



Aluflexpack AG

Annual Report

2022

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



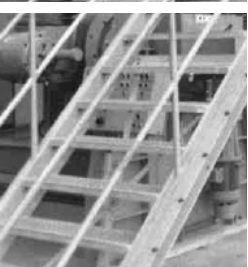
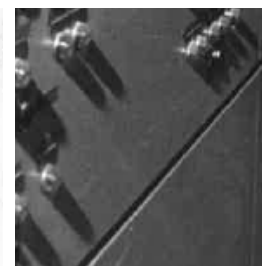
1982
 Foundation
 of Folijaplast
 in Zadar, Croatia



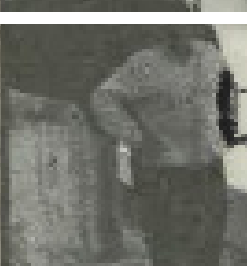
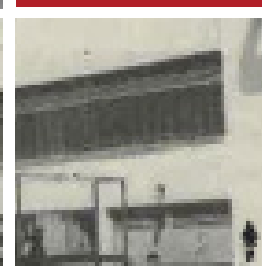
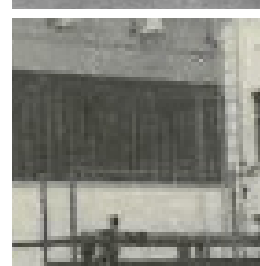
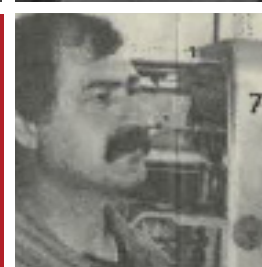
**1982
 -1990**
 Leading player
 in Yugoslavia's
 dairy market



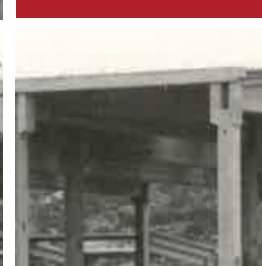
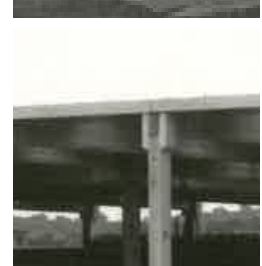
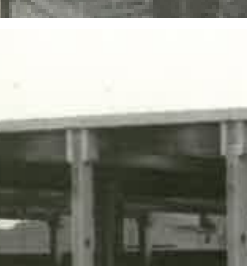
1991
 Plant relocation
 to Umag,
 Croatia



1993
 Construction
 of new plant
 in Umag, Croatia



1995
 Renovation
 of the plant
 in Zadar

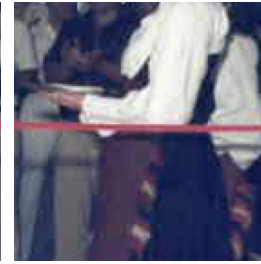
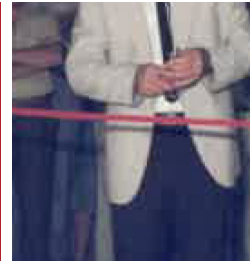


1995
 Foundation
 of Folijaplast Polska
 (later Aluflexpack
 Polska)



2001

Name change to Aluflexpack



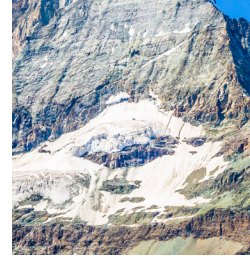
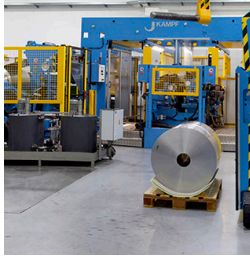
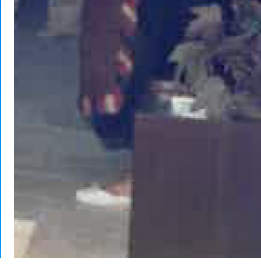
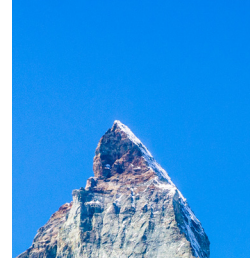
2003

Cooperation with TOF, Dmiš, Croatia



2004

Cooperation with Omial, Omiš, Croatia



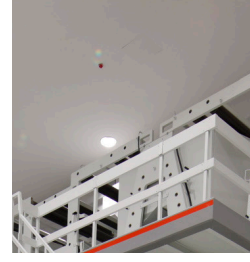
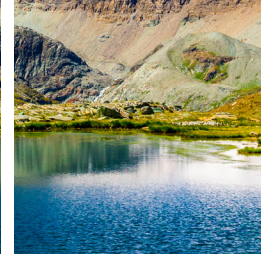
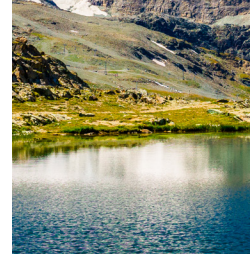
2012

Aluflexpack acquired by MTC



2013

PPS joins the Group, strengthening the Pet food market



2015

Eliopack becomes a member of the Group



2017

Major investments into the plant in Dmiš to enter new markets



2018

Market entry into Türkiye through acquisition of Arimpeks

2018

Expansion in Umag, market entry into the pouch business

2019

IPO on SIX Swiss Exchange

2021

Star of 2021 Award

2020

Top-System joins the Group, strengthening the market position in Poland

2021

Construction start of major on-site expansion in Drniš

2022

Teko joins the Group, strengthening the market position in Türkiye



40 years of trust and continuous growth

Our rich history is the foundation of our continuous success.

Aluflexpack grew from a garage in Zadar to a large industrial Group, enriched by the individual strengths and know-how brought by each new individual and company who joined the Group over the years.

On our 40-year anniversary, we proudly reflect on the success factors that have guided our growth, ranging from a customer centricity approach, the focus on attractive product niches to a strong commitment towards innovation and fostering an entrepreneurial mindset among the employees in a strong organisation and well-invested and deeply vertically integrated platform.

While we celebrate our rich history today, we don't want to stop here and rest on our laurels. We are continuously setting ourselves new goals aiming at implementing new initiatives and harnessing new opportunities in today's changing market environment that will guide Aluflexpack through the next 40 years of steady development.

"We started 40 years ago as a Croatian flexible packaging manufacturer with little money, economic machines and big dreams. Today, those big dreams have turned into state-of-the-art machines with great ambitions that are deeply rooted in the organisation."

Anonymous Internal Quote

40
YEARS

“We believe that by 2033, together we will have transformed the packaging industry by enabling our customers to respond to the end consumer's needs faster and in a more economical and environmental way. We aim to provide a lasting packaging experience that will benefit everyone - people, planet, and result in lasting prosperity!”

Johannes Steurer, CEO of Aluflexpack AG

Our Vision

We are the **partner of choice** for developing and large-scale manufacturing of premium circular flexible packaging and barrier solutions.

As an **integrated solution provider**

we serve the most demanding customers and grow in the most demanding end markets and applications in a profitable and sustainable way.

A **trustful relationship** with all of our stakeholders and a great employee experience serve as a strong foundation of our success.

Aluflexpack AG - Key Figures

For the 12 months ending 31 December

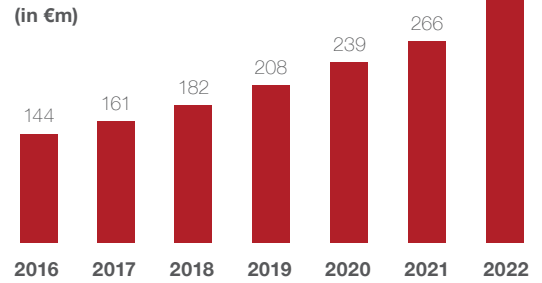
(financial figures in €m) ¹	2016	2017	2018	2019	2020	2021	2022
Net sales	144.1	160.6	181.7	207.9	239.4	266.1	357.0
Net sales growth (% , yoy)	8.2%	11.4%	13.1%	14.4%	15.2%	11.1%	34.2%
EBITDA	14.4	18.1	21.5	19.2	36.4	42.3	48.6
EBITDA before special effects (SE)	14.4	18.1	21.6	29.5	37.4	41.8	46.6
EBITDA margin before SE (%)	10.0%	11.3%	11.9%	14.2%	15.6%	15.7%	13.0%
Operating profit (EBIT)	1.7	4.3	6.4	0.6	17.4	19.4	23.9
Operating profit before SE	3.3	5.9	8.0	13.8	20.0	20.3	26.2
Operating profit margin before SE (%)	2.3%	3.7%	4.4%	6.6%	8.3%	7.6%	7.3%
Result for the period	-0.6	0.2	-1.3	-3.4	9.0	14.2	4.4
Cash flow from operating activities	8.9	14.7	11.9	15.5	26.1	38.3	14.7
Cash flow from investing activities	-12.6	-21.1	-21.2	-32.8	-32.9	-45.9	-84.9
Cash flow from financing activities	-1.5	8.4	24.4	60.1	-11.5	-20.4	78.1
Equity ratio (%)	19.6%	16.1%	13.2%	61.9%	61.6%	60.2%	42.9%
Net debt (cash)	67.0	82.1	100.5	-12.1	6.0	32.4	123.8
Total assets	132.0	156.6	196.9	278.4	282.7	301.7	448.0
ROCE	3.8%	5.9%	6.9%	9.6%	11.7%	10.3%	9.9%
Employees	904	1,001	1,128	1,215	1,296	1,342	1,537

¹ A detailed reconciliation of the reported and adjusted figures, as well as an overview of alternative performance measures used, can be found on page 54-57.

