ArdaghGroup

ARD Finance S.A. Interim Report

For the three and six months ended June 30, 2021

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Management Report

PRELIMINARY INFORMATION

ARD Finance S.A. (the “Company”) was incorporated in Luxembourg on May 6, 2011 and is a subsidiary of ARD Holdings S.A. The Company’s registered office is 56, rue Charles Martel, L-2134, Luxembourg, Luxembourg.

The Company is a holding company whose assets as of June 30, 2021 consist mainly of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange (“NYSE”).

All of the business of the group of companies controlled by the Company (the “Group”) is conducted by Ardagh Group S.A. (“Ardagh”) and its subsidiaries (together, the “Ardagh Group”). The Ardagh Group and its subsidiaries are a leading supplier of sustainable innovative, value-added rigid packaging solutions. The Ardagh Group’s products include metal beverage cans and glass containers primarily for beverage and food markets. End-use categories include beer, wine, spirits, carbonated soft drinks, energy drinks, juices and water, as well as food and pharmaceuticals. The Ardagh Group also holds a stake of approximately 42% in Trivium Packaging B.V. (“Trivium”), a leading supplier of metal packaging in the form of cans and aerosol containers, serving a broad range of end-use categories, principally including food, seafood, pet food and nutrition, as well as beauty and personal care.

Any description of the business of the Group is a description of the business of the Ardagh Group.

All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (together the “Toggle Notes”, as described in note 10) are liabilities of the Ardagh Group. The Company and those of its subsidiaries who are above Ardagh Group S.A. in the corporate structure are referred to as the “ARD Finance Group”.

On February 22, 2021, the Ardagh Group entered into a business combination agreement with Gores Holdings V Inc., a Delaware corporation that was a special purpose acquisition company (“Gores Holdings V”), under which Gores Holdings V would combine with Ardagh Group’s metal packaging business to create an independent, pure-play beverage can public company, Ardagh Metal Packaging S.A., a subsidiary of Ardagh (“Ardagh Metal Packaging” or “AMP”), which is set out in note 1 – General information to the Unaudited Consolidated Interim Financial Statements.

The unaudited consolidated interim financial statements reflect the consolidation of the legal entities forming the Group for the periods presented.

As used herein, “we”, “our” and “us” refer to the Ardagh Group and its consolidated subsidiaries, unless the context requires otherwise.

SELECTED FINANCIAL INFORMATION

The following discussion should be read together with, and is qualified in its entirety by, reference to the unaudited consolidated interim financial statements for the three and six months ended June 30, 2021, including the related notes thereto.

The following table sets forth summary consolidated financial information for ARD Finance S.A..

	Three months ended June 30,		Six months ended June 30,	
Income statement data	**2021**	**2020**	**2021**	**2020**
	(in $ millions, except ratios and percentages)			
Revenue	1,874	1,606	3,648	3,228
Adjusted EBITDA(1)	**325**	**271**	**625**	**544**
Depreciation and amortization	(180)	(169)	(363)	(336)
Exceptional operating items(2)	(32)	(5)	(40)	(8)
Net finance expense(3)	(137)	(171)	(239)	(233)
Share of post-tax loss in equity accounted joint venture	(19)	(17)	(37)	(20)
Loss before tax	**(43)**	**(91)**	**(54)**	**(53)**
Income tax (charge)/credit	(12)	6	(26)	(4)
Loss from continuing operations	**(55)**	**(85)**	**(80)**	**(57)**
(Loss)/profit from discontinued operation	—	(5)	—	22
Loss for the period	**(55)**	**(90)**	**(80)**	**(35)**
Other data				
Adjusted EBITDA margin(1)	17.3%	16.9%	17.1%	16.9%
Net interest expense(4)	122	99	227	197
Capital expenditure(5)	182	104	429	230

Balance sheet data	**At June 30, 2021**	**At December 31, 2020**
	(in $ millions, except ratios)	
Cash and cash equivalents(6)	3,570	1,298
Total assets	12,919	10,016
Total equity	(2,227)	(2,348)
Net debt(7)	8,452	8,010
Ratio of net debt to Adjusted EBITDA(1) (7) (8)	6.8x	6.9x

All footnotes are on page 8 of this document.

OPERATING AND FINANCIAL REVIEW

Review of the three months ended June 30, 2021

Bridge of 2020 to 2021 reported Revenue

Revenue	Ardagh Metal Packaging Europe	Ardagh Metal Packaging Americas	Ardagh Glass Packaging Europe	Ardagh Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Revenue 2020	**395**	**435**	**368**	**408**	**1,606**
Organic	30	92	32	37	191
FX translation	39	—	38	—	77
Revenue 2021	**464**	**527**	**438**	**445**	**1,874**

Bridge of 2020 to 2021 reported Adjusted EBITDA

Adjusted EBITDA	Ardagh Metal Packaging Europe	Ardagh Metal Packaging Americas	Ardagh Glass Packaging Europe	Ardagh Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Adjusted EBITDA 2020	**70**	**69**	**76**	**56**	**271**
Organic	8	19	30	(3)	54
FX translation	7	—	8	—	15
Adjusted EBITDA 2021	**85**	**88**	**114**	**53**	**340**
AMP indemnification*					(15)
Adjusted EBITDA 2021					**325**
2021 margin %	**18.3%**	**16.7%**	**26.0%**	**11.9%**	**17.3%**
2020 margin %	**17.7%**	**15.9%**	**20.7%**	**13.7%**	**16.9%**

*AMP indemnification represents costs, borne by Ardagh Group S.A. pursuant to a letter of agreement between Ardagh Group S.A. and Ardagh Metal Packaging, whereby Ardagh Group S.A. agreed to indemnify, defend and hold harmless Ardagh Metal Packaging and its subsidiaries and their respective successors from and against any and all losses incurred prior to December 31, 2021, resulting from the cyber security incident as outlined in note 17 - Other information. The corresponding income is included within Adjusted EBITDA of the Ardagh Metal Packaging Europe ($11 million) and Ardagh Metal Packaging Americas ($4 million) segments.

Revenue

Ardagh Metal Packaging Europe: Revenue increased by $69 million, or 17%, to $464 million in the three months ended June 30, 2021, compared with $395 million in the three months ended June 30, 2020. Excluding favorable foreign currency translation effects of $39 million, revenue increased by $30 million, mainly due to the pass through of higher metal costs.

Ardagh Metal Packaging Americas: Revenue increased by $92 million, or 21%, to $527 million in the three months ended June 30, 2021, compared with $435 million in the three months ended June 30, 2020. The increase in revenue principally reflected favorable volume/mix effects and the pass through of higher metal costs.

Ardagh Glass Packaging Europe: Revenue increased by $70 million, or 19%, to $438 million in the three months ended June 30, 2021, compared with $368 million in the three months ended June 30, 2020. Excluding favorable foreign currency translation effects of $38 million, revenue increased by $32 million, principally due to favourable volume/mix growth.

Ardagh Glass Packaging North America: Revenue increased by $37 million, or 9%, to $445 million in the three months ended June 30, 2021, compared with $408 million in the three months ended June 30, 2020. The increase in revenue reflected favorable volume/mix effects.

Adjusted EBITDA

Ardagh Metal Packaging Europe: Adjusted EBITDA increased by $15 million, or 21%, to $85 million in the three months ended June 30, 2021, compared with $70 million in the three months ended June 30, 2020. Excluding favorable foreign currency translation effects of $7 million, Adjusted EBITDA increased by $8 million reflecting higher selling prices, including to recover increased input costs and a positive impact from the Group's growth investment program.

