



Huhtamäki Oyj Half-yearly Report 2022

January 1 – June 30, 2022

Huhtamäki

Strong performance continued

Q2 2022 in brief

- Net sales increased 31% to EUR 1,147 million (EUR 877 million)
- Adjusted EBIT was EUR 103 million (EUR 80 million); reported EBIT was EUR 97 million (EUR 75 million)
- Adjusted EPS was EUR 0.63 (EUR 0.53); reported EPS was EUR 0.58 (EUR 0.50)
- Comparable net sales growth at Group level was 17% and 16% in emerging markets
- The impact of currency movements on the Group's net sales was EUR 68 million and EUR 6 million on EBIT

H1 2022 in brief

- Net sales increased 31% to EUR 2,197 million (EUR 1,679 million)
- Adjusted EBIT was EUR 200 million (EUR 157 million); reported EBIT was EUR 190 million (EUR 147 million)
- Adjusted EPS was EUR 1.26 (EUR 1.02); reported EPS was EUR 1.21 (EUR 0.95)
- Comparable net sales growth at Group level was 18 % and 17% in emerging markets
- The impact of currency movements on the Group's net sales was EUR 103 million and EUR 9 million on EBIT
- Capital expenditure was EUR 128 million (EUR 85 million)
- Free cash flow was EUR -66 million (EUR 35 million)

Key figures

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	2021
Net sales	1,147.3	876.9	31%	2,197.0	1,679.0	31%	3,574.9
Comparable net sales growth	17%	14%		18%	6%		7%
Adjusted EBITDA ¹	153.8	121.0	27%	300.4	238.8	26%	488.4
Margin ¹	13.4%	13.8%		13.7%	14.2%		13.7%
EBITDA	149.2	114.3	31%	293.8	229.0	28%	469.6
Adjusted EBIT ²	102.7	79.8	29%	200.3	156.8	28%	315.3
Margin ²	9.0%	9.1%		9.1%	9.3%		8.8%
EBIT	96.5	74.9	29%	190.1	146.5	30%	296.0
Adjusted EPS ³	0.63	0.53	18%	1.26	1.02	23%	2.07
EPS, EUR	0.58	0.50	18%	1.21	0.95	29%	1.91
Adjusted ROI ²				11.1%	12.3%		11.3%
Adjusted ROE ³				15.4%	15.6%		15.1%
ROI				10.7%	10.1%		10.6%
ROE				14.5%	12.7%		13.9%
Capital expenditure	51.5	51.8	-1%	127.9	84.9	51%	259.4
Free Cash Flow	-20.0	28.6	<-100%	-65.7	35.2	<-100%	-26.1
¹ Excluding IAC of	-4.6	-6.8		-6.6	-9.7		-18.7
² Excluding IAC of	-6.2	-4.9		-10.2	-10.3		-19.3
³ Excluding IAC of	-4.5	-3.8		-4.2	-7.9		-17.1

Unless otherwise stated, all comparisons in this report are compared to the corresponding period in 2021. 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

We continued delivering a strong performance in the second quarter of 2022, despite volatile market conditions. We faced strong headwinds created by supply chain constraints, challenges with raw material availability and geopolitical turmoil.

Net sales increased by 31% in the second quarter. In comparable terms, growth reached 17%, driven by pricing actions. In most markets, demand developed favorably and has returned to pre-pandemic levels, however with some exceptions, particularly in China. Tensions on raw material availability limited our capacity to further grow volumes according to the demand, most notably in North America. We continued to mitigate the significant inflation which impacted all our major input costs, including raw materials, freight costs, energy and labor. We protected our profitability through operational efficiency improvements and pricing actions, with the adjusted EBIT increasing by 29%. Cash flow remained impacted by increased working capital and capital expenditure.

We continued our organic investment into sustainable product innovation and business expansion. For example, we announced the expansion of our molded fiber product manufacturing unit in Hammond, Indiana, US. This investment in fiber technology supports market demand for more sustainable solutions in North America, such as egg cartons and cup carriers. The planned USD 100 million investment will start ramping up towards the end of 2023.

To secure our long-term financing, we launched a sustainability-linked EUR 500 million bond. It also underlines our commitment to embed sustainability in everything we do.

We initiated in April a divestiture process of our operations in Russia, for which the process is ongoing. We maintain our operations during this transitional period, to meet our contractual and regulatory obligations and to safeguard our employees and customers.

We are pleased by our strong and consistent performance during the first half of the year. Our ability to handle adverse and volatile conditions emphasizes the agility of our team, the efficiency of our global footprint and the resilience of our diverse portfolio. While uncertainty remains high in the global economy, we continue to execute on our long-term growth strategy.

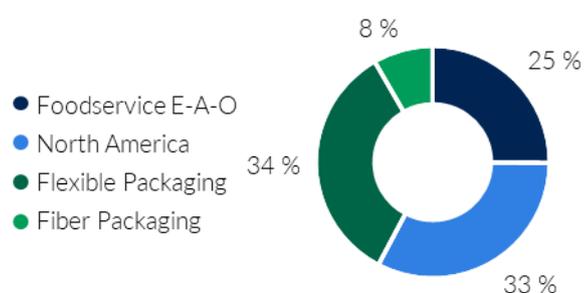
Charles Héaulmé
President and CEO

Financial review Q2 2022

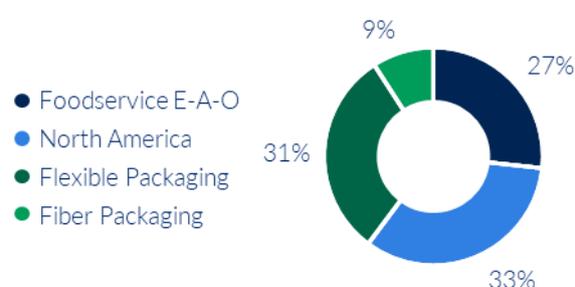
Net sales by business segment

EUR million	Q2 2022	Q2 2021	Change
Foodservice Europe-Asia-Oceania	288.8	235.6	23%
North America	374.8	295.2	27%
Flexible Packaging	390.7	270.7	44%
Fiber Packaging	95.4	80.4	19%
Elimination of internal sales	-2.5	-5.0	
Group	1,147.3	876.9	31%

Net sales by segment, Q2 2022



Net sales by segment, Q2 2021



Comparable net sales growth by business segment

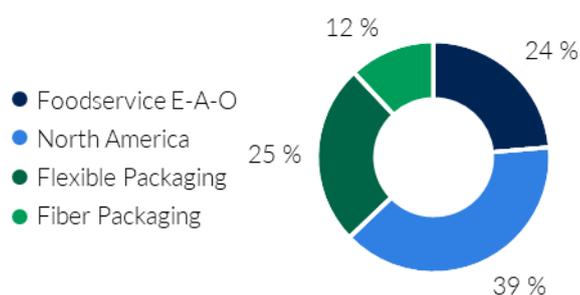
	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Foodservice Europe-Asia-Oceania	18%	18%	12%	2%	40%
North America	14%	24%	11%	5%	9%
Flexible Packaging	19%	18%	12%	7%	6%
Fiber Packaging	16%	8%	2%	2%	1%
Group	17%	19%	12%	4%	14%

The Group's net sales increased 31% to EUR 1,147 million (EUR 877 million) during the quarter and comparable net sales growth was 17%. Overall, demand continued on a good level, although with weakness in some categories and geographies. Net sales growth was mainly driven by pricing, supported by changes in currencies and the Elif acquisition. Comparable sales growth in emerging markets was 16%. Foreign currency translation impact on the Group's net sales was EUR 68 million (EUR -35 million) compared to 2021 exchange rates.