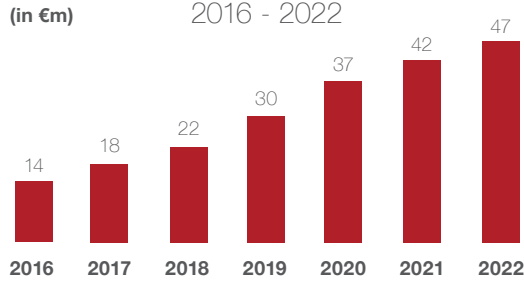
Organic net sales growth
2022

+27.9%

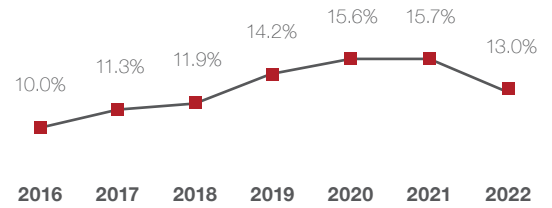
Net sales
2016 - 2022



EBITDA before SE
2016 - 2022



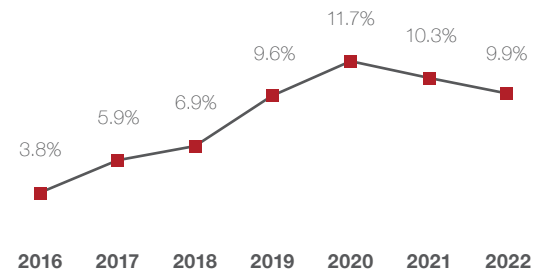
EBITDA margin before SE
2016 - 2022



Capital expenditure
2022 (organic)

€53.2m

ROCE




Net debt to EBITDA²
2022

2.5x

Equity ratio
2022

42.9%

² EBITDA refers to EBITDA before SE and includes the EBITDA of companies acquired during the year as if they were acquired on 1 January.



**Aluflexpack Novi,
Zadar plant, Croatia, 1982**

The company was founded in Zadar, Croatia in 1982, under the name Folijaplast, and since its foundation was the leading manufacturer of flexible packaging in the domestic dairy end market. Today, the plant in Zadar is specialised in manufacturing of lids and lidding foil for coffee & tea, dairy, food and pet food markets, as well as aluminium blister foil for the pharmaceutical market.

Table of contents

Letter to shareholders	12
Our company	17
Annual review	31
Corporate Governance	59
Compensation	87
Consolidated Financial Statements	117
Statutory Accounts	175



Letter to shareholders

Dear shareholders,

In a year beset with challenges, we achieved the highest net sales growth in the history of our Company. Our diversified customer and product portfolio, which spans a broad range of defensive end markets, insulated Aluflexpack from the shocks hampering the global economy. Throughout 2022, we retained high product quality and supply chain reliability for our customers. We adeptly handled a highly dynamic cost environment while simultaneously making great progress at our major new facility in Drniš, Croatia. The project is Aluflexpack's biggest expansion yet. To lay the foundation for our next growth phase, we defined our 3-WIN 2025 strategy which outlines our ambitions for the next three years with the goal of creating significant value for all of our stakeholders.

Challenging macroeconomic environment

Following the global economic recovery in 2021, positive economic sentiment was battered abruptly in early 2022 by fallout from the war in Ukraine, rising energy prices and a subsequent surge in inflation putting pressure on many economic sectors. At the same time, disruptions to the global supply chain, still fractured from the aftermath of COVID-19, led to shortages of materials and increases in raw materials prices. In Europe, surging energy bills in an already fraught economic environment negatively affected households and constrained consumer purchasing power. In these extraordinary times, Aluflexpack

continued to perform well thanks to our well-diversified portfolio exposed to defensive end markets.

Broad-based growth across most end markets

Amid the challenging global economic environment characterised by a global pandemic, rising inflation and the crisis in Ukraine, Aluflexpack achieved significant growth in net sales in most of its end markets. This increase was driven by both the effects of passing-through increased costs for materials, energy, transportation and other operating expenses, as well as solid business expansion. In the Pharmaceutical end market, Aluflexpack recorded its highest growth rate on the back of business expansion in our existing geographies and a comparatively favourable starting point, since demand for pharmaceutical packaging in 2021 was negatively affected by strict hygiene measures and COVID-19 restrictions. In the Pet food end market, Aluflexpack experienced considerable growth driven by a further ramp-up of our stand-up pouch capacities, new product launches and the aluminium tray business expanding significantly. Our strong position with private label customers in the Pet food industry also supported our growth with strong demand in that segment.

Business in the Confectionery end market developed well in 2022, supported by strong seasonal sales as well as new business received from our customers who successfully launched new products into the market. In the Dairy end market, Aluflexpack also achieved high organic growth in 2022 by carving out additional market share in established geographies. Growth here was further augmented by our latest acquisition of the leading Turkish flexible packaging supplier, Teko. In the Other food end market, Aluflexpack recorded strong growth, driven by new product launches, cross-selling activities from existing packaging solutions to new customers and a solid expansion in the human food aluminium tray business. In the past year, net sales growth in the Coffee & Tea end market fell short of levels observed in the previous year as lower consumer purchasing power negatively impacted demand for premium products. In addition, consumers shifted away from at-home consumption.

Solid business performance

In the financial year ending 31 December 2022, Aluflexpack achieved net sales of €357m, which equates to growth of 34.2%. Adjusted to take into account the acquisition of our Turkish subsidiary, organic growth reached 27.9%, supported significantly by passing through increased costs for input materials and energy costs, necessary to ensure uncompromised product quality and reliable supply.

In 2022, Aluflexpack achieved an EBITDA before SE of €46.6m, translating to year-on-year growth of 11.3%. This equates to a margin of 13.0%, compared to 15.7% in 2021. The primary drivers behind the margin decrease were inflationary trends in input materials prices and increased costs for transportation and energy. Above all, the lower profitability margin also reflects the dilution caused by the pass-through achieved. Accelerated organic investments, above all for the major expansion in Drniš, gave rise to a significant growth in capital employed, temporarily reducing our capital efficiency, as indicated by our decrease in ROCE to 9.9%.

Milestones in 2022

By acquiring a majority holding in Teko, the market leader in the flexible dairy and beverage packaging industry in Türkiye and neighbouring countries in May 2022, we further strengthened our position in Türkiye and in the MENA region. A smooth integration process and cross-selling activities in the second half of the year enabled us to capitalise on synergies. We remain convinced that Türkiye is a highly attractive market with exceptional growth potential in the years ahead, driven by favourable structural factors such as population growth, urbanisation and increasing exposure to modern retail channels.

In late 2022, we began commissioning the state-of-the-art machinery at our plant in Drniš, where we have invested approximately €70m in an on-site expansion, doubling our foil conversion capabilities and deepening our internal value chain. Operation of this modern manufacturing facility will be highly automated, contributing to sales growth already in 2023 and gradually ramping up in future.

Roadmap through 2025: 3-WIN 2025 strategy

With the publication of our half-year results ending 30 June 2022, we announced our 3-WIN 2025 strategy along with new medium-term goals and our vision of positioning ourselves as the partner of choice for the development and large-scale manufacturing of circular premium flexible packaging and barrier solutions. 3-WIN 2025 means that we will solidify our leading position in aluminum-based flexible packaging and other selective materials markets by 2025 by focusing on improving in the three key areas: people, planet and prosperity. We aim to provide integrated solutions that benefit our customers and end consumers, using materials and natural resources responsibly along our value chain. Our ambition is to be at the forefront of circular packaging solutions and help secure the future of our planet. Lastly, we aim to generate added value for our organisation and all of our stakeholders. Our strategic roadmap includes tapping into new markets, further expanding the technological capabilities of our organisation – including automation projects – strengthening our R&D expertise and investing in our people. Over the next three years, we are targeting net sales of €450-500m and an increase in the share of circular and sustainable solutions in our portfolio, including products with a higher recycled content and greater recyclability. We want to achieve full recyclability of our portfolio by 2030.

In the second half of 2022, we began actioning the first phases of our 3-WIN 2025 strategic roadmap with light-house projects in the field of innovation and sustainability. We launched our first Innovation Challenge aimed at encouraging employees across the organisation to contribute their ideas on how to create completely new packaging solutions that are gamechangers for our customers and consumers. At the end of 2022, we formulated a clear decarbonisation and energy efficiency plan that will serve as the groundwork for an emission and energy efficiency roadmap through 2040. The results of this assessment and the mitigation measures defined indicate that we can achieve a significant reduction in Aluflexpack's emissions over the next two decades, bringing the Group one step closer to climate neutrality. We will continue communicating our decarbonisation goals throughout 2023.

