<b>2,098.8</b>	<b>2,197.0</b>	<b>-4%</b>

### Net sales by segment, H1 2023



### Net sales by segment, H1 2022



### Comparable net sales growth by business segment

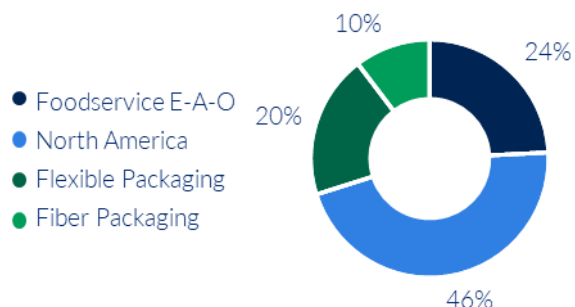
	H1 2023	H1 2022	H1 2021
Foodservice Europe-Asia-Oceania	8%	18%	17%
North America	1%	19%	4%
Flexible Packaging	-8%	19%	3%
Fiber Packaging	11%	12%	3%
<b>Group</b>	<b>0%</b>	<b>18%</b>	<b>6%</b>

The Group's net sales decreased 4% to EUR 2,099 million (EUR 2,197 million) during the reporting period, and comparable net sales growth was 0%. Overall, demand continued to be muted by the impact of inflation. Net sales were weighed on by a decrease in sales volumes and changes in currencies, whereas pricing had a positive impact. The divestment of the operations in Russia had a negative impact. Comparable sales growth in emerging markets was -1%. Foreign currency translation impact on the Group's net sales was EUR -39 million (EUR 103 million) compared to 2022 exchange rates.

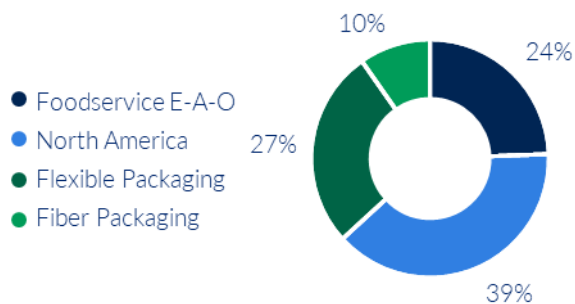
### Adjusted EBIT by business segment

EUR million	H1 2023	H1 2022	Change	Items affecting comparability	
				H1 2023	H1 2022
Foodservice Europe-Asia-Oceania	46.2	50.9	-9%	-2.0	-3.5
North America	87.9	80.8	9%	-0.0	-0.0
Flexible Packaging	37.3	56.4	-34%	-39.4	-5.1
Fiber Packaging	19.8	20.3	-3%	-1.1	-0.3
Other activities	-6.5	-8.0		-0.2	-1.2
<b>Group</b>	<b>184.8</b>	<b>200.3</b>	<b>-8%</b>	<b>-42.7</b>	<b>-10.2</b>

## Adjusted EBIT by segment, H1 2023



## Adjusted EBIT by segment, H1 2022



## Adjusted EBIT margin by business segment

	H1 2023	H1 2022	H1 2021
Foodservice Europe-Asia-Oceania	8.8%	9.4%	8.5%
North America	12.0%	11.3%	12.6%
Flexible Packaging	5.5%	7.3%	7.1%
Fiber Packaging	11.4%	10.9%	11.2%
<b>Group Total</b>	<b>8.8%</b>	<b>9.1%</b>	<b>9.3%</b>

The Group's adjusted EBIT decreased to EUR 185 million (EUR 200 million) and reported EBIT was EUR 142 million (EUR 190 million). Adjusted EBIT decreased mainly due to lower sales volumes and the divestment of operations in Russia. The Group's adjusted EBIT margin decreased and was 8.8% (9.1%). Foreign currency translation impact on the Group's earnings was EUR -2 million (EUR 9 million).

Adjusted EBIT excludes EUR -42.7 million (EUR -10.2 million) of items affecting comparability (IAC). The main change in IACs relate to the planned closure of the Flexible Packaging production facility in Prague, Czech Republic.

## Adjusted EBIT and IAC

EUR million	H1 2023	H1 2022
<b>Adjusted EBIT</b>	<b>184.8</b>	<b>200.3</b>
Acquisition related costs	-0.3	-0.5
Restructuring gains and losses, including writedowns of related assets	-5.3	-5.0
PPA amortization	-4.4	-3.4
Settlement and legal fees of disputes	-0.1	-0.2
Prague site closure-related costs	-32.5	-
Property damage incidents	-	-1.0
<b>EBIT</b>	<b>142.1</b>	<b>190.1</b>

Net financial expenses were EUR 34 million (EUR 15 million). The increase was due to higher interest rates and other financing costs. Tax expense was EUR 29 million (EUR 44 million). The effective tax rate was 26% (25%) and the increase was due to a non-deductible goodwill impairment related to the planned closure of the Flexible Packaging site in Prague. Profit for the period was EUR 79 million (EUR 131 million). Adjusted earnings per share (EPS) were EUR 1.06 (EUR 1.26) and reported EPS EUR 0.72 (EUR 1.21). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -36.2 million (EUR -4.2 million) of IAC.

## Adjusted profit and IAC

EUR million	H1 2023	H1 2022
Adjusted profit for the period attributable to equity holders of the parent company	111.0	131.0
IAC in EBIT	-42.7	-10.2
IAC in Financial items	-0.4	4.6
Taxes relating to IAC	6.9	1.4
<b>Profit for the period attributable to equity holders of the parent company</b>	<b>74.8</b>	<b>126.8</b>

## Statement of financial position and cash flow

The Group's net debt decreased and was EUR 1,453 million (EUR 1,626 million) at the end of June. The level of net debt corresponds to a gearing ratio of 0.79 (0.90). Net debt to adjusted EBITDA ratio (excluding IAC) was 2.5 (3.0). Average maturity of external committed credit facilities and loans was 2.5 years (3.5 years).

On May 22, 2023, Huhtamäki Oyj signed a EUR 125 million bilateral term loan facility agreement with a maturity of two years. The term loan will be used for refinancing and general corporate purposes of the Group. The facility has a one-year extension option at the discretion of the Lender, and the interest margin is tied to three sustainability indicators; absolute scope 1 and 2 greenhouse gas emissions amount, share of non-hazardous waste recycled and Ecovadis Rating.

Capital expenditure was EUR 134 million (EUR 128 million). The largest investments for business expansion were directed to increase capacity of fiber products in Europe and North America. The Group's free cash flow was EUR 71 million (EUR -66 million), driven by an improvement in working capital.

Cash and cash equivalents were EUR 334 million (EUR 355 million) at the end of June and the Group had EUR 354 million (EUR 314 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 4,773 million (EUR 5,195 million).