Ardagh Metal Packaging Americas: Adjusted EBITDA increased by $19 million, or 27%, to $88 million in the three months ended June 30, 2021, compared with $69 million in the three months ended June 30, 2020. The increase was mainly driven by favorable volume/mix effects, which includes an impact of the Group's growth investment program.

Ardagh Glass Packaging Europe: Adjusted EBITDA increased by $38 million, or 50%, to $114 million in the three months ended June 30, 2021, compared with $76 million in the three months ended June 30, 2020. Excluding favorable foreign currency translation effects of $8 million, Adjusted EBITDA increased by $30 million, principally due to favourable volume/ mix effects, which includes an impact of the Group growth investment program, as well as lower operating costs due to less production downtime than in the same quarter of 2020.

Ardagh Glass Packaging North America: Adjusted EBITDA decreased by $3 million, or 5%, to $53 million in the three months ended June 30, 2021, compared with $56 million in the three months ended June 30, 2020. The decrease in Adjusted EBITDA was mainly driven by increased freight costs and costs associated with the cyber security incident.

Review of the six months ended June 30, 2021

Bridge of 2020 to 2021 reported Revenue

Revenue	**Ardagh Metal Packaging Europe**	**Ardagh Metal Packaging Americas**	**Ardagh Glass Packaging Europe**	**Ardagh Glass Packaging North America**	**Group**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Revenue 2020	**780**	**879**	**752**	**817**	**3,228**
Organic	49	151	25	53	278
FX translation	71	—	71	—	142
Revenue 2021	**900**	**1,030**	**848**	**870**	**3,648**

Bridge of 2020 to 2021 reported Adjusted EBITDA

Adjusted EBITDA	**Ardagh Metal Packaging Europe**	**Ardagh Metal Packaging Americas**	**Ardagh Glass Packaging Europe**	**Ardagh Glass Packaging North America**	**Group**
	$'m	**$'m**	**$'m**	**$'m**	**$'m**
Adjusted EBITDA 2020	**124**	**130**	**165**	**125**	**544**
Organic	15	40	31	(17)	69
FX translation	12	—	15	—	27
Adjusted EBITDA 2021	**151**	**170**	**211**	**108**	**640**
AMP indemnification*					(15)
Adjusted EBITDA 2021					**625**
2021 margin %	**16.8%**	**16.5%**	**24.9%**	**12.4%**	**17.1%**
2020 margin %	**15.9%**	**14.8%**	**21.9%**	**15.3%**	**16.9%**

*AMP indemnification represents costs, borne by Ardagh Group S.A. pursuant to a letter of agreement between Ardagh Group S.A. and Ardagh Metal Packaging, whereby Ardagh Group S.A. agreed to indemnify, defend and hold harmless Ardagh Metal Packaging and its subsidiaries and their respective successors from and against any and all losses incurred prior to December 31, 2021, resulting from the cyber security incident as outlined in note 17 - Other information. The corresponding income is included within Adjusted EBITDA of the Ardagh Metal Packaging Europe ($11 million) and Ardagh Metal Packaging Americas ($4 million) segments.

Revenue

Ardagh Metal Packaging Europe: Revenue increased by $120 million, or 15%, to $900 million in the six months ended June 30, 2021, compared with $780 million in the six months ended June 30, 2020. Excluding favorable foreign currency translation effects of $71 million, revenue increased by $49 million, principally reflected higher selling prices to recover increased input costs and favourable volume/mix effects of 2%, which includes an impact of the Group's growth investment program.

Ardagh Metal Packaging Americas: Revenue increased by $151 million, or 17%, to $1,030 million in the six months ended June 30, 2021, compared with $879 million in the six months ended June 30, 2020. The increase in revenue principally reflected the pass through of higher metal costs and volume/mix growth of 9%, which includes an impact of the Group's growth investment program.

Ardagh Glass Packaging Europe: Revenue increased by $96 million, or 13%, to $848 million in the six months ended June 30, 2021, compared with $752 million in the six months ended June 30, 2020. Excluding favorable foreign currency translation effects of $71 million, revenue increased principally due to favourable volume/mix effects of 4%.

Ardagh Glass Packaging North America: Revenue increased by $53 million, or 6%, to $870 million in the six months ended June 30, 2021, compared with $817 million in the six months ended June 30, 2020. The increase in revenue principally reflected favorable volume/mix effects of 6%.

Adjusted EBITDA

Ardagh Metal Packaging Europe: Adjusted EBITDA increased by $27 million, or 22%, to $151 million in the six months ended June 30, 2021, compared with $124 million in the six months ended June 30, 2020. Excluding favorable foreign currency translation effects of $12 million, Adjusted EBITDA increased by $15 million, principally due to favorable selling price effects, as well as positive volume/mix effects.

Ardagh Metal Packaging Americas: Adjusted EBITDA increased by $40 million, or 31%, to $170 million in the six months ended June 30, 2021, compared with $130 million in the six-month period ended June 30, 2020. The increase was mainly driven by favorable volume/mix effects, which includes an impact of the Group's growth investment program, and lower operating costs.

Ardagh Glass Packaging Europe: Adjusted EBITDA increased by $46 million, or 28%, to $211 million in the six months ended June 30, 2021, compared with $165 million in the six months ended June 30, 2020. Excluding favorable foreign currency translation effects of $15 million, Adjusted EBITDA increased by $31 million, principally due to favorable volume/mix effects, which includes an impact of the Group's growth investment program, and lower operating costs including lower production downtime compared with the six months ended June 30, 2020.

Ardagh Glass Packaging North America.:Adjusted EBITDA decreased by $17 million, or 14%, to $108 million in the six months ended June 30, 2021, compared with $125 million in the six months ended June 30, 2020. The decrease in Adjusted EBITDA was mainly driven by unfavourable volume/ mix, including the impact of freight costs and higher operating costs, including related to the cyber security incident.

Footnotes to the Selected Financial Information

(1) Adjusted EBITDA consists of loss for the year before income tax charge/(credit), net finance expense, depreciation and amortization, exceptional operating items and share of loss in equity accounted joint venture. We use Adjusted EBITDA to evaluate and assess our segment performance. Adjusted EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Exceptional items are shown on a number of different lines in the Unaudited Consolidated Interim Income Statements for the three and six months ended June 30, 2021, presented in the subsequent pages in this report.

(3) Includes exceptional finance income and expense.

(4) Net interest expense is as set out in note 6 to the Unaudited Consolidated Interim Financial Statements.

(5) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Unaudited Consolidated Interim Statement of Cash Flows.

(6) Cash and cash equivalents includes restricted cash.

(7) Net debt is comprised of net borrowings and derivative financial instruments used to hedge foreign currency and interest rate risk, net of cash and cash equivalents.

(8) Net debt to Adjusted EBITDA ratio at June 30, 2021 of 6.8x, is based on net debt at June 30, 2021 of $8,452 million and reported LTM Adjusted EBITDA for the twelve months ended June 30, 2021 of $1,236 million. Net debt to Adjusted EBITDA ratio at December 31, 2020 of 6.9x, is based on net debt at December 31, 2020 of $8,010 million and LTM Adjusted EBITDA for the twelve months ended December 31, 2020 of $1,155 million.