Outlook

Despite the current insecurities in the global economy, the Management Board remains confident in the stability of the business and the long-term structural factors driving growth in the flexible packaging industry. We are therefore confirming the outlook announced on 15 February 2023 of net sales of €390-430m and EBITDA before SE of €50-55m for the financial year ending 31 December 2023.

2022 has been a demanding year for Aluflexpack, but we have successfully navigated the challenges of supply chain bottlenecks and cost inflation by pursuing a forward-looking purchasing strategy, broadening and strengthening our relationships with suppliers and responsibly passing through increased costs. Amid volatile market conditions, we have not allowed obstacles to distract us from laying the foundation for the future of our Company. Our strategy for the medium term, 3-WIN 2025, targets net sales of €450-500m, which we aim to reach with our current platform, and an EBITDA margin before SE of 14-16% by 2025.

We believe that reaching our ambitious growth targets and generating meaningful shareholder value requires allocating funds to our growth projects so we can achieve the highest possible returns. The Board of Directors will therefore propose that no dividend be distributed for 2022 at the Annual General Meeting in May.

Thank you!

On behalf of the Board of Directors and the Management Board, we would like to thank all our employees for their ceaseless work in these unprecedented times, for their team spirit, for the sense of togetherness their dedication has fostered and for the commitment shown across the organisation to our 3-WIN 2025 strategy. We would also like to thank our shareholders for continuing to place their trust in us.

Let us continue our journey together and seize the opportunities that lie ahead.

On behalf of the Management
team,

Johannes Steurer,
CEO




Lukas Kothbauer,
CFO



On behalf of the Board
of Directors,

Martin Ohneberg,
President





Aluflexpack Novi, Umag plant, Croatia, 1991

In 1991 the production was moved from Zadar to Umag, where a new production plant was built in 1993. Today, after many upgrades and investments, the Umag plant with its state-of-the-art machines manufactures thin aluminium foils for the confectionery end-market, a wide range of films and foils for food, pet food and pharmaceutical end market, as well as pouches for all end markets.

Our company

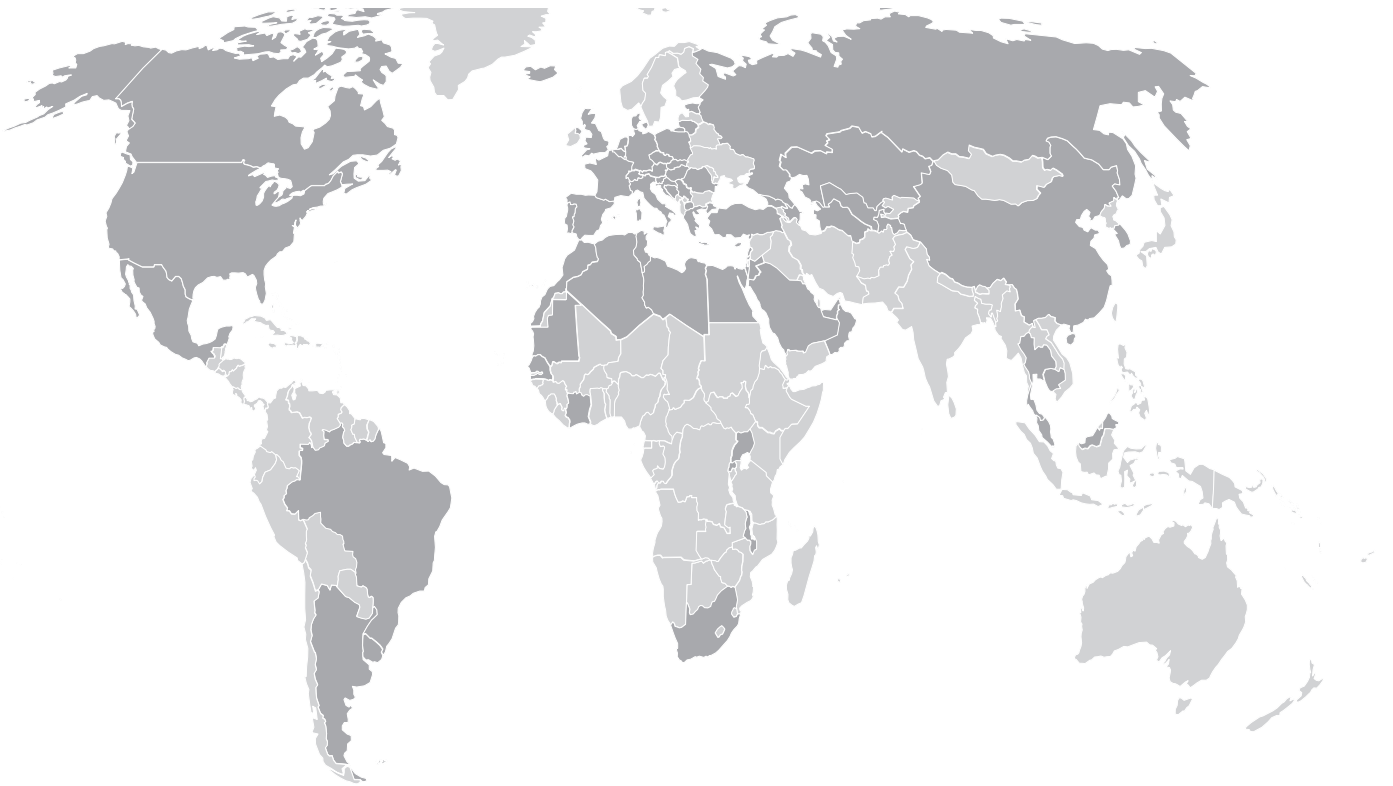
Aluflexpack at a glance	18
Our strategic roadmap through 2025	
3-WIN 2025 strategy	20
Our locations	26
Markets and product overview	27
Value chain	28

Aluflexpack at a glance

Aluflexpack develops and manufactures high-quality flexible packaging solutions at an industrial scale and provides packaging solutions for the most valuable and well-known brands of leading European and international companies.

We pre-treat, laminate, lacquer, extrude, print, slit, emboss, punch, laser and form aluminium, paper and plastics into sophisticated flexible packaging.

Aluflexpack sales by geography in 2022³



Leading player

in flexible packaging in Europe

7 end markets



>700 customers worldwide



1,537 qualified and dedicated employees



9 integrated production plants across Europe



91% renewable electricity use in 2021



4 product types:



€ 357m net sales in 2022



Our strategic roadmap through 2025: 3-WIN 2025 strategy

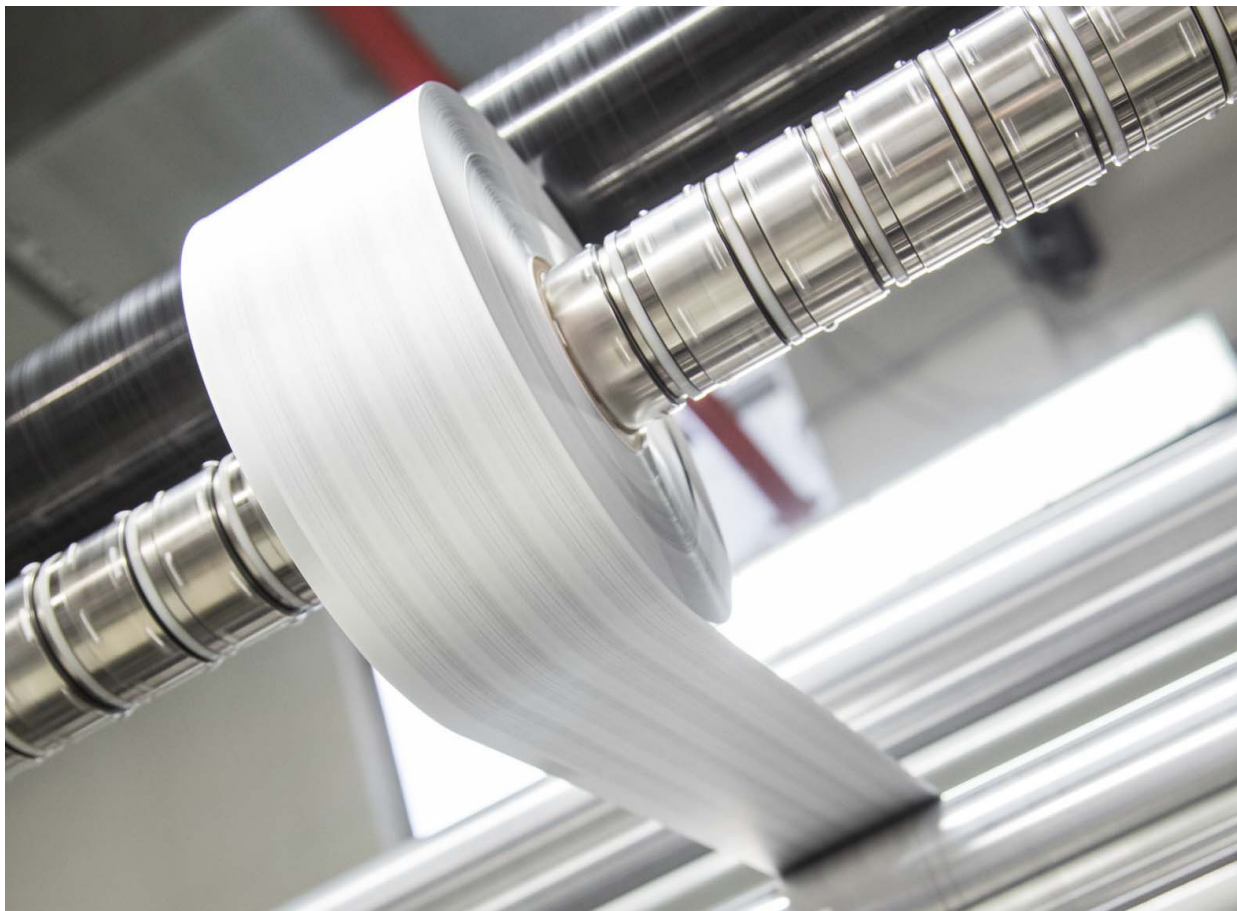
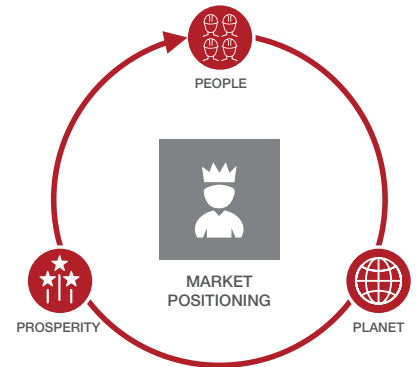
Aluflexpack’s vision is to become the partner of choice for developing and large-scale manufacturing of premium flexible packaging and barrier solutions for the most demanding end markets and applications in a profitable and sustainable way. We have recognised that realising our vision requires a clear strategic roadmap focusing on people, the planet and prosperity, which we call 3-WIN 2025. As an integrated solution provider, we aim to add value for our customers and final consumers, and we view our employees as an integral part of corporate stability and growth. At the same time, we promote the development of circular and sustainable packaging solutions, minimising waste and reducing our impact on the environment while also benefiting our organisation and all our stakeholders. Along our strategic roadmap, we aim at achieving net sales of €450-500m and an EBITDA margin before SE of 14-16% by 2025.