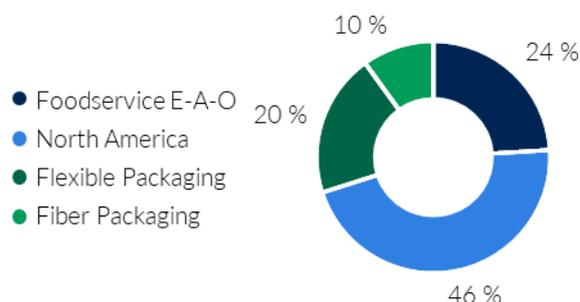
Adjusted EBIT by business segment

EUR million	Q2 2022	Q2 2021	Change	Items affecting comparability	
				Q2 2022	Q2 2021
Foodservice Europe-Asia-Oceania	25.3	19.9	27%	-3.5	-1.4
North America	41.9	38.2	10%	-	-0.6
Flexible Packaging	26.9	16.6	62%	-2.3	-1.7
Fiber Packaging	12.8	8.3	55%	-0.3	-0.5
Other activities	-4.2	-3.2		-0.1	-0.7
Group	102.7	79.8	29%	-6.2	-4.9

Adjusted EBIT by segment, Q2 2022



Adjusted EBIT by segment, Q2 2021



Adjusted EBIT margin by business segment

	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Foodservice Europe-Asia-Oceania	8.7%	10.0%	7.7%	8.5%	8.4%
North America	11.2%	11.5%	10.8%	12.2%	13.0%
Flexible Packaging	6.9%	7.8%	7.1%	6.0%	6.1%
Fiber Packaging	13.4%	8.2%	11.7%	9.5%	10.3%
Group	9.0%	9.3%	8.2%	8.5%	9.1%

The Group's adjusted EBIT increased to EUR 103 million (EUR 80 million) and reported EBIT was EUR 97 million (EUR 75 million) in the quarter. Adjusted EBIT improved driven by sales growth, continued focus on operational efficiency and with the support from acquisitions. The Group's adjusted EBIT margin decreased and was 9.0% (9.1%). Foreign currency translation impact on the Group's earnings was EUR 6 million (EUR -4 million).

Adjusted EBIT excludes EUR -6.2 million (EUR -4.9 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	Q2 2022	Q2 2021
Adjusted EBIT	102.7	79.8
Acquisition related costs	0.0	-1.3
Restructuring gains and losses, including writedowns of related assets	-3.6	-2.7
PPA amortization	-1.5	-
Settlement and legal fees of disputes	-0.1	-0.4
Property damage incidents	-1.0	-0.6
EBIT	96.5	74.9

Net financial expenses were EUR 12 million (EUR 6 million) in the quarter. Tax expense was EUR 22 million (EUR 16 million). Profit for the second quarter was EUR 63 million (EUR 53 million). Adjusted earnings per share (EPS) was EUR 0.63 (EUR 0.53) and reported EPS EUR 0.58 (EUR 0.50). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -4.5 million (EUR -3.8 million) of IAC.

Adjusted profit and IAC

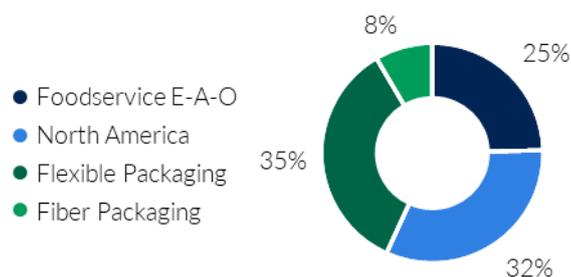
EUR million	Q2 2022	Q2 2021
Adjusted profit for the period attributable to equity holders of the parent company	65.3	55.4
IAC in EBIT	-6.2	-4.9
IAC in Financial items	0.3	-
Taxes relating to IAC	1.5	1.2
Profit for the period attributable to equity holders of the parent company	60.8	51.7

Financial review H1 2022

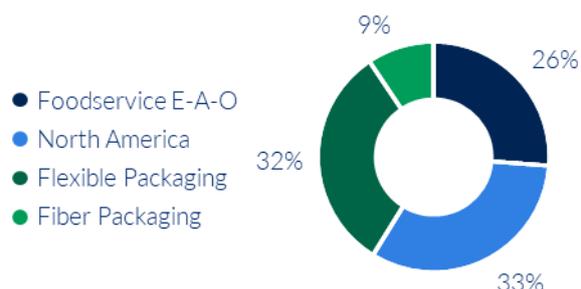
Net sales by business segment

EUR million	H1 2022	H1 2021	Change
Foodservice Europe-Asia-Oceania	543.5	443.1	23%
North America	712.3	551.3	29%
Flexible Packaging	768.4	537.8	43%
Fiber Packaging	186.4	158.9	17%
Elimination of internal sales	-13.6	-12.1	
Group	2,197.0	1,679.0	31%

Net sales by segment, H1 2022



Net sales by segment, H1 2021



Comparable net sales growth by business segment

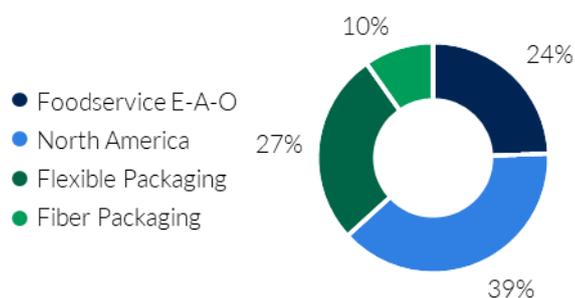
	H1 2022	H1 2021	H1 2020
Foodservice Europe-Asia-Oceania	18%	17%	-17%
North America	19%	4%	1%
Flexible Packaging	19%	3%	2%
Fiber Packaging	12%	3%	10%
Group	18%	6%	-3%

The Group's net sales increased 31% to EUR 2,197 million (EUR 1,679 million) during the reporting period, and comparable net sales growth was 18%. Net sales growth was mainly driven by pricing, supported by increased sales volumes, changes in currencies and the Elif acquisition. Comparable sales growth in emerging markets was 17%. Foreign currency translation impact on the Group's net sales was EUR 103 million (EUR -81 million) compared to 2021 exchange rates.

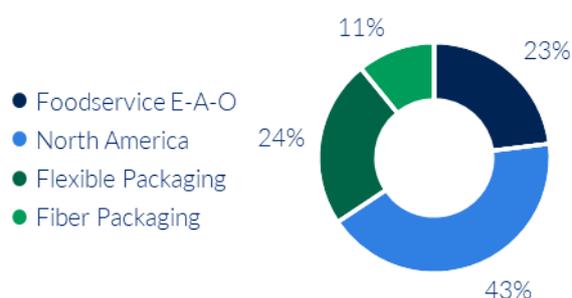
Adjusted EBIT by business segment

EUR million	H1 2022	H1 2021	Change	Items affecting comparability	
				H1 2022	H1 2021
Foodservice Europe-Asia-Oceania	50.9	37.6	35%	-3.5	-5.6
North America	80.8	69.4	16%	-0.0	-0.6
Flexible Packaging	56.4	38.3	47%	-5.1	-2.8
Fiber Packaging	20.3	17.7	15%	-0.3	-0.5
Other activities	-8.0	-6.2		-1.2	-0.7
Group	200.3	156.8	28%	-10.2	-10.3

Adjusted EBIT by segment, H1 2022



Adjusted EBIT by segment, H1 2021



Adjusted EBIT margin by business segment

	H1 2022	H1 2021	H1 2020
Foodservice Europe-Asia-Oceania	9.4%	8.5%	6.1%
North America	11.3%	12.6%	11.7%
Flexible Packaging	7.3%	7.1%	7.5%
Fiber Packaging	10.9%	11.2%	11.1%
Group Total	9.1%	9.3%	8.8%

The Group's adjusted EBIT increased to EUR 200 million (EUR 157 million) and reported EBIT was EUR 190 million (EUR 147 million). Adjusted EBIT improved driven by sales growth and continued focus on operational efficiency as well as with the support from acquisitions. The Group's adjusted EBIT margin decreased and was 9.1% (9.3%). Foreign currency translation impact on the Group's earnings was EUR 9 million (EUR -8 million).