Unaudited Consolidated Interim Financial Statements

ARD FINANCE S.A.
CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited Three months ended June 30, 2021			Unaudited Three months ended June 30, 2020		
	Note	**Before exceptional items $'m**	**Exceptional items $'m**	**Total $'m**	**Before exceptional items $'m**	**Exceptional items $'m**	**Total $'m**
			Note 5			**Note 5**	
Revenue	4	1,874	—	1,874	1,606	—	1,606
Cost of sales		(1,583)	(11)	(1,594)	(1,371)	(2)	(1,373)
Gross profit		**291**	**(11)**	**280**	**235**	**(2)**	**233**
Sales, general and administration expenses		(86)	(21)	(107)	(75)	(3)	(78)
Intangible amortization		(60)	—	(60)	(58)	—	(58)
Operating profit		**145**	**(32)**	**113**	**102**	**(5)**	**97**
Net finance expense	6	(129)	(8)	(137)	(97)	(74)	(171)
Share of post-tax loss in equity accounted joint venture	8	(14)	(5)	(19)	(13)	(4)	(17)
Loss before tax		**2**	**(45)**	**(43)**	**(8)**	**(83)**	**(91)**
Income tax (charge)/credit		(13)	1	(12)	(8)	14	6
Loss from continuing operations		**(11)**	**(44)**	**(55)**	**(16)**	**(69)**	**(85)**
Profit from discontinued operation, net of tax	14	—	—	—	—	(5)	(5)
Loss profit for the period		**(11)**	**(44)**	**(55)**	**(16)**	**(74)**	**(90)**
Loss attributable to:							
Equity holders				(53)			(85)
Non-controlling interests				(2)			(5)
Loss for the period				**(55)**			**(90)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Six months ended June 30, 2021			Unaudited Six months ended June 30, 2020		
		Before exceptional items $'m	Exceptional items $'m	Total $'m	Before exceptional items $'m	Exceptional items $'m	Total $'m
			Note 5			Note 5	
Revenue	4	3,648	—	3,648	3,228	—	3,228
Cost of sales		(3,079)	(14)	(3,093)	(2,731)	(2)	(2,733)
Gross profit		**569**	**(14)**	**555**	**497**	**(2)**	**495**
Sales, general and administration expenses		(186)	(26)	(212)	(173)	(6)	(179)
Intangible amortization		(121)	—	(121)	(116)	—	(116)
Operating profit		**262**	**(40)**	**222**	**208**	**(8)**	**200**
Net finance expense	6	(226)	(13)	(239)	(159)	(74)	(233)
Share of post-tax loss in equity accounted joint venture	8	(19)	(18)	(37)	(12)	(8)	(20)
Profit/(loss) before tax		**17**	**(71)**	**(54)**	**37**	**(90)**	**(53)**
Income tax (charge)/credit		(29)	3	(26)	(32)	28	(4)
(Loss)/profit from continuing operations		**(12)**	**(68)**	**(80)**	**5**	**(62)**	**(57)**
Profit from discontinued operation, net of tax	14	—	—	—	—	22	22
(Loss)/profit for the period		**(12)**	**(68)**	**(80)**	**5**	**(40)**	**(35)**
Loss attributable to:							
Equity holders				(78)			(37)
Non-controlling interests				(2)			2
Loss for the period				**(80)**			**(35)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Three months ended June 30, 2021 $'m	Unaudited Three months ended June 30, 2020 $'m	Unaudited Six months ended June 30, 2021 $'m	Unaudited Six months ended June 30, 2020 $'m
Loss for the period		**(55)**	**(90)**	**(80)**	**(35)**
Other comprehensive income/(expense):					
Items that may subsequently be reclassified to income statement					
Foreign currency translation adjustments:					
-Arising in the period		(13)	(19)	37	(7)
		(13)	**(19)**	**37**	**(7)**
Effective portion of changes in fair value of cash flow hedges:					
-New fair value adjustments into reserve		54	(5)	121	(1)
-Movement out of reserve to income statement		8	13	(20)	(2)
-Movement in deferred tax		(7)	(4)	(14)	2
		55	**4**	**87**	**(1)**
Loss recognized on cost of hedging:					
-New fair value adjustments into reserve		—	(1)	(1)	(5)
-Movement out of reserve		—	—	(1)	—
		—	**(1)**	**(2)**	**(5)**
Share of other comprehensive income/(expense) in equity accounted joint venture	8	9	7	(5)	12
Items that will not be reclassified to income statement					
-Re-measurement of employee benefit obligations	11	(9)	(127)	143	(162)
-Deferred tax movement on employee benefit obligations		19	28	(17)	46
		10	**(99)**	**126**	**(116)**
Share of other comprehensive income/(expense) in equity accounted joint venture	8	1	(7)	8	(1)
Total other comprehensive income/(expense) for the period		**62**	**(115)**	**251**	**(118)**
Total comprehensive income/(expense) for the period		**7**	**(205)**	**171**	**(153)**
Attributable to:					
Equity holders		4	(194)	158	(147)
Non-controlling interests		3	(11)	13	(6)
Total comprehensive income/(expense) for the period		**7**	**(205)**	**171**	**(153)**
Attributable to:					
Continuing operations		7	(200)	171	(175)
Discontinued operation		—	(5)	—	22
Total comprehensive income/(expense) for the period		**7**	**(205)**	**171**	**(153)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited At June 30, 2021 $'m	Unaudited At December 31, 2020 $'m
Non-current assets			
Intangible assets	7	2,607	2,756
Property, plant and equipment	7	3,238	2,945
Derivative financial instruments		24	9
Deferred tax assets		236	245
Investment in material joint venture	8	344	390
Related party loan receivable	13	322	322
Other non-current assets		77	73
		6,848	**6,740**
Current assets			
Inventories		1,024	923
Trade and other receivables		1,245	869
Contract assets		140	139
Derivative financial instruments		92	37
Related party interest receivable	13	—	10
Cash and cash equivalents	10	3,570	1,298
		6,071	**3,276**
TOTAL ASSETS		**12,919**	**10,016**
Equity attributable to owners of the parent			
Issued capital	9	—	—
Other reserves		244	151
Retained earnings		(2,457)	(2,478)
		(2,213)	**(2,327)**
Non-controlling interests		(14)	(21)
TOTAL EQUITY		**(2,227)**	**(2,348)**
Non-current liabilities			
Borrowings	10	11,492	8,823
Lease obligations	10	351	283
Employee benefit obligations		653	811
Derivative financial instruments		16	26
Deferred tax liabilities		388	369
Provisions		58	55
		12,958	**10,367**
Current liabilities			
Borrowings	10	5	14
Lease obligations	10	95	83
Interest payable		72	43
Derivative financial instruments		77	104
Trade and other payables		1,757	1,583
Income tax payable		124	115
Provisions		58	55
		2,188	**1,997**
TOTAL LIABILITIES		**15,146**	**12,364**
TOTAL EQUITY and LIABILITIES		**12,919**	**10,016**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to the owner of the parent								
	Share capital $'m	Capital Contribution $'m	Foreign currency translation reserve $'m	Cash flow hedge reserve $'m	Cost of hedging reserve $'m	Retained earnings $'m	Total $'m	Non-controlling interests $'m	Total equity $'m
At January 1, 2020	**—**	**—**	**242**	**(11)**	**11**	**(2,320)**	**(2,078)**	**(9)**	**(2,087)**
(Loss)/profit for the period	—	—	—	—	—	(37)	**(37)**	2	**(35)**
Other comprehensive (expense/)income	—	—	(10)	15	(6)	(109)	**(110)**	(8)	**(118)**
Hedging losses transferred to cost of inventory	—	—	—	19	—	—	**19**	—	**19**
Dividends paid	—	—	—	—	—	(16)	**(16)**	—	**(16)**
Dividends by subsidiary to non-controlling interest	—	—	—	—	—	—	**—**	(5)	**(5)**
Capital contribution received from parent company	—	10	—	—	—	—	**10**	—	**10**
At June 30, 2020	**—**	**10**	**232**	**23**	**5**	**(2,482)**	**(2,212)**	**(20)**	**(2,232)**
At January 1, 2021	**—**	**10**	**88**	**41**	**12**	**(2,478)**	**(2,327)**	**(21)**	**(2,348)**
Loss for the period	—	—	—	—	—	(78)	**(78)**	(2)	**(80)**
Other comprehensive income/(expense)	—	—	29	90	(2)	119	**236**	15	**251**
Hedging gains transferred to cost of inventory	—	—	—	(24)	—	—	**(24)**	—	**(24)**
Dividends paid	—	—	—	—	—	(20)	**(20)**	—	**(20)**
Dividends by subsidiary to non-controlling interest	—	—	—	—	—	—	**—**	(6)	**(6)**
At June 30, 2021	**—**	**10**	**117**	**107**	**10**	**(2,457)**	**(2,213)**	**(14)**	**(2,227)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Unaudited		Unaudited	
		Three months ended June 30,		Six months ended June 30,	
		2021	2020	2021	2020
	Note	$'m	$'m	$'m	$'m
Cash flows from operating activities					
Cash generated from operations	13	279	295	267	104
Interest paid		(182)	(153)	(202)	(238)
Interest received (i)		21	15	22	15
Income tax paid		(15)	(11)	(19)	(23)
Net cash from/(used in) operating activities		**103**	**146**	**68**	**(142)**
Cash flows used in investing activities					
Purchase of property, plant and equipment		(181)	(102)	(425)	(226)
Purchase of software and other intangibles		(2)	(3)	(5)	(5)
Proceeds from disposal of property, plant and equipment		1	1	1	1
Other investing cash flows		—	—	(13)	—
Loan issued to related party		—	(25)	—	(25)
Loan repaid by related party		—	17	—	17
Investing cash flows used in continuing operations		**(182)**	**(112)**	**(442)**	**(238)**
Proceeds from disposal of discontinued operation		—	32	—	32
Net cash used in investing activities		**(182)**	**(80)**	**(442)**	**(206)**
Cash flows from financing activities					
Proceeds from borrowings	11	2,766	3,236	2,766	4,068
Repayment of borrowings		(3)	(2,735)	(9)	(2,753)
Early redemption premium paid		—	(61)	—	(61)
Lease payments		(28)	(23)	(55)	(45)
Deferred debt issue costs paid		(26)	(18)	(30)	(24)
Dividends paid		(26)	(21)	(26)	(21)
Capital contribution received from parent company		—	10	—	10
Consideration paid on maturity of derivative financial instruments	11	—	—	(5)	—
Net cash inflow from financing activities		**2,683**	**388**	**2,641**	**1,174**
Net increase in cash and cash equivalents		**2,604**	**454**	**2,267**	**826**
Cash and cash equivalents at beginning of period		950	1,008	1,298	663
Foreign exchange gains/(loss) on cash and cash equivalents		16	15	5	(12)
Cash and cash equivalents at end of period	11	**3,570**	**1,477**	**3,570**	**1,477**