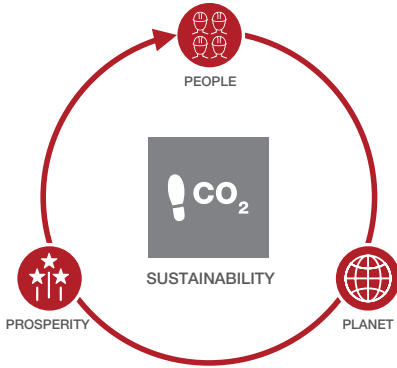


Market positioning

Aluflexpack was established in 1982, as a small garage company in Zadar, Croatia. Since then, the production of aluminium flexible packaging solutions has been a core aspect of company's operations and over the years, Aluflexpack has grown to become one of the leading players in the converted flexible packaging business in Europe. The company's success is built on its many years of experience and expertise in materials and processes, state-of-the-art equipment, and a commitment to quality control, which has made it a preferred partner for many customers.

Our goal for the future is to become a leader in the worldwide market for converted aluminium-based flexible packaging, with a particular emphasis in rapidly growing industries such as Pharmaceuticals, Pet food, Coffee & Tea and Other non-food, which includes industrial applications such as heat exchangers, battery foil and wires & cables. To reach this objective, we plan to replicate our effective business model in new regions, enhance our products, expand our product offerings, and seek out opportunities to venture into new categories.












Sustainability

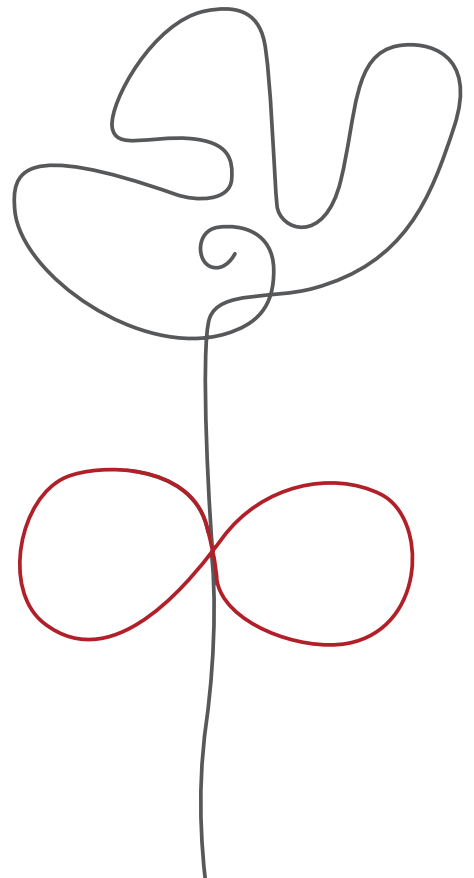
Sustainability is one of the most important topics for companies and their stakeholders nowadays. A changing climate as a result of a continuous increase of greenhouse emissions demands immediate actions from everyone. As the biggest emitters globally, corporations should be at the forefront of actions needed in this direction.

That is why emission reduction across scope 1-3 are a key priority in our sustainability agenda. We are committed to enhancing our operations and making them more energy-efficient, while also reducing our carbon emissions through targeted projects, such as the decarbonisation and energy efficiency project initiated in December 2021. Through these efforts, we are confident that we can make a meaningful impact on reducing our environmental footprint.

In addition, we continue to focus on innovation and development, particularly in the area of sustainable packaging solutions for leading brands. This includes increasing the use of recycled content in our packaging and developing new solutions that align with the principles of reduce, reuse, and recycle. In order to make meaningful progress, we recognise the importance of forming strong partnerships with different players in the industry and to drive together the change to a more environmentally friendly world.

The Aluminium Flower represents the sustainable growth enabled by its excellent properties and reusability.

- | | | | |
|---|-----------------------|---|---------------------|
|  | RECYCLABLE & REUSABLE |  | LONGER SHELF LIFE |
|  | LIGHTWEIGHT |  | ENERGY SAVING |
|  | BARRIER |  | REDUCING FOOD WASTE |
|  | HEAT RESISTANT | | |



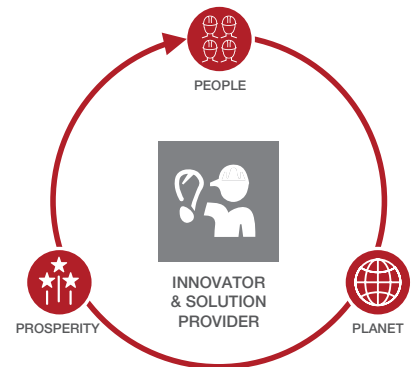


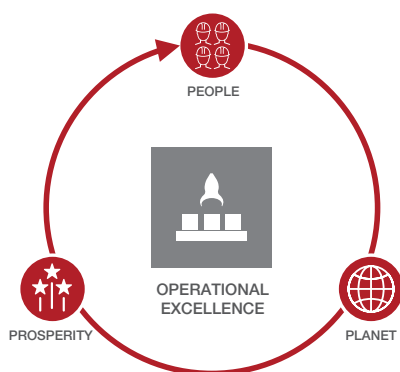
Innovator & solution provider

Innovation is one of the driving forces behind corporate success. With increasing customer demand for sustainable and eco-friendly packaging options, companies must continuously innovate in order to remain competitive.

One of the primary goals for our Group is the transformation from a reliable partner to an innovator and integrated solution provider. At the same time, we plan to develop fully circular products in collaboration with our partners and suppliers and increase traceability of materials and processes used in our supply chain to enhance the availability of sustainable alternatives.

Accomplishing these goals requires several key strategies that we plan to implement such as promote customer-centric innovation all across our operations, strengthen vertical integration and expand our technological toolbox to provide cutting-edge solutions, further deepen our expertise in aluminium, and selectively strengthen our competencies in value-adding plastic solutions to offer a diverse range of options to our customers. Through these actions, we will be able to propel our business forward and offer the most optimal solutions to our clients.





Operational excellence

Digitalisation and automation are becoming increasingly important in achieving operational excellence in the packaging industry. By using digital technologies such as automation software, we are striving for improving our efficiency, reduce costs, and increase production speed. Moreover, digitalisation enables the collection and analysis of data, which can be used to optimise production processes and improve the quality of products.

Achieving a level of operational excellence that sets us apart in the industry and making significant advancements in our digitalization processes, is pivotal for our company development. In our quest to reaching these objectives, we have identified specific actions that we plan to implement.

One of our main strategies is investing in and operating state-of-the-art equipment in competitive production locations, which will enable us to produce high-quality products in an efficient and cost-effective manner. We will also maintain a flexible and business-minded approach to our operations, allowing us to adapt quickly to changes in the market and capitalise on new opportunities.

In addition, we will prioritise the implementation of automation and digitalisation technologies across our operations to improve efficiency and streamline processes. This will allow us to allocate resources towards other areas of the business that drive growth. A performance-focused approach will be adopted to ensure continuous improvement, by monitoring and evaluating operations through key performance indicators and making necessary adjustments to drive efficiency.



Strong organisation

Building a strong organisation through investment in people is a key factor in the success of a company. Research has shown that companies that invest in the development and well-being of their employees experience a range of benefits, including increased productivity, improved employee engagement and retention, and higher levels of customer satisfaction.⁴ Additionally, a strong organisational culture, can also help to attract and retain top talent, giving the company a competitive advantage in the marketplace.