## Sustainability

As part of the updated 2030 strategy, Huhtamaki is focusing on embedding sustainability in everything it does. During the quarter, the company focused on sustainability in its supplier base by launching a supplier engagement campaign on commitment to Science Based Targets. At the same time, business segments conducted a baseline review of supplier code of conduct language and inclusion to reinforce the Huhtamaki Supplier Code of Conduct.

During the first half of the year, the safety performance was still lagging our ambition level of reaching a zero incident target. We have taken actions to systematically improve our safety, for example by launching a shop floor continuous improvement initiative as part of our world-class operations program. Overall, the company's sustainability performance during the first half of the year has been positive. For example, the share of renewable or recycled materials increased, supported by higher purchases of renewable materials and increased on-site recycling. Additionally, the share of renewable electricity increased and there were improvements on waste management metrics.

## Impacts of the war in Ukraine and the divestment of operations in Russia

On September 2, 2022, Huhtamaki announced the divestment of its operations in Russia to Espetina Ltd. Espetina is a holding company owned by Alexander Govor and Iury Kushnerov. The transaction has been completed. The cash and debt free sales price was EUR 151 million. As a result of the sale, Huhtamaki booked a gain of EUR 44.5 million during the third and fourth quarter. The transaction included four manufacturing units in Russia, employing 724 people. Net sales in Russia amounted to EUR 99.5 million in 2021, representing less than 3% of the Group's net sales. The factories in Russia mostly served the local market and only a minor part of production was exported. Following the divestment, Huhtamaki does not have any operations in Russia.



Huhtamaki has operations in Ukraine but does not operate in Belarus. In Ukraine, the company has one factory, which has mostly served the local market. It's net sales prior to the war made only a minor contribution to the Group level net sales.

## Other significant events during the reporting period

### Huhtamaki to consolidate its flexible packaging footprint in Europe with closure of the manufacturing site in Prague, Czech Republic

On June 8, 2023, Huhtamaki announced the decision to consolidate the production footprint of its Flexible Packaging segment in Europe and will be closing its Flexible Packaging production facility in Prague, Czech Republic. All production and supporting activities at the facility will be scaled down during the second half of the year, with the closure of the operations completed by March 31, 2024. Production will gradually be transferred to Huhtamaki's other manufacturing sites.

The Flexible Packaging Prague facility does not represent a material share of the sales or profits of Huhtamaki. Huhtamaki will book closure-related costs of approximately EUR 35 million in the second quarter of 2023. The costs will be booked as items affecting comparability and are mostly non-cash items. Over time, the closure is expected to be cash positive and improve our competitiveness in Europe.

### Capital Markets Day

Huhtamaki held its Capital Markets Day in Espoo, Finland on March 28, 2023. At the event, the company presented its updated 2030 strategy and long-term financial ambitions. Huhtamaki's updated 2030 strategy focuses on four areas:

scaling up its profitable core businesses, developing its blueloop™ sustainable innovation in partnership with customers, driving world-class operational performance across its global footprint and investing in strategic capabilities to drive its transformation journey.

As part of the updated strategy, Huhtamaki has also outlined its long-term (5 years) financial ambitions:

- Comparable growth: 5-6%
- Adjusted EBIT margin: 10-12%
- Adjusted return on investment (ROI): 13-15%
- Net debt / adjusted EBITDA ratio: 2-3
- Dividend payout ratio: 40-50%

### Acquisition of full ownership of Huhtamaki's foodservice distribution joint venture in Australia

On February 20, 2023, Huhtamaki announced that it has acquired full ownership of Huhtamaki Tailored Packaging Pty Ltd (HTP), the Australian foodservice packaging distribution and wholesale group.

HTP is one of the largest importers and distributors of foodservice packaging in Australia serving a wide network of customers including metropolitan and regional packaging wholesalers, food wholesalers, club and hospitality suppliers, and national quick service restaurant businesses.

Huhtamaki acquired a majority stake in the business in 2018 and held approximately 76% of the company prior to this transaction. The debt free purchase price for the additional shares was approximately EUR 19 million. The business has been reported as part of the Foodservice Europe-Asia-Oceania business segment since the beginning of operations in 2018.

## Significant events after the reporting period

### **Huhtamaki invests for further growth in North America through the expansion of its factory in Paris, Texas**

On July 18, 2023, Huhtamaki announced a significant investment in its Paris, Texas facility in North America. The investment into production assets (approximately USD 30 million) and leased warehouse and manufacturing facility, will significantly increase the segment's capacity in folding carton to support the growth of the Foodservice business. Production is expected to start ramping up in Q1 2025 and will be key to servicing the growth of existing customers and a growing list of up-and-coming customers throughout the South and Midwest.

### **Huhtamaki appoints Johan Rabe as Executive Vice President, Digital and Process Performance**

On July 20, 2023, Huhtamaki announced that Johan Rabe has been appointed as Executive Vice President, Digital and Process Performance and a member of the Global Executive Team at Huhtamaki as of August 1, 2023. He will report to President and CEO Charles Héaulmé and will be based in Espoo, Finland.

## Business review by segment

### Foodservice Europe-Asia-Oceania

Foodservice offers high-quality paperboard and molded fiber packaging for fresh food and drinks to foodservice operators, fast food restaurants, coffee shops and FMCG companies. The segment has production units in Europe, South Africa, Middle East, Asia and Oceania.

EUR million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	2022
Net sales	270.9	288.8	-6%	527.1	543.5	-3%	1,110.7
Comparable net sales growth	5%	18%		8%	18%		18%
Adjusted EBIT <sup>1</sup>	25.0	25.3	-1%	46.2	50.9	-9%	105.7
Margin <sup>1</sup>	9.2%	8.7%		8.8%	9.4%		9.5%
Adjusted RONA <sup>1</sup>				10.4%	9.9%		10.9%
Capital expenditure	13.4	19.6	-31%	37.8	57.7	-35%	118.9
Operating cash flow <sup>1</sup>	30.8	5.9	>100%	53.0	-5.2	>100%	28.3
Items affecting comparability (IAC)	-0.5	-3.5		-2.0	-3.5		16.0

<sup>1</sup> Excluding IAC.

### Q2 2023

The demand for foodservice packaging softened slightly during the quarter. Prices of most input costs increased compared to Q2 2022.

Net sales in the Foodservice Europe-Asia-Oceania segment decreased. Comparable net sales growth was 5%, driven by pricing whereas lower sales volumes had a negative impact. Net sales increased in Europe and Middle East and Africa, but decreased in Asia-Oceania, including China. The business in Russia was divested in September 2022.

The impact of currency movements on the segment's reported net sales was EUR -9 million.

The segment's adjusted EBIT decreased due to the divestment of the business in Russia.

The impact of currency movements on the segment's reported earnings was EUR -0 million.