(i) Interest received for the three and six months ended June 30, 2021, includes related party interest received of $20 million (2020: $13 million).

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

ARD FINANCE S.A.
NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General Information

ARD Finance S.A. was incorporated in Luxembourg on May 6, 2011. The Company's registered office is 56, rue Charles Martel, L-2134, Luxembourg, Luxembourg.

The Company is a holding company whose assets as of June 30, 2021 consist mainly of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange.

All of the business of the group of companies controlled by ARD Finance S.A. is conducted by Ardagh Group S.A. and its subsidiaries. The Ardagh Group and its subsidiaries are a leading supplier of sustainable innovative, value-added rigid packaging solutions. The Ardagh Group's products include metal beverage cans and glass containers primarily for beverage and food markets. End-use categories include beer, wine, spirits, carbonated soft drinks, energy drinks, juices and water, as well as food and pharmaceuticals. The Ardagh Group also holds a stake of approximately 42% in Trivium Packaging B.V., a leading supplier of metal packaging in the form of cans and aerosol containers, serving a broad range of end-use categories, principally including food, seafood, pet food and nutrition, as well as beauty and personal care.

Any description of the business of the Group is a description of the business of the Ardagh Group.

All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 are liabilities of the Ardagh Group. The Company and those of its subsidiaries who are above Ardagh Group S.A. in the corporate structure are referred to as the "ARD Finance Group".

On August 4, 2021, in accordance with the terms of the previously announced business combination agreement (the "Business Combination Agreement"), dated as of February 22, 2021, among Ardagh, Ardagh Metal Packaging, Ardagh MP MergeCo Inc., a newly formed Delaware corporation that is a wholly-owned subsidiary of AMPSA ("MergeCo") and Gores Holdings V, the parties effected the merger of MergeCo with and into Gores Holdings V, with Gores Holdings V being the surviving corporation as a wholly-owned subsidiary of AMP (the "Merger", and, together with the other transactions contemplated in the Business Combination Agreement, the "Business Combination").

In connection with the Business Combination, on March 12, 2021, two affiliates of the Ardagh Group (the "Co-Issuers") issued green bonds of $2.8 billion equivalent, consisting of €450 million 2.000% Senior Secured Notes due 2028, $600 million 3.250% Senior Secured Notes due 2028, €500 million 3.000% Senior Notes due 2029 and $1,050 million 4.000% Senior Notes due 2029 (the "AMP Notes Issuance"). In connection with the AMP Notes Issuance, the Ardagh Group designated the Co-Issuers and subsidiaries of AMP as unrestricted subsidiaries under its bond indentures and the Global Asset Based Loan Facility, and on April 1, 2021, the Ardagh Group reduced the size of Global Asset Based Loan Facility from $700 million to $500 million in connection with such designation.

In connection with the Business Combination, the Ardagh Group effected on April 1, 2021 a series of transactions that resulted in (a) the equity interests of Ardagh Packaging Holdings Limited, an Irish subsidiary of the Ardagh Group, and certain other subsidiaries of the Ardagh Group that are engaged in the metal beverage can business (the "AMP Business") being directly or indirectly owned by Ardagh Metal Packaging (all such entities collectively, the "AMP Entities") and (b) any assets and liabilities relating to the business of the Ardagh Group (other than the AMP Business) that are held by the AMP Entities being transferred to subsidiaries of the Ardagh Group that are not AMP Entities, and assets and liabilities relating to the AMP Business that are held by subsidiaries of the Ardagh Group (other than the AMP Entities) being transferred to the AMP Entities (such transactions, collectively, the "AMP Transfer").