Adjusted EBIT excludes EUR -10.2 million (EUR -10.3 million) of items affecting comparability (IAC).

Adjusted EBIT and IAC

EUR million	H1 2022	H1 2021
Adjusted EBIT	200.3	156.8
Acquisition related costs	-0.5	-1.6
Restructuring gains and losses, including writedowns of related assets	-5.0	-7.7
PPA amortization	-3.4	-
Settlement and legal fees of disputes	-0.2	-0.4
Property damage incidents	-1.0	-0.6
EBIT	190.1	146.5

Net financial expenses were EUR 15 million (EUR 14 million). Tax expense was EUR 44 million (EUR 31 million). The effective tax rate was 25% (23%). Profit for the period was EUR 131 million (EUR 101 million). Adjusted earnings per share (EPS) were EUR 1.26 (EUR 1.02) and reported EPS EUR 1.21 (EUR 0.95). Adjusted EPS is calculated based on adjusted profit for the period, which excludes EUR -4.2 million (EUR -7.9 million) of IAC.

Adjusted profit and IAC

EUR million	H1 2022	H1 2021
Adjusted profit for the period attributable to equity holders of the parent company	131.0	106.5
IAC in EBIT	-10.2	-10.3
IAC in Financial items	4.6	-
Taxes relating to IAC	1.4	2.4
Profit for the period attributable to equity holders of the parent company	126.8	98.7

Statement of financial position and cash flow

The Group's net debt increased mainly due to the acquisitions and was EUR 1,626 million (EUR 933 million) at the end of June. The level of net debt corresponds to a gearing ratio of 0.90 (0.66). Net debt to adjusted EBITDA ratio (excluding IAC) was 3.0 (1.9). Average maturity of external committed credit facilities and loans was 3.5 years (3.1 years).

On April 8, 2022, Huhtamäki Oyj signed a EUR 250 million term loan facility agreement with a maturity of two (2) years. The facility has a one-year extension option at the discretion of the lenders. The facility will be used for refinancing and general corporate purposes of the Group. On June 1, 2022, Huhtamäki Oyj issued a EUR 500 million senior unsecured sustainability-linked bond. The sustainability-linked 5-year bond matures on June 9, 2027 and bears interest at the rate of 4.25 per cent per annum, which is subject to an increased rate upon the failure to satisfy certain sustainability performance targets. With the proceeds from the issue of the bond, Huhtamaki refinanced its USD 500 million bridge loan facility and will use it for general corporate purposes of the Group.

Capital expenditure was EUR 128 million (EUR 85 million). The increase was driven by investments into innovative, sustainable products and business expansion. The largest investments for business expansion were made in North America and Germany. The Group's free cash flow was EUR -66 million (EUR 35 million) mainly impacted by increased working capital following market recovery and inflationary impact in raw materials as well as higher cash taxes.

Cash and cash equivalents were EUR 355 million (EUR 213 million) at the end of June and the Group had EUR 314 million (EUR 324 million) of unused committed credit facilities available.

Total assets on the statement of financial position were EUR 5,195 million (EUR 3,774 million).

Sustainability

As part of our 2030 Strategy, we are focusing on embedding sustainability in everything we do. As part of this journey, the company launched a Sustainability-Linked Bond Framework in accordance with the International Capital Markets Association's Sustainability-Linked Bond Principles 2020 in June. The Framework is designed to support the issuance of sustainability-linked securities by Huhtamaki. For securities issued under the Framework, the interest rate, or other financial characteristics will change if Huhtamaki fails to meet the predefined sustainability performance target at an agreed testing date for a designated sustainability performance indicator. On June 1, the company issued an unsecured, EUR 500 million, five-year sustainability-linked bond.

In addition, Huhtamaki scored 71 out of 100 points in the 2022 EcoVadis rating, placing the company in the top 5% of all companies assessed globally. In comparison to 2021, Huhtamaki's overall score remained unchanged, but the score for labor and human rights improved. This was as result of the work carried out in 2021 by the company, including the first human rights impact assessment that was conducted.

Lastly addressing the recycling challenge is important and Huhtamaki is working with partners across the value chain to do develop scalable, commercially viable pilots. As part of this Huhtamaki is piloting two projects in Europe and China, and the first results of the pilots will be announced in late 2022. In addition, in India The Huhtamaki Foundation's plastic recycling facility started operations in Khopoli in May.

Impacts of the war in Ukraine

Huhtamaki has operations in both Ukraine and Russia but does not operate in Belarus. In Ukraine, the company has one factory, which has mostly served the local market. The factory has been temporarily closed since the war started. Net sales in Ukraine had only a minor contribution to the Group level net sales in 2021.

Huhtamaki has four manufacturing units in Russia, employing approximately 700 people. The net sales in Russia amounted to EUR 99.5 million in 2021, representing less than 3% of the Group's net sales. Non-current assets in the country was EUR 102.7 million at the end of June 2022 (EUR 59.0 million at the end of March 2022). The increase in non-current assets is driven by the strengthening of the Russian ruble during the second quarter. The factories in Russia mostly serve the local market. Only a minor part of production has been exported.

In April 2022, Huhtamaki decided to initiate the process to divest its operations in Russia. This followed an earlier decision to stop all investments in Russia at the outbreak of the invasion of Ukraine. Huhtamaki considers that the current evolution of the situation and the long-term outlook in Russia will prevent the realization of its growth strategy and long-term ambitions in the country. Huhtamaki will continue to prioritize investments that capture the significant growth opportunities in the rest of the world, in line with its global ambitions and 2030 Strategy.

The divestment process is ongoing. The company is maintaining its operations during this transitional period, subject to supply chain availability, to meet its contractual and regulatory obligations and to safeguard employees and customers.

Impact of COVID-19

The impact of COVID-19 on Huhtamaki's business has decreased gradually. During the second quarter of 2022, the situation in most markets has normalized, and demand has recovered overall. There were some exceptions, such as China, where the operating environment was negatively impacted by lockdowns. Globally there continue to be challenges with the supply chain.

Other significant events during the reporting period

Huhtamaki signed a EUR 250 million term loan facility

On April 8, 2022, Huhtamäki Oyj signed a EUR 250 million term loan facility agreement with a maturity of two (2) years. The facility has a one-year extension option at the discretion of the lenders. The facility will be used for refinancing and general corporate purposes of the Group.

Huhtamaki launched a Sustainability-Linked Bond Framework

On May 25, 2022, Huhtamaki issued a Sustainability-Linked Bond Framework (the "SLB Framework") in accordance with the International Capital Markets Association's Sustainability-Linked Bond Principles 2020. The SLB Framework is designed to support the issuance of sustainability-linked securities by Huhtamaki. For the securities issued under the SLB Framework, the interest rate, or other financial characteristics, of a security will change if Huhtamaki fails to meet the predefined sustainability performance target at an agreed testing date for a designated sustainability performance indicator.