### H1 2023

During the first half of 2023, the demand for foodservice packaging softened slightly. Prices of most input costs increased compared to the first half of 2022.

Net sales in the Foodservice Europe-Asia-Oceania segment decreased. Comparable net sales growth was 8%. Pricing and mix supported net sales, whereas lower sales volumes had a negative impact. Net sales increased in Europe and Middle East and Africa, but decreased in Asia-Oceania, including China. The business in Russia was divested in September 2022.

The impact of currency movements on the segment's reported net sales was EUR -16 million.

The segment's adjusted EBIT decreased due to lower sales volumes and consequent impact on production efficiency in certain markets as well as the divestment of the business in Russia.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

## North America

The North America segment serves local markets with Chinet® disposable tableware products, foodservice packaging products, as well as consumer goods packaging products (such as ice-cream containers). The segment has production units in the United States and Mexico.

EUR million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	2022
Net sales	373.2	374.8	-0%	731.4	712.3	3%	1,468.3
Comparable net sales growth	1%	14%		1%	19%		14%
Adjusted EBIT <sup>1</sup>	45.4	41.9	8%	87.9	80.8	9%	171.6
Margin <sup>1</sup>	12.2%	11.2%		12.0%	11.3%		11.7%
Adjusted RONA <sup>1</sup>				17.6%	17.4%		17.9%
Capital expenditure	29.5	16.2	83%	49.7	32.4	53%	99.8
Operating cash flow <sup>1</sup>	20.7	24.9	-17%	38.6	3.9	>100%	45.6
Items affecting comparability (IAC)	-0.0	-		-0.0	-0.0		-5.6

<sup>1</sup> Excluding IAC.

### Q2 2023

Overall, there were significant variations in demand across categories. In particular, demand in Foodservice was good whereas it was softer in Consumer Goods due to lower ice-cream consumption. Prices of most input costs increased compared to Q2 2022.

Net sales in the North America segment decreased slightly due to the currency impact. Net sales increased in Foodservice and Retail, but decreased in Consumer Goods. Comparable net sales growth was 1%, driven by pricing, whereas there was softness in volumes.

The impact of currency movements on the segment's reported net sales was EUR -7 million.

The segment's adjusted EBIT improved, supported by increased operational efficiency and pricing to mitigate inflation, compensating for lower sales volumes.

The impact of currency movements on the segment's reported earnings was EUR -1 million.

### H1 2023

Overall, there were significant variations in demand across categories. In particular, demand in Foodservice was solid whereas it was softer in Consumer Goods due to lower ice-cream consumption. Prices of most input costs increased compared to the first half of 2022.

Net sales in the North America segment increased, driven by Foodservice and Retail, but decreased in Consumer Goods. Comparable net sales growth was 1%, driven by pricing, whereas there was softness in volumes.

The impact of currency movements on the segment's reported net sales was EUR 9 million.

The segment's adjusted EBIT improved, supported by net sales growth and increased operational efficiency, compensating for lower sales volumes and an unfavorable sales mix.

The impact of currency movements on the segment's reported earnings was EUR 1 million.

## Flexible Packaging

Flexible packaging is used for a wide range of consumer products including food, pet food, hygiene and health care products. The segment serves global markets from production units in Europe, Middle East and Africa, Asia and South America.

EUR million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	2022
Net sales	327.9	390.7	-16%	677.0	768.4	-12%	1,558.2
Comparable net sales growth	-11%	19%		-8%	19%		14%
Adjusted EBIT <sup>1</sup>	16.0	26.9	-41%	37.3	56.4	-34%	98.1
Margin <sup>1</sup>	4.9%	6.9%		5.5%	7.3%		6.3%
Adjusted RONA <sup>1</sup>				5.5%	7.7%		6.9%
Capital expenditure	22.6	7.0	>100%	38.8	21.4	82%	68.2
Operating cash flow <sup>1</sup>	5.4	8.2	-34%	25.6	-9.1	>100%	51.5
Items affecting comparability (IAC)	-36.5	-2.3		-39.4	-5.1		-15.9

<sup>1</sup> Excluding IAC.

### Q2 2023

Overall demand for flexible packaging declined mainly due to inflationary pressure on consumption as well as continued destocking in the value chain. Raw material prices decreased compared to the second quarter of 2022, but most other input costs continued to increase.

Net sales in the Flexible Packaging segment decreased and comparable net sales growth was -11%. Net sales were impacted by a decrease in sales volumes. The effect of destocking was particularly visible in export volumes to emerging markets. Net sales decreased particularly in India and Europe but increased in South-East Asia and Oceania.

The impact of currency movements on the segment's reported net sales was EUR -19 million.

The segment's adjusted EBIT decreased, impacted by a decrease in sales volumes and a negative sales mix. The company is taking decisive actions to improve the financial performance. These actions include optimizing the operating model, labor productivity and consolidating the manufacturing footprint. In the items affecting comparability, the main change relates to the planned closure of the production facility in Prague, Czech Republic.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

### H1 2023

Overall demand for flexible packaging declined mainly due to inflationary pressure on consumption as well as destocking in the value chain. Raw material prices were overall in line with the prices during the first half of 2022. Most other input costs continued to increase.

Net sales in the Flexible Packaging segment decreased and comparable net sales growth was -8%. Net sales were impacted by a decrease in sales volumes, due to soft demand and a destocking in the value chain. Net sales decreased mainly in emerging markets but increased in South-East Asia and Oceania.

The impact of currency movements on the segment's reported net sales was EUR -27 million.

The segment's adjusted EBIT decreased, impacted by a decrease in sales volumes and a negative sales mix. In the items affecting comparability, the main change relates to the planned closure of the production facility in Prague, Czech Republic.

The impact of currency movements on the segment's reported earnings was EUR -2 million.

## Fiber Packaging

Recycled and other natural fibers are used to make fresh product packaging, such as egg, fruit, food and drink packaging. The segment has production units in Europe, Oceania, Africa and South America.

EUR million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	2022
Net sales	86.1	95.4	-10%	173.0	186.4	-7%	363.0
Comparable net sales growth	7%	16%		11%	12%		15%
Adjusted EBIT <sup>1</sup>	9.3	12.8	-27%	19.8	20.3	-3%	40.0
Margin <sup>1</sup>	10.8%	13.4%		11.4%	10.9%		11.0%
Adjusted RONA <sup>1</sup>				14.0%	14.1%		14.4%
Capital expenditure	3.4	8.7	-62%	7.8	16.1	-52%	31.2
Operating cash flow <sup>1</sup>	17.6	2.6	>100%	13.2	23.1	-43%	20.9
Items affecting comparability (IAC)	-0.8	-0.3		-1.1	-0.3		18.1

<sup>1</sup> Excluding IAC.

### Q2 2023

Overall demand for fiber-based egg packaging and food-on-the-go products softened slightly in most markets. The prices of recycled fiber decreased compared to Q2 2022.