At the closing of the Merger, pursuant to the terms of subscription agreements dated February 22, 2021, among AMP, Gores Holdings V and certain investors in a private placement (the "PIPE Investors"), the PIPE Investors subscribed for and purchased shares of AMP at a purchase price of $10 per share, for an aggregate cash amount of $695 million (the "PIPE Investment"), which included 9.5 million of shares acquired pursuant to the "back stop" provisions of the subscription agreement entered into by the Gores holdings V sponsor. In addition, at the closing of the Merger all shares of Gores Holdings V Class A common stock outstanding immediately prior to the effective time of the Merger (after giving effect to any requested stockholder redemptions) were contributed to AMP in exchange for newly issued AMP shares, and all warrants exercisable for the purchase of shares in Gores Holdings V were converted into warrants exercisable for the purchase of shares in AMP. Following the completion of the Business Combination, Ardagh holds approximately 81.8%, the PIPE Investors hold approximately 11.5%, and the Gores Holdings V stockholders and its sponsor hold approximately 6.6%, of AMP's shares.

In addition to retaining AMPS shares constituting approximately 81.8% AMP's outstanding shares, Ardagh received in the Business Combination (a) $2,315,000,000 in cash paid upon the consummation of the AMP Transfer (which was funded from the proceeds of the AMP Notes Issuance), and (b) approximately $1 billion in cash paid upon the consummation of the Merger and the PIPE Investment. Ardagh also has the right to receive, during the five-year period commencing 180 days after closing, 60,730,000 additional shares of AMPSA in five equal installments depending on whether the price of shares of AMPSA maintains for a certain period of time a volume weighted average price of $13.00, $15.00, $16.50, $18.00 or $19.50.

The Ardagh Group's metal packaging business is a leading supplier of beverage cans globally, with a particular focus on the Americas and Europe. The business supplies sustainable and infinitely recyclable metal packaging to a diversified customer base of leading global, regional and national beverage producers. The Ardagh Group's metal packaging business operates 23 production facilities in Europe and the Americas, employs approximately 4,900 people and recorded revenues of $3.5 billion in 2020.

The unaudited consolidated interim financial statements reflect the consolidation of the legal entities forming the Group for the periods presented.

2. Statement of directors' responsibilities

The directors are responsible for preparing the unaudited consolidated interim financial statements. The directors are required to prepare financial information for each financial period on the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the unaudited consolidated interim financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the unaudited consolidated interim financial statements. Changes to accounting policies applied in the three and six months ended June 30, 2021 are outlined in note 3.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at: www.ardholdings-sa.com.

The unaudited consolidated interim financial statements were approved for issue by the board of directors of ARD Finance S.A. (the "Board") on August 26, 2021.

3. Summary of significant accounting policies

Basis of preparation

The unaudited consolidated interim financial statements of the Group for the three and six months ended June 30, 2021 and 2020, have been prepared in accordance with IAS 34 "Interim Financial Reporting". The unaudited consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report for the year ended December 31, 2020 which was prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited consolidated interim financial statements are presented in U.S. dollar rounded to the nearest million.

Income tax in interim periods is accrued using the effective tax rate expected to be applied to annual earnings.

The accounting policies, presentation and methods of computation followed in the unaudited consolidated interim financial statements are consistent with those applied in the Group's latest Annual Report.

Recent changes in accounting pronouncements

The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after January 1, 2021 have been assessed by the directors and as a result, no new standards or amendments to existing standards effective January 1, 2021 have had a material impact for the Group. The directors' assessment of the impact of new standards, which are not yet effective and which have not been early adopted by the Group, on the consolidated interim financial statements is on-going.

4. Segment analysis

The Ardagh Group's operating and reportable segments, which are set out below, reflect the basis on which the Ardagh Group's performance is reviewed by management and regularly presented to the Board and certain members of the board of directors of Ardagh Group S.A., which has been identified as the Chief Operating Decision Maker ("CODM") for the Group. Following the reorganization described in note 1 - General information, the Group's operating and reportable segments have remained unchanged but are renamed as follows:

- Ardagh Metal Packaging Europe
- Ardagh Metal Packaging Americas
- Ardagh Glass Packaging Europe
- Ardagh Glass Packaging North America.

Performance of the business is assessed based on Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. Other items are not allocated to segments, as these are reviewed by the CODM on a group-wide basis. Segmental revenues are derived from sales to external customers. Inter-segment revenue and revenue with joint ventures is not material.

Reconciliation of loss for the period to Adjusted EBITDA

	Three months ended June 30,		Six months ended June 30,	
	2021	**2020**	**2021**	**2020**
	$'m	**$'m**	**$'m**	**$'m**
Loss for the period	(55)	(85)	(80)	(57)
Income tax charge/(credit)	12	(6)	26	4
Net finance expense	137	171	239	233
Depreciation and amortization	180	169	363	336
Exceptional operating items	32	5	40	8
Share of post-tax loss in equity accounted joint venture	19	17	37	20
Adjusted EBITDA	**325**	**271**	**625**	**544**

Segment results for the three months ended June 30, 2021 and 2020 are:

	Revenue		Adjusted EBITDA	
	2021	**2020**	**2021**	**2020**
	$'m	**$'m**	**$'m**	**$'m**
Ardagh Metal Packaging Europe	464	395	85	70
Ardagh Metal Packaging Americas	527	435	88	69
Ardagh Glass Packaging Europe	438	368	114	76
Ardagh Glass Packaging North America	445	408	53	56
Total reportable segments	**1,874**	**1,606**	**340**	**271**
AMP indemnification*	—	—	(15)	—
Group	**1,874**	**1,606**	**325**	**271**

Segment results for the six months ended June 30, 2021 and 2020 are:

	Revenue		Adjusted EBITDA	
	2021	2020	2021	2020
	$'m	$'m	$'m	$'m
Ardagh Metal Packaging Europe	900	780	151	124
Ardagh Metal Packaging Americas	1,030	879	170	130
Ardagh Glass Packaging Europe	848	752	211	165
Ardagh Glass Packaging North America	870	817	108	125
Total reportable segments	**3,648**	**3,228**	**640**	**544**
AMP indemnification*	—	—	(15)	—
Group	**3,648**	**3,228**	**625**	**544**

*AMP indemnification represents costs, borne by Ardagh Group S.A. pursuant to a letter of agreement between Ardagh Group S.A. and Ardagh Metal Packaging, whereby Ardagh Group S.A. agreed to indemnify, defend and hold harmless Ardagh Metal Packaging and its subsidiaries and their respective successors from and against any and all losses incurred prior to December 31, 2021, resulting from the cyber security incident as outlined in note 17 - Other information. The corresponding income is included within Adjusted EBITDA of the Ardagh Metal Packaging Europe ($11 million) and Ardagh Metal Packaging Americas ($4 million) segments.

No customer accounted for greater than 10% of total revenue in the six months ended June 30, 2021 (2020: none).

Within each reportable segment our respective packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics, as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and therefore additional disclosures relating to product lines is not necessary.