S&P Global Ratings assigns BB+ issuer credit rating to Huhtamäki Oyj

On May 25, 2022, S&P Global Ratings assigned a long-term issuer credit rating of BB+ to Huhtamäki Oyj, with a stable outlook. It is the first debt rating for Huhtamaki.

Huhtamaki issued a EUR 500 million sustainability-linked bond

On June 1, 2022, Huhtamäki Oyj issued a EUR 500 million senior unsecured sustainability-linked bond. The sustainability-linked 5-year bond matures on June 9, 2027 and bears interest at the rate of 4.25 per cent per annum, which is subject to an increased rate upon the failure to satisfy certain sustainability performance targets. With the

proceeds from the issue of the bond, Huhtamaki refinanced its USD 500 million bridge loan facility and will use it for general corporate purposes of the Group.

Huhtamaki to expand molded fiber manufacturing capacity in North America

On June 8, 2022, Huhtamaki announced plans to expand its molded fiber product manufacturing unit in the city of Hammond, Indiana, US, as part of its investment in Fiber Solutions. The investment, which is expected to start ramping up towards the end of 2023, will enable Huhtamaki to better serve existing and new customers with a broad range of sustainable, fully recyclable and compostable, fiber-based packaging solutions, including egg cartons and cup carriers. The products will be manufactured from 100% recycled North American raw material.

Amounting to a total investment of almost USD 100 million, the expanded facility covers circa 23,000 square meters and will be built adjacent to Huhtamaki's existing Hammond manufacturing unit. Huhtamaki has operated in Hammond, Indiana, since 1948 and currently has approximately 140 employees. It expects to employ a further 100 new employees when fully operational.

Significant events after the reporting period

There were no significant events after the reporting period.

Business review by segment

Foodservice Europe-Asia-Oceania

Foodservice paper and plastic disposable tableware, such as cups, is supplied to foodservice operators, fast food restaurants and coffee shops. The segment has production units in Europe, South Africa, Middle East, Asia and Oceania.

EUR million	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	2021
Net sales	288.8	235.6	23%	543.5	443.1	23%	941.8
Comparable net sales growth	18%	40%		18%	17%		11%
Adjusted EBIT ¹	25.3	19.9	27%	50.9	37.6	35%	77.8
Margin ¹	8.7%	8.5%		9.4%	8.5%		8.3%
Adjusted RONA ¹				9.9 %	9.3 %		9.2 %
Capital expenditure	19.6	15.4	27%	57.7	25.2	>100%	85.0
Operating cash flow ¹	5.9	12.5	-53%	-5.2	33.9	<-100%	8.9
<i>Items affecting comparability (IAC)</i>	-3.5	-1.4		-3.5	-5.6		0.6

¹ Excluding IAC.

Q2 2022

The demand for foodservice packaging continued to improve, but variations between markets and product categories remained. Prices of all major input costs continued to increase. The supply chain continued to be disrupted, leading to cost escalation as well as some challenges with availability.

Net sales in the Foodservice Europe-Asia-Oceania segment increased. Comparable net sales growth was 18%. Net sales increased in most main markets and was especially strong in Central and Eastern Europe and Middle East. The most significant negative deviations were China (due to continued COVID-19 lockdowns), Ukraine and Russia.

The impact of currency movements on the segment's reported net sales was EUR 8 million.

The segment's adjusted EBIT improved, driven by increased sales volumes, an improved mix and pricing to offset the significant cost inflation.

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

H1 2022

During the first half of 2022, the demand for foodservice packaging improved. Variations between markets and product categories remained. Compared to the first half of 2021, prices of all major input costs have increased significantly. The supply chain continued to be disrupted, leading to cost escalation as well as some challenges with availability.

Net sales in the Foodservice Europe-Asia-Oceania segment increased. Comparable net sales growth was 18%. Net sales increased in all main markets and was especially strong in Central and Western Europe as well as Middle East and Africa. Net sales decreased most in China (due to continued COVID-19 lockdowns) and Ukraine.

The impact of currency movements on the segment's reported net sales was EUR 10 million.

The segment's adjusted EBIT improved, as a result of increased sales volumes and mix and supported by pricing to offset the significant cost inflation. Additionally, there was a continued positive impact from productivity actions in 2021.

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 2022	Q2 2021	Change	H1 2022	H1 2021	Change	2021
Net sales	374.8	295.2	27%	712.3	551.3	29%	1,160.3
Comparable net sales growth	14%	9%		19%	4%		6%
Adjusted EBIT ¹	41.9	38.2	10%	80.8	69.4	16%	139.1
Margin ¹	11.2%	13.0%		11.3%	12.6%		12.0%
Adjusted RONA ¹				17.4 %	17.4 %		17.5%
Capital expenditure	16.2	12.8	26%	32.4	22.4	45%	70.6
Operating cash flow ¹	24.9	34.1	-27%	3.9	47.1	-92%	117.0
<i>Items affecting comparability (IAC)</i>	-	-0.6		-0.6	-0.6		-1.9

¹ Excluding IAC.

Q2 2022

Overall, demand continued on a good level. In some categories, demand continued to exceed supply, as availability of raw materials was not sufficient. Cost inflation was significant and broad-based, affecting raw material, labor, distribution, and energy.

Net sales in the North America segment increased, driven by all product categories. Comparable net sales growth was 14%. Challenges with raw material availability limited net sales growth.

The impact of currency movements on the segment's reported net sales was EUR 42 million.

The segment's adjusted EBIT improved, supported by net sales growth and increased operational efficiency, while an unfavorable sales mix had a negative impact. The impact on profitability from increased costs for raw materials, labor, distribution and energy was offset by pricing actions.

The impact of currency movements on the segment's reported earnings was EUR 5 million.

H1 2022

Demand remained on a good level across the board during the first half of 2022. Cost inflation was significant and broad-based, affecting raw material, labor, distribution, and energy. Additionally, there were constraints on raw material availability.

Net sales in North America segment increased driven by foodservice packaging and retail tableware. Comparable net sales growth was 19%.

The impact of currency movements on the segment's reported net sales was EUR 66 million.

The segment's adjusted EBIT improved, supported by net sales growth and increased operational efficiency. The impact on profitability from increased costs for raw materials, labor, distribution and energy was offset by pricing actions.

The impact of currency movements on the segment's reported earnings was EUR 7 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 2022	Q2 2021	Change	H1 2022	H1 2021	Change	2021
Net sales	390.7	270.7	44%	768.4	537.8	43%	1,166.6
Comparable net sales growth	19%	6%		19%	3%		7%
Adjusted EBIT ¹	26.9	16.6	62%	56.4	38.3	47%	79.8
Margin ¹	6.9%	6.1%		7.3%	7.1%		6.8%
Adjusted RONA ¹				7.2 %	9.8 %		8.0 %
Capital expenditure	7.0	11.5	-39%	21.4	19.7	9%	46.0
Operating cash flow ¹	8.2	11.8	-31%	-9.1	26.7	<-100%	54.9
Items affecting comparability (IAC)	-2.3	-1.7		-5.1	-2.8		-16.1

¹ Excluding IAC.

Q2 2022

Overall demand for flexible packaging remained good. Raw material prices increased significantly compared to the second quarter of 2021.

Net sales in the Flexible Packaging segment increased in most markets, Europe in particular. Comparable net sales growth was 19%. Pricing actions was the main driver behind sales growth. The Elif acquisition contributed favorably to the reported net sales.