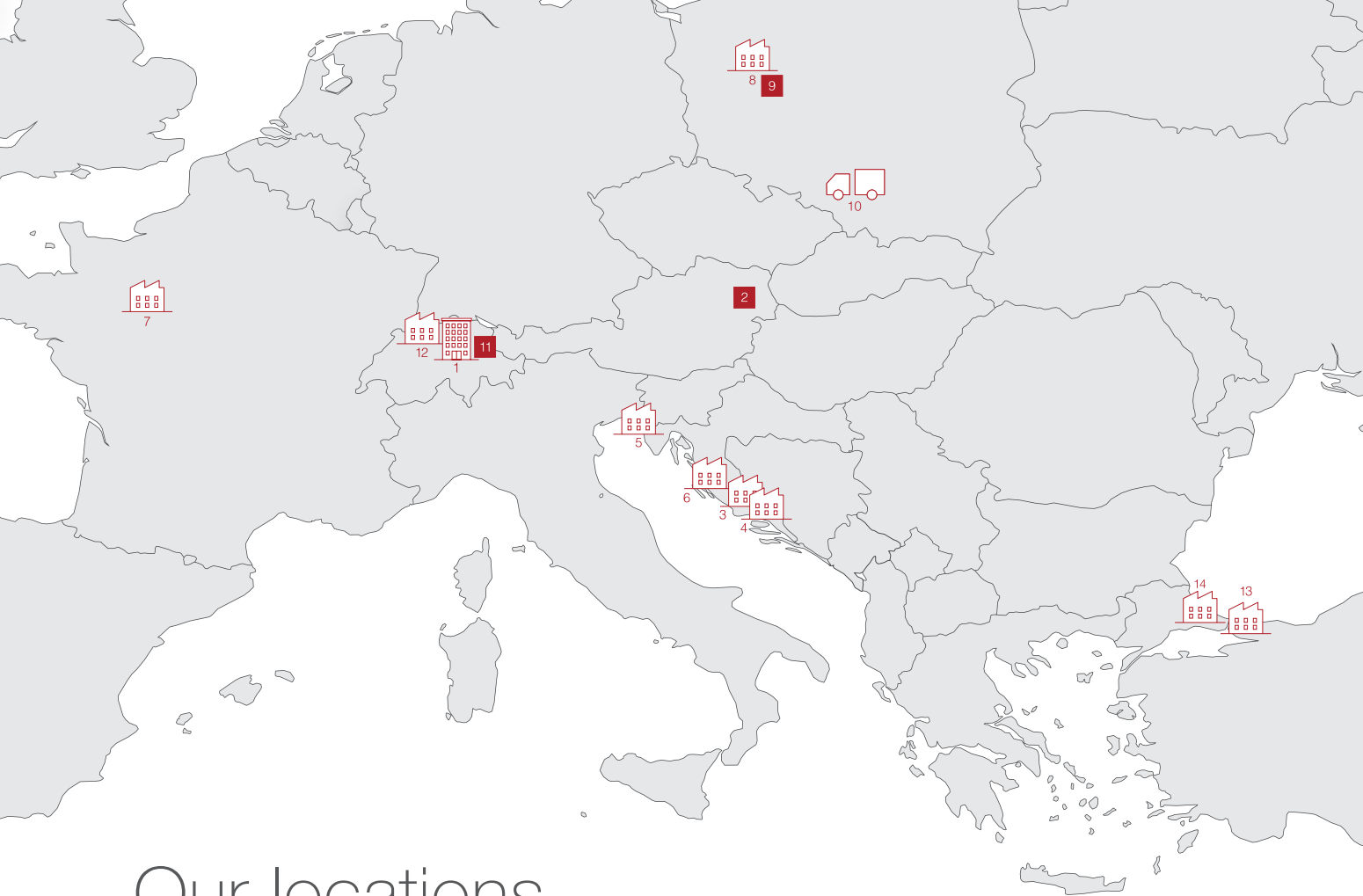
At Aluflexpack, we are committed to building a strong and talented workforce that will drive the success of our organisation. Our strategy is focused on two key goals: attract, retain, and develop talent, and establish a corporate culture of togetherness that makes our company a great place to work.

To achieve this, we intend to implement several key approaches. We will nurture a great employee experience, where we will focus on addressing the needs and concerns of our employees by providing them with the resources and support they need to excel in their roles. In parallel, a corporate culture of togetherness, where employees feel valued, respected, and connected to the company's mission and values, will be fostered. Talent management and succession planning will be also prioritised to identify and cultivate potential leaders within the organisation to ensure a strong and capable leadership team for the future.

Part of the above-mentioned measures will be supported by our Great Place to Work action plan, which foresees continuous monitoring of employee satisfaction through a structured process.



⁴ Global Human Capital Trends 2018, Deloitte: <https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/human-capital/deloitte-uk-human-capital-trends-2018.pdf>



Our locations



1

Reinach (HQ) Switzerland



3

Drniš Croatia

Rotogravure printing, lacquering,
laminating and coextrusion



4

Omiš Croatia

Laminating, lacquering,
oiling and alu-container forming



5

Umag Croatia

Rotogravure printing, laminating,
wax coating and pouch forming



6

Zadar Croatia

Conventional printing, UV-flexo
printing and punching of lids



12

ALUFLEXPack AG HEADQUARTER



13

PRODUCTION PLANTS



14

LOGISTICS HUB

14

ADMINISTRATIVE / SALES OFFICE



7

La Ferté-Bernard France

Rotogravure, conventional and
UV-flexo printing, laminating and
forming



8

Tarnowo Podgórne Poland

Conventional printing, UV-flexo
printing and punching of lids



9

Poznań Poland



10

Tychy Poland



11

Triesen Liechtenstein



12

Einsiedeln Switzerland

Forming and Punching



13

Gebze Türkiye

Rotogravure, flexo and digital
printing



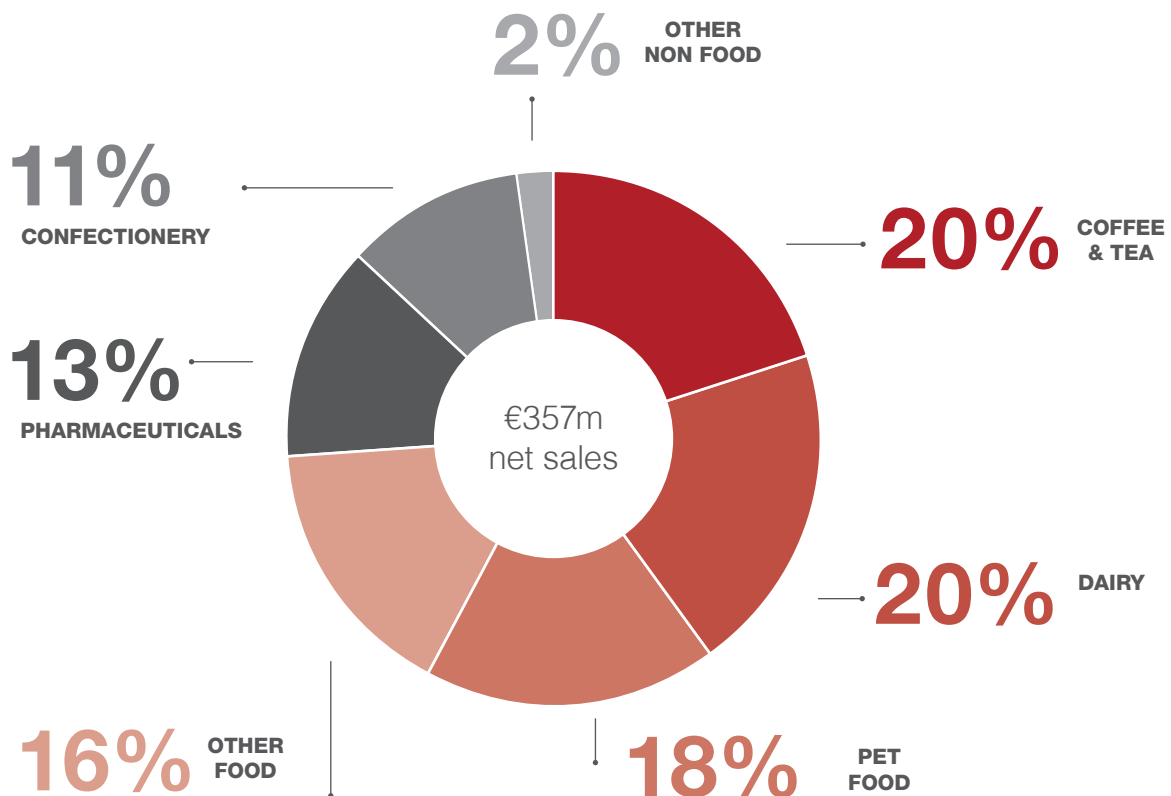
14

Çorlu Türkiye

Rotogravure and flexo printing,
laminating and coextrusion

Market and product overview

The global flexible packaging market totalled over \$249bn in 2021 and is forecasted to grow at a rate of 3.2% to a value of \$292bn by 2026.⁵ In this huge market, Aluflexpack focuses on a range of product niches, providing high-quality flexible packaging and barrier solutions to a variety of valuable and well-known brands of leading European and international manufacturers. Our Company's key competence is the development and manufacturing of aluminium, plastic and paper-based packaging solutions on an industrial scale for end markets such as Coffee & Tea, Confectionery, Dairy, Pet food and Pharma. The product formats we are developing in these markets comprise capsules, containers, lids, pouches and other types of lacquered and/or printed foils. Demand in Aluflexpack's defensive range of end markets generally is highly robust and less impacted in a significant manner by external shocks. This was confirmed in 2022, a challenging year for the global economy, during which Aluflexpack maintained its uncompromising product quality and recorded historically high net sales growth.