The following illustrates the disaggregation of revenue by destination for the three months ended June 30, 2021:

	Europe	North America	Rest of the world	Total
	$'m	$'m	$'m	$'m
Ardagh Metal Packaging Europe	461	1	2	464
Ardagh Metal Packaging Americas	—	434	93	527
Ardagh Glass Packaging Europe	422	3	13	438
Ardagh Glass Packaging North America	—	445	—	445
Group	**883**	**883**	**108**	**1,874**

The following illustrates the disaggregation of revenue by destination for the three months ended June 30, 2020:

	Europe	North America	Rest of the world	Total
	$'m	$'m	$'m	$'m
Ardagh Metal Packaging Europe	392	—	3	395
Ardagh Metal Packaging Americas	—	376	59	435
Ardagh Glass Packaging Europe	349	3	16	368
Ardagh Glass Packaging North America	1	407	—	408
Group	**742**	**786**	**78**	**1,606**

The following illustrates the disaggregation of revenue by destination for the six months ended June 30, 2021:

	Europe	North America	Rest of the world	Total
	$'m	$'m	$'m	$'m
Ardagh Metal Packaging Europe	894	2	4	900
Ardagh Metal Packaging Americas	—	832	198	1,030
Ardagh Glass Packaging Europe	822	5	21	848
Ardagh Glass Packaging North America	—	870	—	870
Group	**1,716**	**1,709**	**223**	**3,648**

The following illustrates the disaggregation of revenue by destination for the six months ended June 30, 2020:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Ardagh Metal Packaging Europe	773	1	6	780
Ardagh Metal Packaging Americas	1	733	145	879
Ardagh Glass Packaging Europe	718	7	27	752
Ardagh Glass Packaging North America	1	816	—	817
Group	**1,493**	**1,557**	**178**	**3,228**

The following illustrates the disaggregation of revenue based on the timing of transfer of goods and services:

	Three months ended June 30,		Six months ended June 30,	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Over time	763	626	1,487	1,269
Point in time	1,111	980	2,161	1,959
Group	**1,874**	**1,606**	**3,648**	**3,228**

5. Exceptional items

	Three months ended June 30,		Six months ended June 30,	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Cyber security incident	6	—	6	—
Start-up related costs	5	2	8	2
Exceptional items – cost of sales	**11**	**2**	**14**	**2**
Transaction-related and other costs	11	3	16	6
Cyber security incident	10	—	10	—
Exceptional items – SGA expenses	**21**	**3**	**26**	**6**
Interest expense	8	—	13	—
Debt refinancing and settlement costs	—	74	—	74
Exceptional items – finance expense	**8**	**74**	**13**	**74**
Share of exceptional items in material joint venture	5	4	18	8
Exceptional items from continuing operations	**45**	**83**	**71**	**90**
Exceptional income tax credit	(1)	(14)	(3)	(28)
Exceptional items from continuing operations, net of tax	**44**	**69**	**68**	**62**
Exceptional items from discontinued operation, net of tax	—	5	—	(22)
Total exceptional items, net of tax	**44**	**74**	**68**	**40**

Exceptional items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence.

2021

Exceptional items of $68 million have been recognized in the six months ended June 30, 2021, primarily comprising:

- $8 million start-up related costs in Ardagh Metal Packaging Americas ($5 million) and Ardagh Metal Packaging Europe ($3 million), relating to the Group's investment programs.
- $16 million costs resulting from the cyber security incident, including professional support fees and direct incremental costs, see note 17 – Other information.
- $16 million transaction-related and other costs primarily comprised of costs relating to acquisition, business combination and other transactions, including professional advisory fees, and other costs related to transformation initiatives.
- $5 million, primarily related to interest payable on AMP Notes Issuance in March 2021 related to the period prior to completion of the AMP transfer on April 1, 2021 and $8 million related to interest charges on the Group's 6.000% Senior Notes from the AMP transfer date related to the combination of Ardagh Metal Packaging with Gores Holdings V as outlined in note 1- General information.

- $18 million from the share of exceptional items in the Trivium joint venture.
- $3 million from tax credits.

2020

Exceptional items of $40 million have been recognized in the six months ended June 30, 2020 primarily comprising:

- $2 million start-up related costs.
- $6 million transaction-related and other costs.
- $74 million debt refinancing and settlement costs related to the redemption of notes in May and June 2020 as described in note 10, including premium payable on the early redemption of the notes of $61 million, accelerated amortisation of deferred finance costs and interest charges from the call date of redemption.
- $8 million from the share of exceptional items in the Trivium joint venture.
- $28 million from tax credits primarily relating to U.S tax reform and debt refinancing and settlement costs incurred in the period.
- $22 million credit in relation to the disposal of Food & Specialty including the finalization of the completion accounts process.

6. Net finance expense

	Three months ended June 30,		Six months ended June 30,	
	2021 $'m	2020 $'m	2021 $'m	2020 $'m
Senior Secured and Senior Notes	122	96	227	186
Other interest expense	5	8	10	21
Related party interest income	(5)	(5)	(10)	(10)
Net interest expense	**122**	**99**	**227**	**197**
Net pension interest costs	2	4	5	8
Foreign currency translation loss/(gains)	6	(3)	—	(34)
Gains on derivative financial instruments	—	(1)	(4)	(9)
Other finance income	(1)	(2)	(2)	(3)
Finance expense before exceptional items	**129**	**97**	**226**	**159**
Exceptional finance expenses (note 5)	8	74	13	74
Net finance expense	**137**	**171**	**239**	**233**

7. Intangible assets and property, plant and equipment

	Intangible assets $'m	Property, plant and equipment $'m
Net book value at January 1, 2021	**2,756**	**2,945**
Additions	6	549
Acquisition	—	22
Disposals	—	(3)
Charge for the period	(121)	(242)
Foreign exchange	(34)	(33)
Net book value at June 30, 2021	**2,607**	**3,238**

At June 30, 2021, the carrying amount of goodwill included within intangible assets was $1,660 million (December 31, 2020: $1,682 million).

At June 30, 2021, the carrying amount of the right-of-use assets included within property, plant and equipment was $404 million (December 31, 2020: $319 million).

The Group recognized a depreciation charge of $242 million in the six months ended June 30, 2021 (2020: $220 million), of which $52 million (2020: $42 million) relates to right-of-use assets.

In March 2021, the Ardagh Group completed the acquisition of the Longhorn glass manufacturing facility located in Houston, Texas. The transaction, which is subject to the final agreement of customary completion adjustments, is not material to the Ardagh Group. These unaudited consolidated interim financial statements include management's preliminary estimate of the fair values of assets acquired and liabilities assumed.

Impairment test for goodwill

Goodwill is not subject to amortization and is tested annually for impairment following the approval of the annual budget (normally at the end of the financial year), or more frequently if events or changes in circumstances indicate a potential impairment.

Management has considered whether any impairment existed at the reporting date, and has considered the carrying amount of the respective goodwill and concluded that it is fully recoverable as at June 30, 2021.

8. Investment in material joint venture

Investment in material joint venture is comprised of the Group's approximate 42% investment in Trivium Packaging B.V. incorporated in the Netherlands, with corporate offices in Amsterdam. The remaining approximate 58% is held by Ontario Teachers' Pension Plan Board. As the Group jointly controls both the financial and operating policy decisions of Trivium, the investment is accounted for under the equity method. The shareholders of Trivium have entered into a Shareholders Agreement, dated October 31, 2019, which governs their relationship as owners of Trivium, including in respect of the governance of Trivium and its subsidiaries, their ability to transfer their shares in Trivium and other customary matters.

The following tables provide aggregated financial information for Trivium as it relates to the amounts recognized in the income statement, statement of comprehensive income and statement of financial position.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	$'m	$'m	$'m	$'m
Loss for the period	(19)	(17)	(37)	(20)
Other comprehensive income	10	–	3	11
Total comprehensive expense	**(9)**	**(17)**	**(34)**	**(9)**

	At June 30,	At December 31,
	2021	2020
	$'m	$'m
Investment in joint venture	344	390

The reconciliation of summarized financial information presented to the carrying amount of the Group's interest in Trivium is set out below.