The impact of currency movements on the segment's reported net sales was EUR 14 million.

The segment's adjusted EBIT increased. The significant cost inflation was largely offset by pricing actions and cost management. The Elif acquisition contributed favorably to the adjusted EBIT.

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

H1 2022

Overall demand for flexible packaging remained good. The competitive situation in all regions remained tight. Raw material prices increased significantly compared to the first half of 2021 as well as cost for energy and transport.

Net sales increased in all main markets, adapting to the high inflationary environment. Comparable net sales growth was 19%, where the key drivers were Europe, India and Asia. The Elif acquisition contributed favorably to the reported net sales.

The impact of currency movements on the segment's reported net sales was EUR 22 million.

The segment's adjusted EBIT increased. The significant cost inflation was largely offset by pricing actions and cost management. Additionally, portfolio management and operational improvements in India had a positive impact. The Elif acquisition contributed favorably to the adjusted EBIT.

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 2022	Q2 2021	Change	H1 2022	H1 2021	Change	2021
Net sales	95.4	80.4	19%	186.4	158.9	17%	333.6
Comparable net sales growth	16%	1%		12%	3%		2%
Adjusted EBIT ¹	12.8	8.3	55%	20.3	17.7	15%	36.4
Margin ¹	13.4%	10.3%		10.9%	11.2%		10.9%
Adjusted RONA ¹				14.1 %	15.7 %		14.0 %
Capital expenditure	8.7	11.6	-25%	16.1	16.9	-4%	56.2
Operating cash flow ¹	2.6	2.4	7 %	23.1	5.0	>100 %	-9.3
Items affecting comparability (IAC)	-0.5	-0.5		-0.5	-0.5		-1.1

¹ Excluding IAC.

Q2 2022

Overall demand for fiber-based egg packaging and food-on-the-go products remained stable in most markets. The prices of recycled fiber continued to increase.

Net sales in the Fiber Packaging segment increased. Comparable net sales growth was 16%. Net sales increased especially in Europe and was driven by volume and pricing actions.

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

The segment's adjusted EBIT increased, supported by increased sales volumes and pricing actions, to offset the significant cost inflation.

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

H1 2022

Demand for fiber-based egg packaging continued to soften, while demand for food-on-the-go products was good. The prices of recycled fiber continued to increase and were significantly higher compared to the previous year's level.

Net sales in the Fiber Packaging segment increased. Comparable net sales growth was 12%. Net sales increased especially in Europe. Net sales growth was driven by volume and pricing actions.

The impact of currency movements on the segment's reported net sales was EUR 5 million.

The segment's adjusted EBIT increased, supported by increased sales volumes and pricing actions, to offset the significant cost inflation.

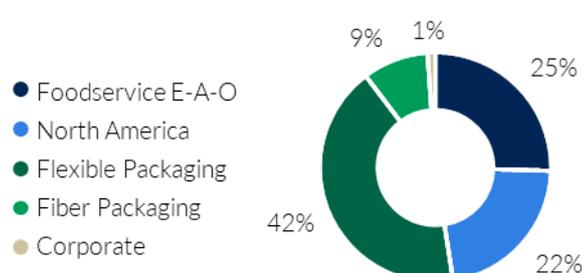
The impact of currency movements on the segment's reported earnings was EUR 1 million.

Personnel

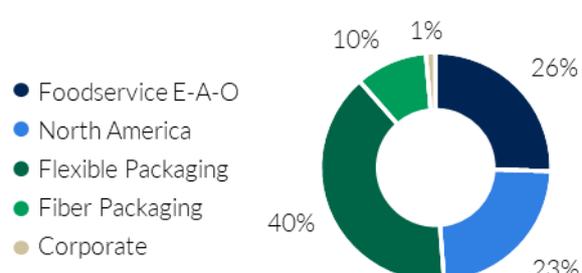
Number of personnel

	June 30, 2022	June 30, 2021	Change
Foodservice Europe-Asia-Oceania	5,081	4,644	9%
North America	4,407	4,242	4%
Flexible Packaging	8,426	7,230	17%
Fiber Packaging	1,840	1,836	0%
Corporate	219	248	-12%
Group	19,973	18,200	10%

Personnel by segment on June 30, 2022



Personnel by segment on June 30, 2021



At the end of June 2022, the Group had a total of 19,973 (18,200) employees. The number of employees was 10% higher than in the comparison period, driven mainly by the impact of the two acquisitions.

Changes in management

On December 21, 2021, it was announced that the President and CEO Charles Héaulmé was diagnosed with a cancer. He took a leave of absence from early January 2022, to undergo treatment, and fully resumed his duties on April 19, 2022. Thomas Geust, CFO, acted as interim Deputy CEO from January 1, 2022 to April 18, 2022. During the same time, Eric Le Lay, President Fiber and Foodservice EAO, acted as interim Chief Operating Officer.

Fredrik Davidsson, Bs (Engineering), started in his position as Executive Vice President, Digital and Process Performance and a member of the Global Executive Team on May 1, 2022. As Fredrik started in his position, acting Head of Digital and Process Performance Antti Valtokari returned to his role as Senior Vice President, Operating Model and Systems.

Share capital, shareholders and trading of shares

Share capital and number of shares

	June 30, 2022	June 30, 2021
Registered share capital (EUR million)	366	366
Total number of shares	107,760,385	107,760,385
Shares owned by the Company	3,395,709	3,395,709
% of total number of shares	3.2%	3.2%
Number of outstanding shares ¹	104,364,676	104,364,676
Average number of shares ^{1,2}	104,364,676	104,355,477

¹ Excluding shares owned by the Company

² Average number of outstanding shares used in EPS calculations

Shareholder structure as at June 30, 2022



The number of registered shareholders at the end of June 2022 was 49,632 (41,864). Foreign ownership including nominee registered shares accounted for 46% (49%).

Trading of shares

Trading of Huhtamaki shares on Nasdaq Helsinki	H1 2022	H1 2021
Number of shares traded, million	36.0	29.0
Closing price on final day of trading, EUR	37.80	39.95
Volume-weighted average price, EUR	33.71	39.69
High, EUR	39.40	43.76
Low, EUR	26.41	37.20
Market capitalization (at end of period), EUR million	4,073	4,305

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 2022, the Company's market capitalization was EUR 4,073 million (EUR 4,305 million). With a closing price of EUR 37.80 (EUR 39.95) at the end of the reporting period, the share price decreased approximately 3% from the beginning of the year. During the reporting period the volume weighted average price for the Company's shares was EUR 33.71 (EUR 39.69). The highest price paid was EUR 39.40 (EUR 43.76) and the lowest was EUR 26.41 (EUR 37.20).

During the reporting period, the cumulative value of the Company's share turnover on Nasdaq Helsinki Ltd was EUR 1,226 million (EUR 1,134 million). The trading volume of approximately 36 million (29 million) shares equaled an

average daily turnover of 293,399 (232,463) shares. The cumulative value of the Company's share turnover including alternative trading venues, such as BATS Chi-X and Turquoise, was EUR 4,192 million (EUR 3,261 million). During the reporting period, 72% (66%) of all trading took place outside Nasdaq Helsinki Ltd. (Source: Fidessa Fragmentation Index, fragmentation.fidessa.com)

Resolutions of the Annual General Meeting 2022

Huhtamäki Oyj's Annual General Meeting of Shareholders was held on April 27, 2022 in Espoo, Finland. The meeting adopted the Company's Annual Accounts including the Consolidated Annual Accounts for 2021, discharged the members of the Company's Board of Directors and the 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 presented to it.