Value chain

Aluflexpack’s deep and highly integrated value chain, with its end-to-end process and material control in the Company’s focus end markets, ensures superior service levels, the highest quality standards, profound development expertise and continuous innovation. Our hub-satellite setup features centralised converting hubs that supply converted material to satellites, i.e. entities that focus on the printing and finishing process, supporting customers in their respective markets. Full end-to-end control and internal contingencies were the cornerstone for our excellence in reliability and quality in 2022 – a year that was characterised by supply chain bottlenecks, an inflationary commodity market environment and high volatility on the energy markets. With the major on-site expansion in Drniš being ramped-up in 2023, Aluflexpack is significantly strengthening its internal value chain with additional conversion and pre-treatment capacities.

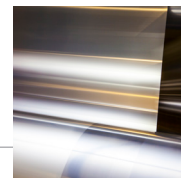


Service

From an idea to the final product: we provide not only materials research, comprehensive product development, design services and pre-press work, but also efficient and appropriate business models to assure agility and the best support for day-to-day operations.

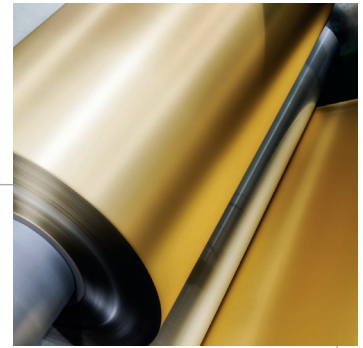
Pre-treatment

Before converting films and foil into final products, Aluflexpack chemically pre-treats substrates for certain delicate products.



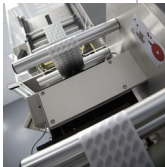
Converting

We **lacquer, extrude and laminate** functional layers on base materials.



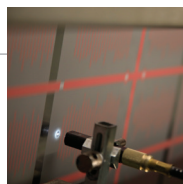
Printing

Our state-of-the-art printing machines allow excellent print in roto, flexo and digital on aluminium, plastics and paper substrates. In addition, we provide numerous design and security options and effects.



Finishing


We deliver final products in different formats: lids, reels, containers, capsules, bags, pouches, sachets, etc.



Quality

Our laboratories, sophisticated processing, quality control and assurance equipment, and our stringent procedures ensure the highest possible quality and stability as well as the reliability of our supplies.





Aluflexpack Polska, Poland, 1995

Aluflexpack Polska was founded in 1995 as Folijplast Polska, a distributor of packaging material for the Polish market. Today, the company operates successfully in Poland with a sales office in Poznan and a logistics hub in Tychy, and has a strong market position in the human, pet food and pharmaceutical end market.

Annual Review

Financial overview	32
Highlights 2022	40
Strengthening our market presence in the MENA region	42
Aluflexpack brand strategy	44
Creating value through innovation	46
Decarbonisation and energy efficiency at Aluflexpack	48
Aluflexpack on the capital markets	51
Supplemental financial information	54

Financial overview

Earnings

For the 12 months ending 31 December

(in €m)	2022	2022 (adjustments)	2021	2021 (adjustments)
Net sales	357.0		266.1	
Change in finished and unfinished goods	10.3		1.1	
Other operating income	15.7		10.2	
Cost of materials, supplies and services	-251.7		-174.2	
Personnel expenses	-38.7		-33.5	
Other operating expenses	-44.1		-27.4	
EBITDA	48.6		42.3	
Costs for stock option programme ⁶		-0.1		0.4
Transaction costs ⁷		0.4		0.2
Effects of adoption of IAS 29 (hyperinflation) ⁸		-2.3		
Gains from divestment of property, plant and equipment ⁹				-1.0
EBITDA before SE		46.6		41.8
<i>EBITDA margin before SE¹⁰</i>		<i>13.0%</i>		<i>15.7%</i>
Depreciation and amortisation	-24.7		-22.9	
Operating profit (EBIT)	23.9		19.4	
Financial result	-17.7		-1.5	
Result before tax	6.2		17.9	
Tax expense/income	-1.7		-3.8	
Result for the period	4.4		14.2	
Thereof attributable to:				
Owners of the company	4.1		14.0	
Non-controlling interests	0.3		0.2	

⁶ Expenses include costs for the employee phantom stock option programme and costs for the stock-based long-term incentive component of the Management Board's compensation.

⁷ Transaction costs include general consultancy costs and other costs in relation to the acquisition of 80% of Teko.

⁸ As of 30 June 2022, Aluflexpack is required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" for its operations in Türkiye. Further clarification is presented on page 55.

⁹ Gains from divestment of property, plant and equipment refers to a gain over the book value of assets divested in the context of a sale and leaseback transaction.

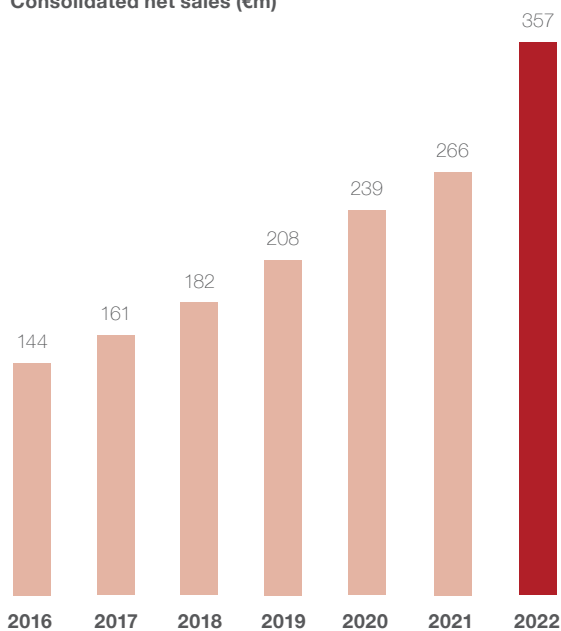
¹⁰ EBITDA margin before SE equals EBITDA before SE divided by net sales adjusted for impacts of IAS 29 (hyperinflation accounting). The impact of IAS 29 on net sales is shown on page 55.

Sales overview

In the financial year ending 31 December 2022, Aluflexpack generated net sales of €357.0m, compared to €266.1m achieved in 2021. Driven by business expansion, healthy demand from a diversified customer portfolio spanning a broad range of defensive end markets and the Group's ability to pass through increased costs for materials, energy, transportation and other operating expenses, net sales growth hit a historic high of 34.2% in 2022. It included consolidation effects from the Turkish subsidiary Teko, acquired in May 2022. Adjusted for this acquisition, organic growth reached 27.9%. Adjusted for the impacts of IAS 29, organic net sales growth was also 27.9%.

Organic net
sales growth
in 2022
+27.9%

Consolidated net sales (€m)



Aluflexpack was able to increase net sales in all of its end markets in 2022, supported by a diversified customer and product portfolio paired with uncompromising product quality and a network of reliable suppliers.

At 59%, the strongest growth was achieved in the **Pharmaceutical** end market on the back of business expansion in existing geographies. It also benefitted from the comparatively soft demand for pharmaceutical packaging in 2021 caused by COVID-19-related movement restrictions and strict hygiene measures. In the **Other food** end market, net sales growth amounted to 58%, while 51% business growth was recorded in the **Dairy** segment. The main drivers of the high double-digit growth in these two end markets were market share expansion in existing geographies, new product launches, cross-selling activities and non-organic growth effects from the Group's latest acquisition, Teko.

The positive development (+22%) in the **Confectionery** end market was fuelled by strong seasonal sales and new business from customers successfully launching

innovative products. The main drivers of expansion in the **Pet food** end market (+29%) were the further ramp-up of stand-up pouch capacities, new product launches and strong growth in the aluminium tray business. Growth in the Group's smallest category, **Other non-food** (+34%), which accounts for 2% of net sales, was positively impacted by business developments with existing customers.

Demand in the **Coffee & Tea** end market (+8%) was below levels seen the previous year in the wake of constrained consumer purchasing power and a normalisation of the high levels of at-home consumption during 2020 and 2021.

(in %)	Coffee & Tea	Confectionery	Dairy	Other food	Other non-food	Pet food	Pharmaceutical
Net sales growth (yoy)	8	22	51	58	34	29	59
Share in Group sales	20	11	20	16	2	18	13

Cost overview

Materials costs as a percentage of net sales amounted to 64.5% in 2022 on an adjusted level, compared to 62.1% in 2021. This reflects widespread increases in prices for input materials throughout 2022. Aluminium continues to represent the largest share of materials costs. The price of aluminium published in the metal bulletin LME was volatile in 2022, starting with a price of €2,497 per metric ton on 4 January 2022 and climbing to a peak of €3,659 on 7 March 2022 before reverting down to €2,211 on 30 December 2022. Aluflexpack generally hedges the price of aluminium in accordance with its customers or structures contracts so that increases can be passed through. Liquids (lacquers, inks, solvents and glues) and plastics form the second and third largest shares of the Group's input materials and also experienced price volatility. Levels were elevated at the outbreak of the war in Ukraine and declined in the second half of the year. Total materials costs as a percentage of net sales on a reported level increased from 65.5% in 2021 to 70.5% in 2022.