	2021
	$'m
Group's interest in net assets of joint venture - January 1	390
Share of total comprehensive expense	(34)
Foreign exchange	(12)
Carrying amount of interest in joint venture - June 30	**344**

In respect of the Ardagh Group's equity accounted investment in Trivium, management has considered the carrying amount of the investment and concluded that it is fully recoverable as at June 30, 2021.

The Ardagh Group is party to a Mutual Services Agreement ("MSA") with Trivium, pursuant to which the Group and Trivium provide services to each other. The services generally relate to administrative support in respect of treasury activities, tax reporting, procurement and logistics, R&D and certain IT services. The MSA provides for the sharing of certain facilities leased by the Ardagh Group in connection with the provision of services, with appropriate segregation in place between the Group's entities, on the one hand, and Trivium, on the other hand.

The Ardagh Group recognized income of $3 million and $6 million in respect of the MSA in the three and six months ended June 30, 2021 respectively (June 30, 2020: $5 million and $11 million).

At June 30, 2021 and December 31, 2020, the Ardagh Group had no significant related party balances outstanding with Trivium.

In May 2020, the Ardagh Group, as lender, entered into a credit facility (the “Trivium Credit Facility”) with Trivium, as borrower. The amount of the Trivium Credit Facility was $36 million. The facility matured on April 30, 2021 and was not extended.

In early May, Trivium was the subject of a cyber security incident. Trivium continues to assess the overall operational and financial impact of this incident. As a result, the Trivium loss for the period is partly estimated for the three months ended June 30, 2021. Trivium maintains insurance in respect of a wide range of risks, including in respect of IT incidents and expects to recover costs related to this incident.

9. Issued capital and reserves

Issued and fully paid shares:

	Number of shares (millions)	$'m
Ordinary shares (par value €0.01)	10.3	—
At June 30, 2021 and December 31, 2020	**10.3**	**—**

There were no share transactions in the six months ended June 30, 2021.

10. Financial assets and liabilities

At June 30, 2021 the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	–
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,188	–
Liabilities guaranteed by the Ardagh Group							
5.250% Senior Secured Notes	USD	700	30-Apr-25	Bullet	700	700	–
4.125% Senior Secured Notes	USD	1,215	15-Aug-26	Bullet	1,215	1,215	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	522	–
2.125% Senior Secured Notes	EUR	790	15-Aug-26	Bullet	790	939	–
6.000% Senior Notes	USD	800	15-Feb-25	Bullet	800	817	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	554	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
5.250% Senior Notes	USD	1,000	15-Aug-27	Bullet	1,000	1,000	–
Global Asset Based Loan Facility	USD	469	07-Dec-22	Revolving	–	–	469
Lease obligations	Various	–		Amortizing	–	252	–
Other borrowings/credit lines	Various	–	Rolling	Amortizing	–	–	1
Restricted Group total borrowings / undrawn facilities						**9,117**	**470**
2.000% Senior Secured Notes	EUR	450	01-Sep-28	Bullet	450	535	–
3.250% Senior Secured Notes	USD	600	01-Sep-28	Bullet	600	600	–
3.000% Senior Notes	EUR	500	01-Sep-29	Bullet	500	594	–
4.000% Senior Notes	USD	1,050	01-Sep-29	Bullet	1,050	1,050	–
Lease obligations	Various	–		Amortizing	–	194	–
Other borrowings/credit lines	Various	–	Rolling	Amortizing	–	5	–
Unrestricted Group* total borrowings / undrawn facilities						**2,978**	**–**
Total borrowings / undrawn facilities						**12,095**	**470**
Deferred debt issue costs and bond discounts/bond premium						(152)	–
Net borrowings / undrawn facilities						**11,943**	**470**
Cash and cash equivalents						(3,570)	921
Derivative financial instruments used to hedge foreign currency and interest rate risk						79	–
Net debt / available liquidity						**8,452**	**1,391**

*Unrestricted group refers to Ardagh Metal Packaging S.A. and its subsidiaries as referred to in note 1- General information.

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange, interest rate risks relating to Group borrowings.

The fair value of the restricted group's total borrowings excluding lease obligations at June 30, 2021, is $9,075 million (December 31, 2020: $9,229 million). The fair value of the unrestricted group's total borrowings excluding lease obligations at June 30, 2021, is $2,775 million (December 31, 2020: $10 million).

A number of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in areas such as incurrence of additional indebtedness (primarily maximum secured borrowings to Adjusted EBITDA and a minimum Adjusted EBITDA to interest expense), payment of dividends and incurrence of liens. The Global Asset Based Loan Facility is subject to a fixed charge coverage ratio covenant if 90% or more of the facility is drawn. The facility also includes cash dominion, representations, warranties, events of default and other covenants that are generally of a nature customary for such facilities.

At December 31, 2020, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	–
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,227	–
Liabilities guaranteed by the Ardagh Group							
5.250% Senior Secured Notes	USD	700	30-Apr-25	Bullet	700	700	–
4.125% Senior Secured Notes	USD	1,215	15-Aug-26	Bullet	1,215	1,215	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	539	–
2.125% Senior Secured Notes	EUR	790	15-Aug-26	Bullet	790	969	–
6.000% Senior Notes	USD	800	15-Feb-25	Bullet	800	826	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	546	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
5.250% Senior Notes	USD	1,000	15-Aug-27	Bullet	1,000	1,000	–
Global Asset Based Loan Facility	USD	599	07-Dec-22	Revolving	–	–	599
Lease obligations	Various	–		Amortizing	–	366	–
Other borrowings/credit lines	Various	–	Rolling	Amortizing	–	14	1
Total borrowings / undrawn facilities						**9,332**	**600**
Deferred debt issue costs and bond discounts/bond premium						(129)	–
Net borrowings / undrawn facilities						**9,203**	**600**
Cash and cash equivalents						(1,298)	1,298
Derivative financial instruments used to hedge foreign currency and interest rate risk						105	–
Net debt / available liquidity						**8,010**	**1,898**

The maturity profile of the Group's net borrowings is as follows:

	At June 30, 2021	At December 31, 2020
	$'m	$'m
Within one year or on demand	52	55
Between one and three years	71	67
Between three and five years	1,568	1,567
Greater than five years	7,426	7,498
Restricted Group total borrowings	**9,117**	**9,187**
Within one year or on demand	48	42
Between one and three years	57	46
Between three and five years	36	21
Greater than five years	2,837	36
Unrestricted Group total borrowings	**2,978**	**145**
Total borrowings	**12,095**	**9,332**
Deferred debt issue costs and bond discounts/bond premium	(152)	(129)
Net borrowings	**11,943**	**9,203**

Financing activity

2021

On March 12, 2021, the Group, in connection with the transaction related to the combination of Ardagh Metal Packaging with Gores Holdings V, issued €450 million 2.000% Senior Secured Notes due 2028, $600 million 3.250% Senior Secured Notes due 2028, €500 million 3.000% Senior Notes due 2029 and $1,050 million 4.000% Senior Notes due 2029. Details related to the transaction and use of proceeds from this issuance are outlined in note 1 – General information.

Lease obligations at June 30, 2021 of $446 million (December 31, 2020: $366 million), primarily reflects $139 million of new lease liabilities, offset by $59 million of principal repayments and foreign currency movements in the six months ended June 30, 2021.

At June 30, 2021 the Group had $469 million available under the Global Asset Based Loan Facility. On April 1, 2021, the Group reduced the size of Global Asset Based Loan Facility from $700 million to $500 million in connection with the designation of the AMP entities as unrestricted subsidiaries.