Net sales in the Fiber Packaging segment decreased due to the divestment of the business in Russia in September 2022. Comparable net sales growth was 7%. Net sales remained unchanged in Europe and increased in most other markets. It was driven by pricing and mix, whereas sales volumes decreased.

The impact of currency movements on the segment's reported net sales was EUR -3 million.

The segment's adjusted EBIT decreased due to lower sales volumes as well as the divestment of the business in Russia.

The impact of currency movements on the segment's reported earnings was EUR -0 million.

### H1 2023

Overall demand for fiber-based egg packaging and food-on-the-go products softened slightly. For egg packaging, there was a negative impact on supply of egg due to avian flu and the impact of inflation on feedstock. The prices of recycled fiber were lower than during the first half of 2022.

Net sales in the Fiber Packaging segment decreased due to the divestment of the business in Russia in September 2022. Comparable net sales growth was 11%. Net sales increased in most markets, driven by pricing and mix, whereas sales volumes decreased.

The impact of currency movements on the segment's reported net sales was EUR -6 million.

The segment's adjusted EBIT decreased due to the divestment of the business in Russia.

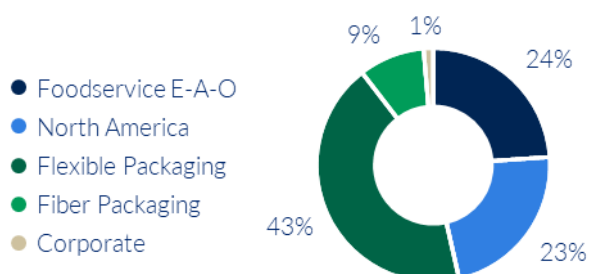
The impact of currency movements on the segment's reported earnings was EUR -0 million.

## Personnel

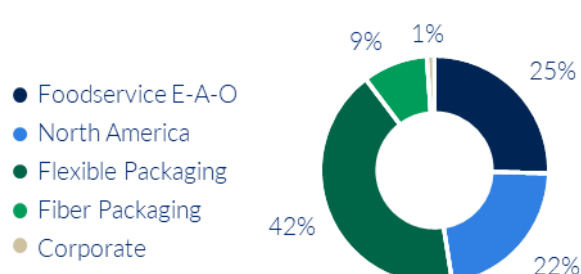
### Number of personnel

	June 30, 2023	June 30, 2022	Change
Foodservice Europe-Asia-Oceania	4,376	5,081	-14%
North America	4,130	4,407	-6%
Flexible Packaging	7,893	8,426	-6%
Fiber Packaging	1,674	1,840	-9%
Corporate	245	219	12%
<b>Group</b>	<b>18,320</b>	<b>19,973</b>	<b>-8%</b>

### Personnel by segment on June 30, 2023



### Personnel by segment on June 30, 2022



At the end of June 2023, the Group had a total of 18,320 (19,973) employees. The number of employees was 8% lower than in the comparison period, driven by the divestment of the operations in Russia and efficiency improvements to drive competitiveness.

## Changes in management

On May 4, 2023, Huhtamaki announced that Eric Le Lay, President, Fiber Foodservice Europe-Asia-Oceania, and member of Huhtamaki's Global Executive Team, decided to pursue a career opportunity outside of Huhtamaki. His last day with Huhtamaki will be October 24, 2023, at the latest. Fredrik Davidsson, formerly EVP, Digital and Process Performance, was appointed President, Fiber Foodservice Europe-Asia-Oceania.

## Share capital, shareholders and trading of shares

### Share capital and number of shares

	June 30, 2023	June 30, 2022
Registered share capital (EUR million)	366	366
Total number of shares	107,760,385	107,760,385
Shares owned by the Company	3,222,204	3,395,709
% of total number of shares	3.0%	3.2%
Number of outstanding shares <sup>1</sup>	104,538,181	104,364,676
Average number of shares <sup>1,2</sup>	104,455,742	104,364,676

<sup>1</sup> Excluding shares owned by the Company

<sup>2</sup> Average number of outstanding shares used in EPS calculations

## Shareholder structure as at June 30, 2023



The number of registered shareholders at the end of June 2023 was 54,307 (49,632). Foreign ownership including nominee registered shares accounted for 43% (46%).

## Trading of shares

Trading of Huhtamaki shares on Nasdaq Helsinki	H1 2023	H1 2022
Number of shares traded, million	25.0	36.0
Closing price on final day of trading, EUR	30.06	37.80
Volume-weighted average price, EUR	33.03	33.71
High, EUR	36.46	39.40
Low, EUR	29.13	26.41
Market capitalization (at end of period), EUR million	3,295	4,073

During the reporting period, the Company's shares were quoted on Nasdaq Helsinki Ltd on the Nordic Large Cap list under the Industrials sector. It was a component of the Nasdaq Helsinki 25 Index.

At the end of June 2023, the Company's market capitalization was EUR 3,295 million (EUR 4,073 million). With a closing price of EUR 30.06 (EUR 37.80) at the end of the reporting period, the share price decreased approximately 6% from the beginning of the year. During the reporting period the volume weighted average price for the Company's shares was EUR 33.03 (EUR 33.71). The highest price paid was EUR 36.46 (EUR 39.40) and the lowest was EUR 29.13 (EUR 26.41).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 819 million (EUR 1,226 million). The trading volume of approximately 25 million (36 million) shares equaled an average daily turnover of 199,946 (293,399) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 3,252 million (EUR 4,192 million). During the reporting period, 75% (72%) of all trading took place outside Nasdaq Helsinki Ltd. (source: Refinitiv Eikon).

## Resolutions of the Annual General Meeting 2023

Huhtamäki Oyj's Annual General Meeting of Shareholders was held in Helsinki on April 27, 2023. The meeting adopted the Annual Accounts including the Consolidated Annual Accounts for 2022, discharged the members of the Company's Board of Directors, the CEO and the interim Deputy CEO from liability, and approved all proposals made to the Annual General Meeting by the Board of Directors and the Shareholders' Nomination Board. The Annual General Meeting also approved the Remuneration Report for the Company's Governing Bodies and the amended Remuneration Policy for the Governing Bodies presented to it.

The Annual General Meeting resolved that an aggregate dividend of EUR 1.00 per share be paid based on the balance sheet adopted for the financial period ended on December 31, 2022. The dividend will be paid in two instalments. The first dividend instalment, EUR 0.50 per share, was paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the first dividend instalment May 2, 2023. The



payment date for the first dividend instalment was on May 9, 2023. The second dividend instalment, EUR 0.50 per share, will be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the second dividend instalment October 2, 2023. The payment date for the second dividend instalment will be on October 9, 2023.