Personnel costs as a percentage of net sales decreased to 11.1% from 12.6% in 2021 on an adjusted level, despite contributing to the strength of the organisation by increasing the headcount by an additional 195 employees on a net basis, including 120 new members of staff joining from Teko. The decrease in personnel costs as a percentage of net sales results from benefits arising from the Group's operating leverage and the dilutive impact of increases in other cost positions reflected in the Group's net sales. On a reported level, personnel costs as a percentage of net sales were 10.8% in 2022 compared to 12.6% in the previous reporting period.

Other operating expenses as a percentage of net sales increased to 12.2% in 2022 from 10.2% in 2021 on an adjusted level, reflecting increased energy costs including electricity, natural gas and LPG, as well as increased freight and transportation costs, among others. On a reported level, other operating expenses as a percentage of net sales reached 12.4% in 2022 compared to 10.3% in 2021.

Key cost ratios on adjusted level ¹¹ (in €m)	For the 12 months ending 31 December	
	2022	2021
Material costs	-230.4	-165.4
<i>in % of net sales</i>	64.5%	62.1%
Personnel costs	-39.5	-33.6
<i>in % of net sales</i>	11.1%	12.6%
Other operating expenses	-43.6	-27.2
<i>in % of net sales</i>	12.2%	10.2%

EBITDA

In the financial year ending 31 December 2022, Aluflexpack achieved an **EBITDA before SE** of €46.6m compared to €41.8m in the previous reporting period. The increase in absolute terms translated to year-on-year growth in EBITDA of 11.3%. On the level of **EBITDA margin before SE**, 13.0% was recorded in 2022 (2021: 15.7%). The higher cost base reflected in net sales diluted the Group's profitability margins; in addition, the delays in passing through higher costs for input materials not subject to automatic mechanisms, such as conversion costs for aluminium, plastics, liquids and packaging, weighed on the Group's profitability margins. EBITDA on a reported level totalled €48.6m in 2022. This was up from €42.3m in 2021 and, compared to the EBITDA before SE, reflects the positive impact of the adoption of IAS 29 (Financial Reporting in Hyperinflationary Economies) outlined on page 55, among others.

**EBITDA
before SE
in 2022**
€46.6m

Depreciation and amortisation

Total expenses for **depreciation and amortisation** amounted to €-24.7m in 2022 (2021: €-22.9m) and included €3.4m of acquisition-related amortisation (2021: €1.4m). The increase in depreciation and amortisation expenses reflects the higher asset base resulting from the further activation of assets due to investments made into Aluflexpack's industry-leading integrated production platform, as well as higher intangibles from acquisitions. Depreciation and amortisation expenses as a percentage of net sales amounted to 6.9% in 2022 and will continue to be above the packaging industry average because of the significant investments we have made in the organisation in recent years, above all the major site expansion at our plant in Drniš.

¹¹ A detailed reconciliation of the reported and adjusted figures, as well as an overview of the use of alternative performance measures can be found on pages 54-57.

EBIT

EBIT before SE amounted to €26.2m in the financial year ending 31 December 2022, up from €20.3m the previous year. The Group's **EBIT margin** before SE decreased to 7.3% in 2022 from 7.6% in 2021. Reported EBIT rose to €23.9m in 2022 from €19.4m in the previous reporting period including effects from IAS 29, among others.

**EBIT
before SE
in 2022**
€26.2m

Financial results

For the financial year ending 31 December 2022, Aluflexpack is reporting a **financial result** of €-17.7m in 2022 compared to €-1.5m in the previous reporting period. This is primarily driven by negative mark-to-market valuation effects from financial instruments used to hedge against the volatility of the price of aluminium (€-7.1m), negative foreign exchange effects largely on intercompany loans (€-3.9m) and negative effects from the valuation of put options for outstanding minority shareholders (€-4.1m). **Net interest expenses** reached €-3.3m in 2022 (2021: €-1.9m), reflecting an increase in gross debt and interest rates compared to previous years.

Breakdown of the financial result (in €m)	For the 12 months ending 31 December	
	2022	2021
Net interest expenses	-3.3	-1.9
Other financial income	1.1	7.4
Other financial expenses	-15.5	-7.1
Financial result	-17.7	-1.5

Items below the Financial result

Aluflexpack's **earnings before taxes** amounted to €6.2m in 2022 compared to €17.9m in the previous reporting period and were negatively impacted mainly by the negative financial result due to the aforementioned effects. Tax expenses amounted to €-1.7m in 2022, in contrast to €-3.8m in the previous period, due to a lower tax base and the impact of subsidies. Aluflexpack closed the 2022 financial year with a **net profit** of €4.4m compared to €14.2m in the previous period. Excluding the effects from IAS 29, Aluflexpack recorded a net profit of €3.2m.

Cash flows

For the twelve months ending 31 December 2022, Aluflexpack recorded **net cash flow from operating activities** of €14.7m (2021: €38.3m in 2021). The decrease in operating cash generation compared to the previous year was primarily driven by a significant build-up of trade working capital.

Net cash used in investing activities amounted to €-84.9m for the twelve months ending 31 December 2022 (2021: €-45.9m). This year's investments include payments for property, plant and equipment (PPE) mainly related to the major on-site expansion in Drniš (2021: €-53.2m), as well as payments made for the acquisition of an 80% stake in Teko, a market leader for die-cut lids in Türkiye and surrounding geographies.

Net cash flow from financing activities totalled €78.1m in the twelve months ending 31 December 2022, compared to €-20.4m recorded at the end of the 2021 financial year. The main drivers for the cash inflows were loans from financial institutions amounting to €93.7m concluded at the beginning of 2022.

(in €m)	For the 12 months ending 31 December	
	2022	2021
Cash and cash equivalents at the beginning of the period	15.6	44.3
Net cash provided / used in operating activities	14.7	38.3
Net cash used in investing activities	-84.9	-45.9
Net cash used from financing activities	78.1	-20.4
+/- effect of exchange rate fluctuations on cash held	-0.2	-0.8
Cash and cash equivalents at the end of the period	23.3	15.6

Balance sheet

As of 31 December 2022, Aluflexpack's **total assets** amounted to €448.0m (€301.7m¹²). Total **non-current assets** stood at €272.1m on 31 December 2022, compared to €179.7m on 31 December 2021 and include an increase in PPE to €192.0m (€147.5m¹²). The increase in PPE reflects a higher asset base resulting from the acquisition of our Turkish subsidiary and the expansion of our plant in Drniš. Intangible assets amounted to €74.8m as of 31 December 2022 (€31.7m¹²), driven by the activation of acquisition-related intangibles and goodwill. Total **current assets** stood at €176.0m on 31 December 2022 compared to €121.9m on 31 December 2021. The two main levers contributing to the increase in the current asset base during the reporting period were increases in inventory to €97.1m (€66.7m¹²) and trade receivables to €43.0m as

¹² As of 31 December 2021.

of 31 December 2022 (€27.3m¹²). Besides a general increase in business, these developments were primarily attributable to higher prices for raw materials caused by an inflationary market environment in 2022 and the need to maintain higher levels of stock to mitigate risks from supply chain bottlenecks and certain shifts in consumer patterns.

Total liabilities made up €255.6m as of 31 December 2022 (€120.1m¹²), of which €130.9m accounted for **current liabilities** (€74.4m¹²) and €124.7m as **non-current liabilities** (€45.6m¹²). The increase in current liabilities was caused primarily by higher trade payables in line with the increase in business activity and the general cost increase. Non-current liabilities increased as a result of the new loans that Aluflexpack took to finance investment activity. Aluflexpack's sound financial position is underscored by its equity position: as of 31 December 2022, total equity increased to €192.4m (€181.6m¹²). This corresponds to an equity ratio of 42.9% (60.2%¹²).

Equity Ratio
2022
42.9%

(in €m)	For the 12 months ending 31 December	
	2022	2021
ASSETS		
Non-current assets	272.1	179.7
Current assets	176.0	121.9
Total assets	448.0	301.7
EQUITY AND LIABILITIES		
Total equity	192.4	181.6
Non-current liabilities	124.7	45.6
Current liabilities	130.9	74.4
Total equity and liabilities	448.0	301.7

Total **net debt** amounted to €123.8m as of 31 December 2022 (€32.4m¹²) and translates to a net debt to EBITDA ratio of 2.5x as of 31 December 2022.¹³

(in €m)	For the 12 months ending 31 December	
	2022	2021
Gross debt	147.1	48.0
Cash and cash equivalents	23.3	15.6
Net debt	123.8	32.4
Leverage	2.5x	0.8x

¹³ EBITDA refers to EBITDA before SE and includes the EBITDA of companies acquired during the year as if they were acquired on 1 January.