The Annual General Meeting resolved that an aggregate dividend of EUR 0.94 per share be paid based on the balance sheet adopted for the financial period ended on December 31, 2021. The dividend will be paid in two instalments. The first dividend instalment, EUR 0.47 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 April 29, 2022. The payment date for the first dividend instalment was May 6, 2022. The second dividend instalment, EUR 0.47 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 3, 2022. The payment date for the second dividend instalment will be on October 10, 2022.

The number of members of the Board of Directors was confirmed to as nine (9). Mr. Pekka Ala-Pietilä, Mr. Doug Baillie, Mr. William R. Barker, Ms. Anja Korhonen, Ms. Kerttu Tuomas, Ms. Sandra Turner and Mr. Ralf K. Wunderlich were re-elected and, as new members, Ms. Mercedes Alonso and Mr. Heikki Takala 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 160,000, to the Vice-Chair EUR 75,000 and to the other members EUR 62,000 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 15,000 and to the other members of the Audit Committee EUR 5,000 as well as to the Chair of the Human Resources Committee EUR 5,000 and to the other members of the Human Resources Committee EUR 2,500. 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, 2022. 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, 2023.

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, 2023.

Short-term risks and uncertainties

Significant and broad-based inflation (including raw materials, labor, distribution and energy as well as the impact on 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. Geopolitical, general political, economic and financial market conditions, as well as a potential further escalation of the geopolitical crisis in Europe, can also have an adverse effect on the implementation of the Group's strategy and on its business performance and earnings. The COVID-19 pandemic may continue to create further disturbances in the Group's trading conditions and its operating environment, as well as in demand for the Group's products. Further, natural disasters may have negative effects on the Group's operating environment.

Outlook for 2022 (unchanged)

The Group's trading conditions are expected to improve compared to 2021, however with continued volatility in the operating environment. Huhtamaki's diversified product portfolio provides resilience and the Group's good financial position enables addressing profitable growth opportunities.

Financial reporting in 2022

In 2022, Huhtamaki will publish financial information as follows:

Interim Report, January 1 - September 30, 2022	October 21
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Espoo, July 20, 2022

Huhtamäki Oyj
Board of Directors

Group income statement (IFRS)

<i>EUR million</i>	H1 2022	H1 2021*	Q2 2022	Q2 2021*	Q1-Q4 2021
Net sales	2,197.0	1,679.0	1,147.3	876.9	3,574.9
Cost of goods sold	-1825.2	-1,392.6	-956.5	-728.4	-2,980.4
Gross profit	371.9	286.4	190.8	148.5	594.4
Other operating income	10.2	6.7	6.9	3.6	24.4
Sales and marketing	-49.2	-38.0	-25.5	-19.0	-84.8
Research and development	-15.3	-11.3	-7.7	-6.1	-25.7
Administration expenses	-121.2	-93.1	-62.6	-49.1	-207.6
Other operating expenses	-6.4	-4.1	-5.5	-2.9	-4.8
Share of profit of equity-accounted investments	-	-	-	-	-
Earnings before interest and taxes	190.1	146.5	96.5	74.9	296.0
Financial income	6.5	2.3	0.8	1.1	4.0
Financial expenses	-21.5	-16.6	-12.8	-7.0	-37.0
Profit before taxes	175.1	132.2	84.5	69.0	263.0
Income tax expense	-43.8	-31.0	-21.7	-16.2	-60.3
Profit for the period	131.3	101.4	62.8	52.9	202.7
Attributable to:					
Equity holders of the parent company	126.8	98.7	60.8	51.7	198.8
Non-controlling interest	4.5	2.7	2.0	1.2	3.8
EUR					
EPS attributable to equity holders of the parent company	1.21	0.95	0.58	0.50	1.91
Diluted EPS attributable to equity holders of the parent company	1.21	0.95	0.58	0.50	1.91

*Restated (see Notes to the Q1 Interim Report - Restatement Q1-Q3 2021)

Group statement of comprehensive income (IFRS)

<i>EUR million</i>	H1 2022	H1 2021	Q2 2022	Q2 2021	Q1-Q4 2021
Profit for the period	131.3	101.3	62.8	52.9	202.7
Other comprehensive income:					
Items that will not be reclassified to profit or loss					
Remeasurements on defined benefit plans	0.0	0.2	0.0	-0.0	35.7
Income taxes related to items that will not be reclassified	-0.1	-0.1	-0.0	0.0	-8.0
Total	-0.0	0.2	0.0	0.0	27.8
Items that may be reclassified subsequently to profit or loss					
Translation differences	172.5	50.0	129.9	-1.9	117.8
Equity hedges	-16.0	-7.6	-12.2	2.2	-17.9
Cash flow hedges	14.4	2.4	4.2	1.7	4.9
Income taxes related to items that may be reclassified	-0.5	-0.6	1.4	-0.3	-1.1
Total	170.3	44.3	123.3	1.7	103.7
Other comprehensive income, net of tax	170.3	44.4	123.3	1.8	131.5
Total comprehensive income	301.6	145.7	186.2	54.6	334.2
Attributable to:					
Equity holders of the parent company	295.9	142.6	183.7	53.3	330.1
Non-controlling interest	5.7	3.2	2.5	1.3	4.1

Group statement of financial position (IFRS)

<i>EUR million</i>	Jun 30, 2022	Dec 31, 2021	Jun 30, 2021*
ASSETS			
Non-current assets			
Goodwill	1,043.0	1,000.9	762.7
Other intangible assets	125.3	121.5	35.8
Tangible assets	1,781.6	1,674.1	1,434.8
Other investments	2.8	2.2	2.2
Interest-bearing receivables	1.6	2.0	1.9
Deferred tax assets	55.5	55.1	64.1
Employee benefit assets	72.3	67.6	57.9
Other non-current assets	10.6	5.6	3.9
	3,092.8	2,929.1	2,363.5
Current assets			
Inventory	858.1	665.7	545.3
Interest-bearing receivables	8.3	1.9	3.8
Current tax assets	20.5	22.0	17.7
Trade and other current receivables	860.5	744.9	630.9
Cash and cash equivalents	354.5	178.7	212.5
	2,101.9	1,613.1	1,410.2
Total assets	5,194.7	4,542.2	3,773.6
EQUITY AND LIABILITIES			
Share capital	366.4	366.4	366.4
Premium fund	115.0	115.0	115.0
Treasury shares	-31.2	-31.2	-31.2
Translation differences	52.9	-102.4	-159.9
Fair value and other reserves	-58.6	-72.4	-102.1
Retained earnings	1,279.7	1,245.3	1,142.0
Total equity attributable to equity holders of the parent company	1,724.3	1,520.7	1,330.1
Non-controlling interest	83.0	76.5	83.9
Total equity	1,807.2	1,597.2	1,414.1
Non-current liabilities			
Interest-bearing liabilities	1,547.3	1,275.6	858.6
Deferred tax liabilities	147.6	131.9	108.6
Employee benefit liabilities	196.7	197.2	229.6
Provisions	13.8	13.1	14.5
Other non-current liabilities	13.8	5.1	10.9
	1,919.2	1,622.8	1,222.3
Current liabilities			
Interest-bearing liabilities			
Current portion of long term loans	141.6	157.1	108.0
Short-term loans	302.0	270.1	184.5
Provisions	3.7	4.7	8.2
Current tax liabilities	53.9	55.0	67.6
Trade and other current liabilities	967.0	835.3	769.0
	1,468.3	1,322.2	1,137.3
Total liabilities	3,387.5	2,945.0	2,359.6
Total equity and liabilities	5,194.7	4,542.2	3,773.6