Cross currency interest rate swaps

The Group hedges certain of its external borrowings and interest payable thereon using cross-currency interest rate swaps (“CCIRS”), with a net liability position at June 30, 2021 of $79 million (December 31, 2020: $105 million net liability).

On February 15, 2021, a tranche of the Group’s $700 million U.S. dollar to euro CCIRS matured. The fair value of the swap at maturity was $6 million and the cash settlement was $5 million.

Fair value methodology

There has been no change to the fair value hierarchies for determining and disclosing the fair value of financial instruments.

Fair values are calculated as follows:

(i) Senior secured and senior notes - the fair value of debt securities in issue is based on valuation techniques in which all significant inputs are based on observable market data and represent Level 2 inputs.
(ii) Global Asset Based Loan Facility and other borrowings – the estimated value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity and represents Level 2 inputs.
(iii) CCIRS - the fair value of the CCIRS are based on quoted market prices and represent Level 2 inputs.
(iv) Commodity and foreign exchange derivatives - the fair value of these derivatives are based on quoted market prices and represent Level 2 inputs.

11. Employee benefit obligations

Employee benefit obligations at June 30, 2021 have been reviewed in respect of the latest discount rates, inflation rates and asset valuations. A re-measurement loss of $9 million and a re-measurement gain of $143 million (2020: loss of $127 million and loss of $162 million) have been recognized in the unaudited consolidated interim statement of comprehensive income for the three and six months ended June 30, 2021 respectively.

The re-measurement loss of $9 million (2020: loss of $127 million) recognized for the three months ended June 30, 2021 consisted of an increase in the obligations of $82 million (2020 increase: $268 million), partly offset by an increase in asset valuations of $73 million (2020 increase: $141 million).

The re-measurement gain of $143 million (2020: loss of $162 million) recognized for the six months ended June 30, 2021 consisted of a decrease in the obligations of $127 million (2020 increase: $139 million), and by an increase in asset valuations of $16 million (2020 decrease: $23 million).

12. Cash generated from operating activities

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	$'m	$'m	$'m	$'m
Loss for the period	**(55)**	**(85)**	**(80)**	**(57)**
Income tax charge/(credit)	12	(6)	26	4
Net finance expense	137	171	239	233
Depreciation and amortization	180	169	363	336
Exceptional operating items	32	5	40	8
Share of post-tax loss in equity accounted joint venture	19	17	37	20
Movement in working capital	(30)	37	(320)	(372)
Transaction-related, start-up and other exceptional costs paid	(16)	(13)	(38)	(67)
Exceptional restructuring paid	—	—	—	(1)
Cash generated from operations	**279**	**295**	**267**	**104**

13. Related party transactions

At June 30, 2021, ARD Finance S.A. had related party loan receivable balances of $322 million (December 31, 2020: $332 million) with ARD Securities Finance SARL.

With the exception of the above, the transactions in note 6 - Net finance expense, note 8 - Investment in material joint venture and note 14 - Discontinued operation, and the transactions between Ardagh Group S.A. and Ardagh Metal Packaging as described in note 1 – General information and note 4 – Segment analysis, there have been no transactions in the three and six months ended June 30, 2021 with related parties, as disclosed in the Group's Annual Report, that had a material effect on the financial position or performance of the Group.

14. Discontinued operation

On October 31, 2019, the Ardagh Group completed the combination of its Food & Specialty business with the business of Exal to form Trivium. In the six months ended June, 30 2020, the Group recognized a non-cash gain on disposal of $22 million arising from the remeasurement of the estimated consideration for the disposal of the Food & Specialty business.

15. Contingencies

Environmental issues

The Ardagh Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of metal packaging and surface treatment using solvents;
- the operation of installations for manufacturing of container glass;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination;
- the design, characteristics, collection and recycling of its packaging products; and
- the manufacturing, sale and servicing of machinery and equipment for the container glass and metal packaging industry.

The Ardagh Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amounts accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Ardagh Group arising under environmental laws are pending.

Legal matters

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices in Germany of metal packaging manufacturers, including Ardagh's Food & Specialty Metal Packaging business which was sold to

Trivium. In 2018, the European Commission took over this investigation, ending the German investigation. Ardagh agreed to provide an indemnity in respect of certain losses that Trivium might incur in connection with this investigation. In June 2021, the European Commission closed the proceedings against Trivium without a fine.

With the exception of the above legal matter, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Ardagh Group believes that none of these proceedings, either individually or in aggregate, are expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

16. Seasonality of operations

The Ardagh Group's revenue and cash flows are both subject to seasonal fluctuations with the Ardagh Group generally building inventories in anticipation of these seasonal demands resulting in working capital requirements typically being the greatest at the end of the first quarter of the year.

The demand for our metal beverage products is strongest during spells of warm weather and therefore demand typically peaks during the summer months, as well as in the period leading up to holidays in December. Demand for beverage products within our Glass Packaging business is similarly strongest during the summer and during periods of warm weather, as well as the period leading up to holidays in December.

The Ardagh Group manages the seasonality of working capital principally by supplementing operating cash flows with drawings under its Global Asset Based Loan facility.

17. Other information

Cyber Security Incident

On May 17, 2021, the Ardagh Group announced that it had experienced a cyber security incident, the response to which included pro-actively shutting down certain IT systems and applications used by the business. Key systems have now been brought back online securely, in a phased manner and in line with our plan. Production at all of the Ardagh Group's manufacturing facilities continued to operate throughout this period, though the Ardagh Group experienced some shipping delays as a result of this incident.

While investigation of the incident is ongoing, the Ardagh Group have already taken various steps, including engaging leading industry specialists to conduct a forensic investigation of our systems and introducing additional protection tools across its network to further enhance the security of its IT systems. We believe that our existing information technology control environment is appropriately robust and consistent with industry standards. In addition to addressing any findings from these investigations and assessments, we are reviewing our information technology roadmap and accelerating planned IT investments to further improve the effectiveness of our information security. We do not believe that our growth investment program has been impacted by this incident. During the three month ended June 30, 2021, the Ardagh Group incurred $34 million of costs related to this incident, including $16 million of exceptional costs. The Ardagh Metal Packaging business incurred $16 million of the total Ardagh Group costs, including $1 million exceptional related costs, due to this incident, which Ardagh Group S.A. has agreed to indemnify under the letter agreement dated May 21, 2021. We maintain appropriate insurance in respect of a wide range of risks, including in respect of IT incidents and expect to recover costs in respect of this incident.

18. Events after the reporting period

On August 2, 2021, the board of directors of Ardagh Group S.A. declared a cash dividend of $0.15 per common share, payable on October 1, 2021 to shareholders of record on September 17, 2021.

On August 4, 2021, the Group terminated its $650 million U.S. dollar to euro CCIRS, due for maturity in 2021 and its $100 million U.S. dollar to euro CCIRS, due for maturity in 2021.

On August 6, 2021, Ardagh Metal Packaging and certain of its subsidiaries entered into a Global Asset Based Loan Facility in the amount of $300 million, which will be increased to $325 million upon delivery to the lenders of certain corporate authorizations.

On August 15, 2021, the Group redeemed in full the remaining outstanding $800 million 6.000% Senior Notes due 2025 and paid applicable redemption premiums and accrued interest.

Combination of Ardagh Metal Packaging with Gores Holdings V

On August 4, 2021, the Business Combination was consummated. On August 5, 2021, AMP listed its shares and warrants on the New York Stock Exchange under the new ticker symbols "AMBP" and "AMBP.WS", respectively.