The number of members of the Board of Directors was confirmed to as nine (9). Mr. Pekka Ala-Pietilä, Ms. Mercedes Alonso, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas and Mr. Ralf K. Wunderlich were re-elected and, as new members, Ms. Pauline Lindwall and Mr. Pekka Vauramo were elected as members of the Board of Directors for a term ending at the end of the next Annual General Meeting. The Annual General Meeting re-elected Mr. Pekka Ala-Pietilä as the Chair of the Board and Ms. Kerttu Tuomas as the Vice-Chair of the Board.

The Annual General Meeting resolved that the annual remuneration to the members of the Board of Directors will be paid as follows: to the Chair of the Board EUR 170,000, to the Vice-Chair EUR 80,000 and to the other members EUR 65,000 each. In addition, the Annual General Meeting resolved that the annual remuneration to the Chair and members of the Board Committees will be paid as follows: to the Chair of the Audit Committee EUR 16,000 and to the other members of the Audit Committee EUR 5,500 as well as to the Chair of the Human Resources Committee EUR 5,500 and to the other members of the Human Resources Committee EUR 2,750. In addition, the Annual General Meeting resolved that EUR 1,500 will be paid for each Board and Committee meeting attended. Traveling expenses of the Board members will be compensated in accordance with the Company policy.

KPMG Oy Ab, a firm of authorized public accountants, was re-elected as Auditor of the Company for the financial year January 1 – December 31, 2023. Mr. Henrik Holmbom, APA, will continue to act as the Auditor with principal responsibility.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of an aggregate maximum of 10,776,038 of the Company's own shares. Own shares may be repurchased at a price formed in public trading on the date of the repurchase or otherwise at a price formed on the market. The authorization covers also directed repurchases of the Company's own shares. The authorization remains in force until the end of the next Annual General Meeting, however, no later than June 30, 2024.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 10,000,000 shares which corresponds to approximately 9.3 percent of the current shares of the Company, and the aggregate number of own treasury shares to be transferred may not exceed 4,000,000 shares which corresponds to approximately 3.7 percent of the current shares of the Company. The authorization covers also directed issuances of shares. The authorization remains in force until the end of the next Annual General Meeting, however, no later than June 30, 2024.

## Short-term risks and uncertainties

Significant and broad-based inflation (including raw materials, labor, distribution and energy), decline in consumer demand, availability of raw materials as well as movements in currency rates are considered to be relevant short-term business risks and uncertainties in the Group's operations. Economic and financial market conditions, as well as a potential geopolitical escalation and natural disasters can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings.

## Outlook for 2023 (unchanged)

The Group's trading conditions are expected to remain relatively stable, despite the continued volatility in the operating environment. Huhtamaki's diversified product portfolio provides resilience and the Group's good financial position enables addressing profitable long-term growth opportunities.

## Financial reporting in 2023

In 2023, Huhtamaki will publish financial information as follows:

Interim Report, January 1 - September 30, 2023	October 20
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Espoo, July 19, 2023

Huhtamäki Oyj  
Board of Directors

## Group income statement (IFRS)

<i>EUR million</i>	H1 2023	H1 2022	Q2 2023	Q2 2022	Q1-Q4 2022
<b>Net sales</b>	<b>2,098.8</b>	<b>2,197.0</b>	<b>1,051.7</b>	<b>1,147.3</b>	<b>4,479.0</b>
Cost of goods sold	-1,740.4	-1,825.2	-878.3	-956.5	-3,746.6
<b>Gross profit</b>	<b>358.4</b>	<b>371.9</b>	<b>173.3</b>	<b>190.8</b>	<b>732.4</b>
Other operating income	12.0	10.2	7.9	6.9	74.8
Sales and marketing	-51.1	-49.2	-27.0	-25.5	-99.6
Research and development	-17.4	-15.3	-8.7	-7.7	-30.6
Administration expenses	-140.0	-121.2	-72.2	-62.6	-254.9
Other operating expenses	-19.8	-6.4	-18.6	-5.5	-16.8
<b>Earnings before interest and taxes</b>	<b>142.1</b>	<b>190.1</b>	<b>54.7</b>	<b>96.5</b>	<b>405.3</b>
Financial income	6.2	6.5	3.3	0.8	11.0
Financial expenses	-40.5	-21.5	-18.5	-12.8	-64.2
<b>Profit before taxes</b>	<b>107.8</b>	<b>175.1</b>	<b>39.5</b>	<b>84.5</b>	<b>352.1</b>
Income tax expense	-28.6	-43.8	-12.5	-21.7	-66.7
<b>Profit for the period</b>	<b>79.2</b>	<b>131.3</b>	<b>27.0</b>	<b>62.8</b>	<b>285.4</b>
<b>Attributable to:</b>					
Equity holders of the parent company	74.8	126.8	25.3	60.8	276.2
Non-controlling interest	4.4	4.5	1.6	2.0	9.2
<b>EUR</b>					
EPS attributable to equity holders of the parent company	0.72	1.21	0.24	0.58	2.65
Diluted EPS attributable to equity holders of the parent company	0.72	1.21	0.24	0.58	2.64

## Group statement of comprehensive income (IFRS)

<i>EUR million</i>	H1 2023	H1 2022	Q2 2023	Q2 2022	Q1-Q4 2022
Profit for the period	79.2	131.3	27.0	62.8	285.4
<b>Other comprehensive income:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurements on defined benefit plans	-0.1	0.0	0.0	0.0	44.1
Income taxes related to items that will not be reclassified	0.1	-0.1	-0.0	-0.0	-16.3
<b>Total</b>	<b>-0.0</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>27.8</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Translation differences	-60.0	172.5	-36.3	129.9	108.7
Equity hedges	2.6	-16.0	-0.6	-12.2	-14.7
Cash flow hedges	-0.8	14.4	0.2	4.2	17.4
Income taxes related to items that may be reclassified	0.2	-0.5	0.1	1.4	-3.4
<b>Total</b>	<b>-58.1</b>	<b>170.3</b>	<b>-36.6</b>	<b>123.3</b>	<b>108.0</b>
<b>Other comprehensive income, net of tax</b>	<b>-58.1</b>	<b>170.3</b>	<b>-36.6</b>	<b>123.3</b>	<b>135.8</b>
<b>Total comprehensive income</b>	<b>21.1</b>	<b>301.6</b>	<b>-9.6</b>	<b>186.2</b>	<b>421.2</b>
<b>Attributable to:</b>					
Equity holders of the parent company	18.5	295.9	-10.8	183.7	413.6
Non-controlling interest	2.7	5.7	1.2	2.5	7.5