*Restated (see Notes to the Q1 Interim Report - Restatement Q1-Q3 2021)

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
Balance on January 1, 2021	366.4	115.0	-31.3	-202.3	-103.8	1,140.1	1,284.1	80.4	1,364.5
Dividends paid						-96.0	-96.0		-96.0
Share-based payments			0.1			0.7	0.9		0.9
Total comprehensive income for the year				42.4	1.6	98.7	142.6	3.2	145.8
Acquisition of non-controlling interest						-2.0	-2.0	-0.9	-2.9
Other Changes						0.6	0.6	1.2	1.8
Balance on Jun 30, 2021	366.4	115.0	-31.2	-159.9	-102.1	1,142.0	1,330.1	83.9	1,414.1
Balance on January 1, 2022	366.4	115.0	-31.2	-102.4	-72.4	1,245.3	1,520.7	76.5	1,597.2
Dividends paid						-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
Balance on Jun 30, 2022	366.4	115.0	-31.2	52.9	-58.6	1,279.8	1,724.3	83.0	1,807.2

Group statement of cash flows (IFRS)

<i>EUR million</i>	H1 2022	H1 2021**	Q2 2022	Q2 2021**	Q1-Q4 2021
Profit for the period*	131.3	101.3	62.8	52.9	202.7
Adjustments*	170.6	129.2	89.8	63.4	267.1
Depreciation and amortization*	103.8	82.5	52.7	39.4	173.7
Gain/loss from disposal of assets*	3.6	1.9	3.7	1.9	-3.8
Financial expense/-income*	14.9	14.3	12.0	5.9	33.0
Income tax expense*	43.8	31.0	21.7	16.2	60.3
Other adjustments, operational*	4.5	-0.5	-0.3	0.0	4.0
Change in inventory*	-160.0	-58.7	-57.4	-13.9	-105.0
Change in non-interest bearing receivables*	-90.6	-99.1	-42.2	-41.1	-150.2
Change in non-interest bearing payables*	59.6	82.0	12.3	44.2	116.4
Dividends received*	0.1	0.0	0.1	0.0	0.2
Interest received*	17.2	1.2	12.6	0.7	2.2
Interest paid*	-27.8	-9.2	-18.3	-4.2	-25.4
Other financial expense and income*	-3.7	-0.6	-3.8	-0.2	-2.4
Taxes paid*	-35.4	-26.9	-24.4	-21.9	-82.8
Net cash flows from operating activities	61.3	119.2	31.7	79.9	222.7
Capital expenditure*	-127.9	-84.9	-51.5	-51.8	-259.4
Proceeds from selling tangible assets*	0.8	0.9	-0.1	0.5	10.5
Acquired subsidiaries and assets	-	-21.6	-	-21.6	-365.2
Proceeds from long-term deposits	0.6	1.7	0.3	0.1	1.8
Payment of long-term deposits	-	-0.3	0.0	-0.3	-0.4
Proceeds from short-term deposits	1.6	4.3	0.9	2.1	7.0
Payment of short-term deposits	-7.7	-0.7	-2.8	-0.6	-1.4
Net cash flows from investing activities	-132.6	-100.5	-53.3	-71.6	-607.0
Proceeds from long-term borrowings	833.9	111.3	822.9	3.2	621.3
Repayment of long-term borrowings	-477.8	-126.5	-473.7	-3.5	-257.3
Change in short-term loans	-69.8	-60.8	-147.4	-16.8	-15.8
Acquisition of non-controlling interest	-2.3	-2.8	-	-0.6	-15.1
Dividends paid	-49.0	-47.8	-49.0	-47.8	-96.0
Net cash flows from financing activities	235.0	-126.6	152.9	-65.5	237.1
Change in liquid assets	175.9	-102.9	139.4	-59.0	-136.8
Cash flow based	163.7	-108.0	131.3	-57.2	-147.2
Translation difference	12.1	5.1	8.1	-1.8	10.4
Liquid assets period start	178.7	315.5	215.1	271.5	315.5
Liquid assets period end	354.5	212.5	354.5	212.5	178.7
Free cash flow (including figures marked with *)	-65.7	35.2	-20.0	28.6	-26.1

**Restated (see Notes to the Q1 Interim Report - Restatement Q1-Q3 2021)

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 2021. The following new and amended standards and interpretations have been adopted with effect from January 1, 2022. The amendments had no material impact on the interim financial statements:

- **Revised IFRS 3 Business Combinations.** The amendments update the outdated reference to the Conceptual Framework.
- **Revised IAS 16 Property, Plant and Equipment.** Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.
- **Revised IAS 37 Provisions, Contingent Liabilities and Contingent Assets.** When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs
- **Annual Improvements to IFRS standards 2018–2020.** Annual improvements include smaller amendments to four standards.

Restatement Q1-Q3 2021

The Group has restated the comparative numbers for Q1-Q3 2021, see more information in Interim Report Q1 2022.

COVID-19

Description of the COVID-19 on the business can be found in the chapter 'Impact of COVID-19' in the interim results review.

Impacts of the war in Ukraine

Huhtamaki has operations in both Ukraine and Russia but does not operate in Belarus. In Ukraine, the company has one factory, which has mostly served the local market. The factory has been temporarily closed since the war started. Net sales in Ukraine had only a minor contribution to the Group level net sales in 2021.

Huhtamaki has four manufacturing units in Russia, employing approximately 700 people. The net sales in Russia amounted to EUR 99.5 million in 2021, representing less than 3% of the Group's net sales. Non-current assets in the country was EUR 102.7 million at the end of June 2022 (EUR 59.0 million at the end of March 2022). The increase in non-current assets is driven by the strengthening of the Russian ruble during the second quarter. The factories in Russia have mostly served the local market. Only a minor part of production has been exported.

In April 2022, Huhtamaki decided to initiate the process to divest its operations in Russia. This followed an earlier decision to stop all investments in Russia at the outbreak of the invasion of Ukraine. Huhtamaki considers that the current evolution of the situation and the long-term outlook in Russia will prevent the realization of its growth strategy and long-term ambitions in the country. Huhtamaki will continue to prioritize investments that capture the significant growth opportunities in the rest of the world, in line with its global ambitions and 2030 Strategy.

The divestment process is ongoing. The company maintains its operations during this transitional period, subject to supply chain availability, to meet its contractual and regulatory obligations and to safeguard employees and customers.