## Group statement of financial position (IFRS)

<i>EUR million</i>	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	1,004.1	1,035.0	1,043.0
Other intangible assets	115.8	117.9	125.3
Tangible assets	1,727.8	1,735.8	1,781.6
Other investments	2.2	2.4	2.8
Interest-bearing receivables	0.4	0.9	1.6
Deferred tax assets	48.0	48.4	55.5
Employee benefit assets	56.4	57.8	72.3
Other non-current assets	9.3	9.4	10.6
	<b>2,963.9</b>	<b>3,007.7</b>	<b>3,092.8</b>
<b>Current assets</b>			
Inventory	723.2	755.4	858.1
Interest-bearing receivables	18.8	14.9	8.3
Current tax assets	31.0	20.1	20.5
Trade and other current receivables	691.2	709.4	860.5
Cash and cash equivalents	334.2	309.4	354.5
Assets held for sale	11.0	4.3	-
	<b>1,809.4</b>	<b>1,813.6</b>	<b>2,101.9</b>
<b>Total assets</b>	<b>4,773.3</b>	<b>4,821.3</b>	<b>5,194.7</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-29.6	-31.2	-31.2
Translation differences	-62.6	-7.1	52.9
Fair value and other reserves	-31.2	-30.4	-58.6
Retained earnings	1,401.4	1,429.4	1,279.7
<b>Total equity attributable to equity holders of the parent company</b>	<b>1,759.5</b>	<b>1,842.2</b>	<b>1,724.3</b>
Non-controlling interest	78.3	80.0	83.0
<b>Total equity</b>	<b>1,837.7</b>	<b>1,922.2</b>	<b>1,807.2</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	1,239.1	1,403.9	1,547.3
Deferred tax liabilities	138.5	133.3	147.6
Employee benefit liabilities	134.7	136.7	196.7
Provisions	13.0	13.3	13.8
Other non-current liabilities	5.8	4.3	13.8
	<b>1,531.1</b>	<b>1,691.4</b>	<b>1,919.2</b>
<b>Current liabilities</b>			
Interest-bearing liabilities			
Current portion of long term loans	388.2	168.9	141.6
Short-term loans	178.9	223.2	302.0
Provisions	12.5	9.8	3.7
Current tax liabilities	59.5	70.8	53.9
Trade and other current liabilities	765.3	734.9	967.0
	<b>1,404.4</b>	<b>1,207.7</b>	<b>1,468.3</b>
<b>Total liabilities</b>	<b>2,935.5</b>	<b>2,899.1</b>	<b>3,387.5</b>
<b>Total equity and liabilities</b>	<b>4,773.3</b>	<b>4,821.3</b>	<b>5,194.7</b>

## Group statement of changes in equity (IFRS)

Attributable to equity holders of the parent company

<i>EUR million</i>	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Retained earnings	Total	Non-controlling interest	Total equity
<b>Balance on January 1, 2022</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.2</b>	<b>-102.4</b>	<b>-72.4</b>	<b>1,245.3</b>	<b>1,520.7</b>	<b>76.5</b>	<b>1,597.2</b>
Dividends						-98.1	-98.1		-98.1
Share-based payments						7.6	7.6		7.6
Total comprehensive income for the year				155.4	13.8	126.8	295.9	5.7	301.6
Acquisition of non-controlling interest						-2.0	-2.0	-0.3	-2.3
Other Changes						0.2	0.2	1.0	1.2
<b>Balance on Jun 30, 2022</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.2</b>	<b>52.9</b>	<b>-58.6</b>	<b>1,279.8</b>	<b>1,724.3</b>	<b>83.0</b>	<b>1,807.2</b>
<b>Balance on January 1, 2023</b>	<b>366.4</b>	<b>115.0</b>	<b>-31.2</b>	<b>-7.1</b>	<b>-30.4</b>	<b>1,429.4</b>	<b>1,842.2</b>	<b>80.0</b>	<b>1,922.2</b>
Dividends						-104.5	-104.5		-104.5
Share-based payments			1.6			-0.7	0.8		0.8
Total comprehensive income for the year				-55.5	-0.8	74.8	18.5	2.7	21.1
Acquisition of non-controlling interest						2.2	2.2	-2.2	-
Other Changes						0.3	0.3	-2.2	-1.9
<b>Balance on Jun 30, 2023</b>	<b>366.4</b>	<b>115.0</b>	<b>-29.6</b>	<b>-62.6</b>	<b>-31.2</b>	<b>1,401.4</b>	<b>1,759.5</b>	<b>78.3</b>	<b>1,837.7</b>

## Group statement of cash flows (IFRS)

<i>EUR million</i>	H1 2023	H1 2022	Q2 2023	Q2 2022	Q1-Q4 2022
<b>Profit for the period*</b>	79.2	131.3	27.0	62.8	285.4
Adjustments*	194.1	170.6	103.6	89.8	291.8
Depreciation, amortisation and impairments*	128.1	103.8	77.4	52.7	209.7
Gain/loss from disposal of assets*	1.2	3.6	-0.2	3.7	1.2
Financial expense/-income*	34.2	14.9	15.2	12.0	53.2
Income tax expense*	28.6	43.8	12.5	21.7	66.7
Other adjustments*	2.0	4.5	-1.4	-0.3	-38.9
Change in inventory*	21.5	-160.0	46.8	-57.4	-98.0
Change in non-interest bearing receivables*	-14.0	-90.6	15.6	-42.2	20.6
Change in non-interest bearing payables*	3.0	59.6	-35.3	12.3	-83.6
Dividends received*	0.0	0.1	0.0	0.1	0.2
Interest received*	4.7	17.2	2.5	12.6	20.6
Interest paid*	-36.5	-27.8	-30.3	-18.3	-36.0
Other financial expense and income*	-5.1	-3.7	-0.5	-3.8	-8.2
Taxes paid*	-43.2	-35.4	-31.2	-24.4	-71.3
<b>Net cash flows from operating activities</b>	<b>203.8</b>	<b>61.3</b>	<b>98.3</b>	<b>31.7</b>	<b>321.4</b>
Capital expenditure*	-134.2	-127.9	-69.0	-51.5	-318.5
Proceeds from selling tangible assets*	1.3	0.8	-1.0	-0.1	8.2
Disposed subsidiaries and business operations	-	-	-	-	149.2
Acquired subsidiaries and assets	-	-	-	-	-2.2
Change in other investments	0.1	-	0.0	-	0.5
Proceeds from long-term deposits	0.8	0.6	0.5	0.3	1.3
Payment of long-term deposits	-0.3	-	-0.3	0.0	-
Proceeds from short-term deposits	170.6	1.6	134.0	0.9	62.6
Payment of short-term deposits	-173.9	-7.7	-117.3	-2.8	-75.7
<b>Net cash flows from investing activities</b>	<b>-135.6</b>	<b>-132.6</b>	<b>-53.1</b>	<b>-53.3</b>	<b>-174.6</b>
Proceeds from long-term borrowings	134.4	833.9	128.4	822.9	917.5
Repayment of long-term borrowings	-11.5	-477.8	1.7	-473.7	-623.8
Change in short-term loans	-90.1	-69.8	-51.4	-147.4	-214.9
Acquisition of non-controlling interest	-18.2	-2.3	-	-	-2.3
Dividends paid	-52.2	-49.0	-52.2	-49.0	-98.1
<b>Net cash flows from financing activities</b>	<b>-37.7</b>	<b>235.0</b>	<b>26.5</b>	<b>152.9</b>	<b>-21.6</b>
<b>Change in cash and cash equivalents</b>	<b>24.8</b>	<b>175.9</b>	<b>70.2</b>	<b>139.4</b>	<b>130.8</b>
Cash flow based	30.5	163.7	71.7	131.3	125.2
Translation difference	-5.7	12.1	-1.5	8.1	5.6
Cash and cash equivalents period start	309.4	178.7	264.1	215.1	178.7
Cash and cash equivalents period end	334.2	354.5	334.2	354.5	309.4
Free cash flow (including figures marked with *)	70.9	-65.7	28.3	-20.0	11.1

## Notes to the Half-yearly Report

The Half-yearly Report has been prepared in accordance with IAS 34 Interim Financial Reporting. Except for the accounting policy changes listed below, the same accounting policies have been applied in the Half-yearly Report as in the annual financial statements for 2022. The following new and amended standards and interpretations have been adopted with effect from January 1, 2023. The amendments had no material impact on the interim financial statements:

- **Revised IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2.** The amendments clarify the application of materiality to disclosure of accounting policies.
- **Revised IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.** The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.
- **Revised IAS 12 Income Taxes.** The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions which give rise to equal and offsetting temporary differences such as leases and decommissioning obligations. The Group has revised the recognition of deferred tax assets and liabilities on leases, which were previously accounted under the net approach. The change does not have impact to the statement of financial position, since most of the Group entities are offsetting the deferred tax assets and liabilities either on legal entity or tax consolidation group level in accordance with IAS 12.



## Segments

Segment information is presented according to the IFRS standards. Items below EBIT – financial items and taxes – are not allocated to the segments. Reportable segments' net sales and EBIT form Group's total net sales and EBIT, so no reconciliations to corresponding amounts are presented.

### Net sales

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	523.1	267.6	255.5	1,107.3	266.3	299.5	288.1	253.4
Intersegment net sales	4.0	3.3	0.7	3.4	0.4	1.0	0.7	1.3
North America	728.7	371.8	356.9	1,464.1	383.2	371.8	373.2	335.9
Intersegment net sales	2.6	1.5	1.2	4.2	0.4	0.6	1.6	1.6
Flexible Packaging	674.9	326.8	348.1	1,551.4	366.7	417.8	391.0	376.0
Intersegment net sales	2.1	1.1	1.0	6.7	2.4	2.9	-0.2	1.7
Fiber Packaging	172.1	85.5	86.6	356.2	87.4	89.4	95.0	84.4
Intersegment net sales	0.9	0.6	0.3	6.8	-0.0	-0.1	0.4	6.5
Elimination of intersegment net sales	-9.6	-6.5	-3.1	-21.1	-3.2	-4.4	-2.5	-11.1
<b>Total</b>	<b>2,098.8</b>	<b>1,051.7</b>	<b>1,047.1</b>	<b>4,479.0</b>	<b>1,103.6</b>	<b>1,178.4</b>	<b>1,147.3</b>	<b>1,049.7</b>

### EBIT

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	44.2	24.5	19.7	121.7	19.3	55.1	21.8	25.5
North America	87.9	45.4	42.5	165.9	43.4	41.8	41.9	38.8
Flexible Packaging	-2.0	-20.6	18.6	82.2	9.5	21.5	24.7	26.6
Fiber Packaging	18.7	8.5	10.2	58.0	12.8	25.3	12.5	7.5
Other activities	-6.7	-3.1	-3.5	-22.7	-7.0	-6.5	-4.3	-4.9
<b>Total</b>	<b>142.1</b>	<b>54.7</b>	<b>87.4</b>	<b>405.3</b>	<b>78.1</b>	<b>137.1</b>	<b>96.5</b>	<b>93.5</b>

### IAC in EBIT

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	-2.0	-0.5	-1.5	16.0	-4.9	24.4	-3.5	-0.0
North America	-0.0	-0.0	-	-5.6	-5.6	-	-	-0.0
Flexible Packaging	-39.4	-36.5	-2.8	-15.9	-6.0	-4.8	-2.3	-2.8
Fiber Packaging	-1.1	-0.8	-0.3	18.1	1.7	16.7	-0.3	-0.0
Other activities	-0.2	-0.1	-0.1	-2.4	-0.4	-0.7	-0.1	-1.1
<b>Total</b>	<b>-42.7</b>	<b>-38.0</b>	<b>-4.7</b>	<b>10.2</b>	<b>-15.3</b>	<b>35.6</b>	<b>-6.2</b>	<b>-4.0</b>

### EBITDA

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	73.9	39.8	34.2	182.3	33.8	71.0	37.1	40.4
North America	116.6	59.5	57.0	224.3	58.7	57.0	56.3	52.3
Flexible Packaging	56.0	21.6	34.4	146.8	26.1	37.7	40.6	42.4
Fiber Packaging	29.0	13.8	15.3	81.3	17.9	31.2	18.6	13.5
Other activities	-5.4	-2.6	-2.8	-19.8	-6.1	-6.3	-3.4	-4.0
<b>Total</b>	<b>270.1</b>	<b>132.1</b>	<b>138.1</b>	<b>614.9</b>	<b>130.5</b>	<b>190.6</b>	<b>149.2</b>	<b>144.6</b>

### IAC in EBITDA

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	-2.0	-0.5	-1.5	16.0	-4.9	24.4	-3.5	-0.0
North America	-0.0	-0.0	-	-5.6	-5.6	-	-	-0.0
Flexible Packaging	-8.2	-7.6	-0.6	-8.1	-3.5	-3.1	-0.6	-0.8
Fiber Packaging	-1.1	-0.8	-0.3	18.2	1.8	16.7	-0.3	-0.0
Other activities	-0.2	-0.1	-0.1	-2.4	-0.4	-0.7	-0.1	-1.1
<b>Total</b>	<b>-11.5</b>	<b>-9.1</b>	<b>-2.4</b>	<b>18.0</b>	<b>-12.7</b>	<b>37.3</b>	<b>-4.6</b>	<b>-2.0</b>