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 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	541.5	288.1	253.4	937.8	252.6	243.4	235.0	206.9
Intersegment net sales	2.0	0.7	1.3	4.0	1.4	1.3	0.6	0.6
North America	709.1	373.2	335.9	1,156.1	313.3	293.7	293.9	255.3
Intersegment net sales	3.2	1.6	1.6	4.2	1.4	0.7	1.3	0.8
Flexible Packaging	767.0	391.0	376.0	1,165.6	348.5	282.4	269.3	265.5
Intersegment net sales	1.5	-0.2	1.7	0.9	-3.6	1.5	1.4	1.6
Fiber Packaging	179.4	95.0	84.4	315.4	85.1	77.0	78.8	74.5
Intersegment net sales	6.9	0.4	6.5	18.3	6.3	6.3	1.6	4.1
Elimination of intersegment net sales	-13.6	-2.5	-11.1	-27.4	-5.5	-9.8	-5.0	-7.1
Total	2,197.0	1,147.3	1,049.7	3,574.9	999.5	896.4	876.9	802.1

EBIT

<i>EUR million</i>	H1 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	47.3	21.8	25.5	78.5	26.6	20.0	18.5	13.4
North America	80.7	41.9	38.8	137.3	32.8	35.7	37.6	31.2
Flexible Packaging	51.3	24.7	26.6	63.6	21.4	6.7	14.9	20.6
Fiber Packaging	20.0	12.5	7.5	35.2	10.3	7.8	7.8	9.5
Other activities	-9.2	-4.3	-4.9	-18.7	-6.6	-5.3	-3.8	-3.1
Total	190.1	96.5	93.5	296.0	84.5	64.9	75.0	71.6

IAC in EBIT

<i>EUR million</i>	H1 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	-3.5	-3.5	-0.0	0.8	7.1	-0.7	-1.4	-4.2
North America	-0.0	-	-0.0	-1.9	-1.1	-0.1	-0.6	-
Flexible Packaging	-5.1	-2.3	-2.8	-16.1	-3.1	-10.3	-1.6	-1.1
Fiber Packaging	-0.3	-0.3	-0.0	-1.1	-0.5	-0.1	-0.5	0.0
Other activities	-1.2	-0.1	-1.1	-1.0	-0.1	-0.1	-0.7	-0.0
Total	-10.2	-6.2	-4.0	-19.3	2.3	-11.4	-4.9	-5.3

EBITDA

<i>EUR million</i>	H1 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	77.5	37.1	40.4	133.8	38.9	34.2	31.7	29.1
North America	108.6	56.3	52.3	188.2	46.1	48.6	50.1	43.4
Flexible Packaging	83.0	40.6	42.4	106.6	37.1	16.5	22.6	30.3
Fiber Packaging	32.1	18.6	13.5	57.0	16.1	13.4	13.1	14.4
Other activities	-7.4	-3.4	-4.0	-16.0	-5.6	-4.7	-3.2	-2.5
Total	293.8	149.2	144.6	469.6	132.5	108.0	114.3	114.8

IAC in EBITDA

<i>EUR million</i>	H1 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	-3.5	-3.5	-0.0	0.7	4.8	-0.7	-1.4	-1.9
North America	-0.0	-	-0.0	-1.9	-1.1	-0.1	-0.6	-
Flexible Packaging	-1.4	-0.6	-0.8	-15.4	-0.8	-10.1	-3.5	-1.0
Fiber Packaging	-0.3	-0.3	-0.0	-1.2	-0.5	-0.1	-0.5	-0.1
Other activities	-1.2	-0.1	-1.1	-1.0	-0.1	-0.1	-0.7	-0.0
Total	-6.6	-4.6	-2.0	-18.7	2.2	-11.2	-6.6	-3.0

Depreciation and amortization

<i>EUR million</i>	H1 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	30.2	15.3	14.8	55.3	12.3	14.2	13.2	15.7
North America	27.9	14.3	13.6	50.9	13.3	12.9	12.5	12.2
Flexible Packaging	31.7	16.0	15.8	42.9	15.7	9.8	7.7	9.7
Fiber Packaging	12.2	6.1	6.0	21.8	5.8	5.6	5.4	4.9
Other activities	1.8	1.0	0.9	2.8	0.9	0.6	0.6	0.6
Total	103.8	52.7	51.1	173.7	48.1	43.1	39.3	43.1

Net assets allocated to the segments¹

<i>EUR million</i>	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	1,011.2	972.3	930.9	848.2	841.1	810.2
North America	972.9	918.9	838.1	796.8	793.8	801.8
Flexible Packaging	1,716.1	1,650.0	1,272.7	1,321.8	824.7	808.5
Fiber Packaging	305.7	264.9	272.8	274.1	261.7	251.1

¹ 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 2022	Q2 2022	Q1 2022	Q1 - Q4 2021	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Foodservice Europe-Asia-Oceania	57.7	19.6	38.1	85.0	40.5	19.2	15.4	9.8
North America	32.4	16.2	16.2	70.6	36.2	12.0	12.8	9.6
Flexible Packaging	21.4	7.0	14.4	46.0	12.7	13.6	11.5	8.1
Fiber Packaging	16.1	8.7	7.4	56.2	22.2	17.1	11.6	5.2
Other activities	0.2	0.0	0.2	1.7	0.5	0.4	0.5	0.3
Total	127.9	51.5	76.4	259.4	112.2	62.3	51.8	33.0

Business combinations

On September 23, 2021 Huhtamaki completed the acquisition of Elif Holding A.Ş. (Elif), a major supplier of sustainable flexible packaging to global FMCG brand owners, with operations in Turkey and in Egypt. The acquired business is reported as part of Huhtamaki's Flexible Packaging business segment as of September 23, 2021.

In the end of the reporting period, the acquired assets and liabilities were recognized with draft values as of the acquisition date. The draft values have remained the same as disclosed in the Financial Statements of 2021 and Results Report of Q1-Q4 2021.

Other information

Key indicators

	H1 2022	Q1-Q4 2021	H1 2021
Equity per share (EUR)	16.52	14.57	12.74
ROE, % (12m roll.)	14.5 %	13.9 %	12.7 %
ROI, % (12m roll.)	10.7 %	10.6 %	10.1 %
Net debt	1,626.4	1,520.2	932.9
Net debt to equity (gearing)	0.90	0.95	0.66
Personnel	19,973	19,564	18,200
Profit before taxes (EUR million, 12m roll.)	305.9	263.0	234.2
Depreciation of tangible assets (EUR million)	94.6	164.4	77.8
Amortization of other intangible assets (EUR million)	9.2	9.3	4.6

Contingent liabilities

EUR million	Jun 30, 2022	Dec 31, 2021	Jun 30, 2021
Capital expenditure commitments	124.5	81.4	66.9

Financial instruments measured at fair value

EUR million	Jun 30, 2022	Dec 31, 2021	Jun 30, 2021
Derivatives - assets			
Currency forwards, transaction risk hedges	3.0	1.8	1.4
Currency forwards, translation risk hedges	0.1	-	0.8
Currency forwards, for financing purposes	12.0	19.5	5.7
Currency options, transaction risk hedges	-	-	0.1
Interest rate swaps	5.1	0.9	0.5
Other investments	2.8	2.2	2.2
Derivatives - liabilities			
Currency forwards, transaction risk hedges	0.1	0.6	1.3
Currency forwards, translation risk hedges	8.1	5.4	1.8
Currency forwards, for financing purposes	11.9	9.5	8.8
Currency options, transaction risk hedges	-	-	0.0
Interest rate swaps	4.2	1.8	2.7
Cross currency swaps	-	0.7	1.6

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

EUR million	Jun 30, 2022		Dec 31, 2021		Jun 30, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-current	1,547.3	1,516.7	1,275.6	1,251.7	858.6	840.6
Current	443.6	443.6	427.2	427.2	292.5	292.5
Total	1,990.9	1,960.3	1,702.8	1,678.9	1,151.1	1,133.1

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 2022	H1 2021
AUD 1 =	0.6575	0.6399
GBP 1 =	1.1876	1.1511
INR 1 =	0.0120	0.0113
RUB 1 =	0.0119	0.0112
THB 1 =	0.0271	0.0269
USD 1 =	0.9134	0.8292

Statement of financial position, month end:

	Jun 30, 2022	Jun 30, 2021
AUD 1 =	0.6555	0.6325
GBP 1 =	1.1566	1.1635
INR 1 =	0.0120	0.0113
RUB 1 =	0.0179	0.0116
THB 1 =	0.0271	0.0262
USD 1 =	0.9508	0.8412

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 and amortization

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 and amortization - 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.