## Depreciation, amortization, and impairments

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	29.7	15.3	14.5	60.6	14.5	15.9	15.3	14.8
North America	28.7	14.2	14.5	58.4	15.3	15.2	14.3	13.6
Flexible Packaging	58.1	42.2	15.9	64.6	16.6	16.2	16.0	15.8
Fiber Packaging	10.3	5.2	5.1	23.3	5.1	6.0	6.1	6.0
Other activities	1.2	0.5	0.7	2.9	0.9	0.2	1.0	0.9
<b>Total</b>	<b>128.1</b>	<b>77.4</b>	<b>50.7</b>	<b>209.7</b>	<b>52.5</b>	<b>53.4</b>	<b>52.7</b>	<b>51.1</b>

## Net assets allocated to the segments<sup>1</sup>

<i>EUR million</i>	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	951.5	955.1	965.4	967.1	1,011.2	972.3
North America	1,012.4	1,026.8	1,013.2	1,058.8	972.9	918.9
Flexible Packaging	1,348.0	1,374.7	1,407.1	1,573.5	1,473.1	1,418.8
Fiber Packaging	282.3	268.0	294.4	254.4	305.7	264.9

<sup>1</sup> Following statement of financial position items are included in net assets: intangible and tangible assets, equity-accounted investments, other non-current assets, inventories, trade and other current receivables (excluding accrued interest income), other non-current liabilities and trade and other current liabilities (excluding accrued interest expense).

## Capital expenditure

<i>EUR million</i>	H1 2023	Q2 2023	Q1 2023	Q1-Q4 2022	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Foodservice Europe-Asia-Oceania	37.8	13.4	24.3	118.9	41.2	19.9	19.6	38.1
North America	49.7	29.5	20.2	99.8	49.5	17.8	16.2	16.2
Flexible Packaging	38.8	22.6	16.2	68.2	32.9	13.9	7.0	14.4
Fiber Packaging	7.8	3.4	4.5	31.2	9.5	5.5	8.7	7.4
Other activities	0.1	0.1	0.0	0.4	0.0	0.1	0.0	0.2
<b>Total</b>	<b>134.2</b>	<b>69.0</b>	<b>65.2</b>	<b>318.5</b>	<b>133.2</b>	<b>57.4</b>	<b>51.5</b>	<b>76.4</b>

## Other information

### Key indicators

	H1 2023	Q1-Q4 2022	H1 2022
Equity per share (EUR)	16.83	17.65	16.52
ROE, % (12m roll.)	12.3%	15.7%	14.5%
ROI, % (12m roll.)	9.8%	11.4%	10.7%
Net debt	1,452.9	1,470.8	1,626.4
Net debt to equity (gearing)	0.79	0.77	0.90
Personnel	18,320	18,927	19,973
Profit before taxes (EUR million, 12m roll.)	284.8	352.1	305.9
Depreciation of tangible assets (EUR million)	91.4	190.4	94.6
Amortization of other intangible assets (EUR million)	10.6	19.3	9.2
Impairments (EUR million)	26.1	-	-

### Contingent liabilities

<i>EUR million</i>	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
Capital expenditure commitments	123.1	115.9	124.5

### Financial instruments measured at fair value

<i>EUR million</i>	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
Derivatives - assets			
Currency forwards, transaction risk hedges	2.9	2.7	3.0
Currency forwards, translation risk hedges	0.1	11.3	0.1
Currency forwards, for financing purposes	3.9	9.9	12.0
Interest rate swaps	6.9	7.0	5.1
Commodity hedges	0.2	-	-
Other investments	2.2	2.4	2.8
Derivatives - liabilities			
Currency forwards, transaction risk hedges	2.0	2.4	0.1
Currency forwards, translation risk hedges	0.9	1.1	8.1
Currency forwards, for financing purposes	7.4	7.3	11.9
Interest rate swaps	0.2	6.2	4.2

The fair values of the financial instruments measured at fair value have been indirectly derived from market prices. Other investments include quoted and unquoted shares. Quoted shares are measured at fair value. For unquoted shares the fair value cannot be measured reliably, as a result of which the investments are carried at cost.

### Interest-bearing liabilities

<i>EUR million</i>	Jun 30, 2023		Dec 31, 2022		Jun 30, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	1,239.1	1,179.2	1,403.9	1,360.7	1,547.3	1,516.7
Current	567.1	567.1	392.2	392.0	443.6	443.6
<b>Total</b>	<b>1,806.2</b>	<b>1,746.3</b>	<b>1,796.0</b>	<b>1,752.6</b>	<b>1,990.9</b>	<b>1,960.3</b>

### Exchange rates

The exchange rates used at the month end are the rates of the date prior to the last working day of the month.

## Income statement, average:

	H1 2023	H1 2022
AUD 1 =	0.6255	0.6575
GBP 1 =	1.1405	1.1876
INR 1 =	0.0113	0.0120
THB 1 =	0.0271	0.0271
USD 1 =	0.9251	0.9134
ZAR 1 =	0.0509	0.0593

## Statement of financial position, month end:

	Jun 30, 2023	Jun 30, 2022
AUD 1 =	0.6068	0.6555
GBP 1 =	1.1574	1.1566
INR 1 =	0.0111	0.0120
THB 1 =	0.0257	0.0271
USD 1 =	0.9142	0.9508
ZAR 1 =	0.0489	0.0591

## Definitions for performance measures

### Performance measures according to IFRS

Earnings per share (EPS) attributable to equity holders of the parent company =

$\frac{\text{Profit for the period} - \text{non-controlling interest}}{\text{Average number of shares outstanding}}$

Diluted earnings per share (diluted EPS) attributable to equity holders of the parent company =

$\frac{\text{Diluted profit for the period} - \text{non-controlling interest}}{\text{Average fully diluted number of shares outstanding}}$

### Alternative performance measures

EBITDA =

EBIT + depreciation, amortization and impairment

Net debt to equity (gearing) =

$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$

Return on net assets (RONA) =

$\frac{100 \times \text{Earnings before interest and taxes (12m roll.)}}{\text{Net assets (12m roll.)}}$

Operating cash flow =

Adjusted EBIT + depreciation + amortization + impairment - capital expenditure + disposals +/- change in inventories, trade receivables and trade payables

Shareholders' equity per share =

$\frac{\text{Total equity attributable to equity holders of the parent company}}{\text{Issue-adjusted number of shares at period end}}$

Return on equity (ROE) =

$\frac{100 \times \text{Profit for the period (12m roll.)}}{\text{Total equity (average)}}$

Return on investment (ROI) =

$\frac{100 \times (\text{Profit before taxes} + \text{interest expenses} + \text{net other financial expenses}) (12m roll.)}{\text{Statement of financial position total} - \text{interest-free liabilities (average)}}$

Comparable net sales growth =

Net sales growth excluding foreign currency changes, acquisitions and divestments

In addition to IFRS and alternative performance measures presented above, Huhtamaki may present adjusted performance measures, which are derived from IFRS or alternative performance measures by adding or deducting items affecting comparability (IAC). The adjusted performance measures are used in addition to, but not substituting, the performance measures reported in accordance with IFRS.