Aluflexpack's **trade working capital** (TWC) stood at €70.5m as of 31 December 2022 (€42.1m¹²). Higher inventory levels recorded on the balance sheet reflected an uptick in raw materials prices and the need to maintain safety stock to ensure customer supply were largely responsible for the increase in TWC, alongside a general increase in business activity and attendant higher trade receivables. The inclusion of working capital positions from the newly acquired Turkish subsidiary also led to a rise in the Group's TWC. Trade working capital as a percentage of net sales amounted to 19.7% (2021: 15.8%)

Aluflexpack's **return on capital employed** (ROCE), a financial metric the Group commonly uses to evaluate organic and non-organic growth projects, decreased to 9.9% in 2022 from 10.3% the previous year. This decrease mainly reflects the significant increase in capital employed in relation with the major organic expansion in Drniš.

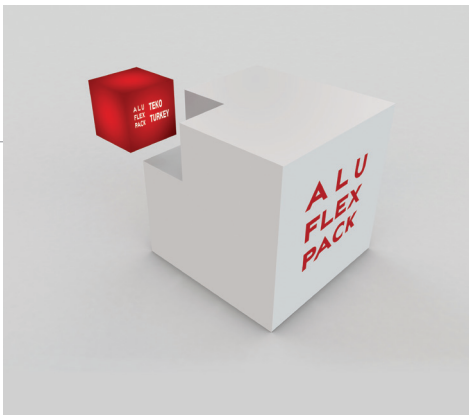
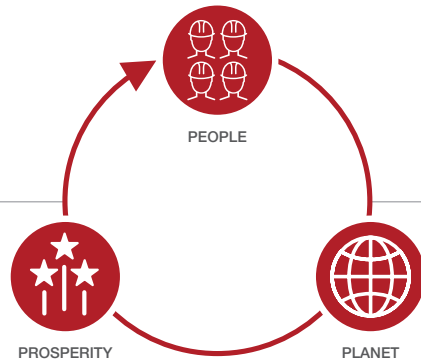
ROCE
2022
9.9%

Highlights 2022



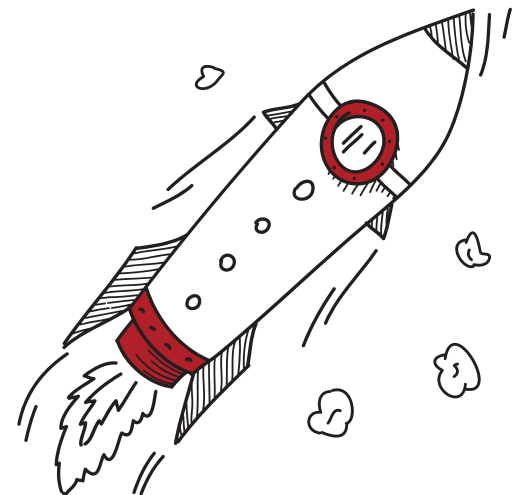
Aluflexpack started with the Brand strategy - creating value by increasing the appreciation of the Aluflexpack Group's peak performances through the power of our brand.

Along with its H1 2022 results, Aluflexpack introduced its **3-WIN 2025** strategy in August 2022. Detailing a new strategic roadmap through 2025 and beyond, it aims at establishing new business opportunities in circular premium flexible packaging and barrier applications, as well as deepening the Group's industrial competencies.



In May 2022, Aluflexpack acquired an 80% stake in **Teko**, the domestic market leader in the dairy and beverage flexible packaging industry in both Türkiye and neighbouring countries, ideally complementing the Group's existing footprint in Türkiye.

Innovation is an integral part of Aluflexpack's 3-WIN 2025 strategy. As part of the **Innovation Challenge**, all employees were encouraged to contribute their ideas to improve our products, processes and the organisation.





In late 2022, Aluflexpack concluded a **decarbonisation and energy efficiency project** aimed at creating an emission and energy efficiency roadmap to 2040 based on the Group’s industrial requirements. The analysis derived from the project predicts a significant reduction in Aluflexpack’s emissions over the next 18 years, bringing the Group one step closer to carbon neutrality.

One of Aluflexpack’s key ambitions is to advance towards a more circular economy. Its partnership with **Saperatec**, an innovator in delaminating multilayer foils and returning them to production streams as secondary raw materials, marked another step in this direction in 2022.



Aluflexpack partnered with Vienna University of Economics and Business (WU) on a **Business Case Challenge project**. The partnership established with WU was designed to encourage entrepreneurial innovation, gain in-depth knowledge about different focus markets and develop analytical capabilities using real-company data.

In 2021, Aluflexpack conducted the **Great Place to Work** initiative to capture valuable employee feedback and help Aluflexpack become a more attractive employer. Over the course of 2022, multiple improvement measures were coordinated and implemented across the organisation. All the initiatives were highly valued by employees.



The Croatian subsidiary of the Aluflexpack Group, Aluflexpack Novi, won the **Zlatni Ključ** (Golden Key) for the best exporter to France in 2021. This is the third time Aluflexpack has received this prestigious award and it illustrates the strong business relationship between Aluflexpack and France.



A leader
in the Turkish
dairy and food
market

Production
of pre-cut lids
and
aluminium

Growth
of customer
base

Improved
contingency
planning

Strengthening our market presence in the MENA region

In May 2022, Aluflexpack acquired an 80% stake in Teko Alüminyum Sanayi A.Ş., a leader in the Turkish pre-cut lidding and aluminium foil packaging market. The strategic acquisition of Teko strengthens Aluflexpack's market presence in the growing Turkish consumer goods market and accelerates growth targets in the MENA region, which Aluflexpack sees as highly attractive due to favourable market dynamics driven by structural factors.

Teko was founded in 1974 and, until it was acquired by Aluflexpack, was run by the founding family, which still holds 20% of the shares following the transaction. In its early days, Teko manufactured industrial aluminium foil and over the years expanded into aluminium-based flexible packaging segments in the dairy and beverage industry.

Teko employs 130 people and operates an integrated value chain out of Çorlu, near Istanbul, ranging from converting steps such as co-extrusion, lacquering and laminating to different printing techniques such as roto and UV flexo printing. Teko also covers various finishing steps such as die-cutting, embossing and slitting.



Melih Abaci is the CEO of Teko and represents the third generation of the family that founded the Company. Having grown up in the family business centred around aluminium-based flexible packaging, Melih has years of industry experience, paired with a passion for the business.



What products are being manufactured by Teko?

Teko specialises in the production of pre-cut lids for the dairy and beverage industry, which accounts for the lion's share of our sales. We are the market leader in Türkiye when it comes to pre-cut lids for soft drinks and Ayran, a cold, savoury yoghurt-based drink that is very popular in Türkiye and in the MENA region. In addition to pre-cut lids, we also manufacture laminated, aluminium and plastic foils and films for leading brands in the food industry. In 2022, exports to the MENA region accounted for more than 20% of our sales, positively influenced through the structural growth drivers in this region, such as population growth, urbanisation and rising exposure to modern retail channels.

How did Teko navigate the challenges of 2022?

Looking back at 2022, it is evident that it was an unusual year with supply chain bottlenecks and insecurity in energy supply affecting many companies. I am extremely proud to see how we handled these challenges: on the supply side, we benefited from a strong network of suppliers as well as our forward-looking purchasing strategy that enabled us to secure the raw materials needed to keep our production running. Türkiye is largely autonomous from the energy pricing policy in Europe, which creates a more accommodating energy environment for us. In addition, Türkiye has dealt with high inflation for many years now and the local industry is used to passing on increased costs.

What has changed for you since joining the Aluflexpack Group?

Being part of the Aluflexpack Group brings along many mutually beneficial advantages. We are sharing knowledge and exchanging best practices within the Group, be it in relation to customers, suppliers or in the field of operations, which in turn increases our quality, raises operational efficiencies and improves our offering for our customers. We are also optimising the combined value chain, establishing contingencies within the Group and introducing new customers from Europe to Türkiye. I also enjoy collaborating and exchanging ideas with my new colleagues, and I am convinced that we will generate greater value together for the benefit of the Group, and above all our customers.

Aluflexpack brand strategy

Strong brands transform peak performances into appreciation. They make it easier for customers to find, assess, compare, and appreciate suitable offers. They increase the competitive advantage and represent the core competences, characteristics and philosophy of a company, its products, and services. Finally, strong brands attract and retain not only customers but equally employees: they build identity, trust and have a lasting impact on the culture of the company. That is why, in 2022, we developed a future-oriented brand strategy for the Aluflexpack Group.

Value, growth, impact: The goals of our brand strategy

As a highly efficient system that drives value creation and impacts company performance, strategic brand management is a substantial part of the Aluflexpack Group corporate strategy:

1. **Brand preference:** Increased brand perception and preference increases **marketing efficiency**
2. **Price premium:** Customers' increased willingness to pay price premiums enables **price increases**
3. **Loyalty:** Customers' repeat purchases drives **volume growth**
4. **Cross-selling:** Customers' increased willingness to purchase additional products and services from our portfolio drives **sales per capita**
5. **Recommendation:** Customers recommend our products and services to other customers and stakeholders drives **volume and price growth**
6. **Employer brand:** Increased employee identification, attraction and retention that drives **productivity**

Research, analysis, collaboration: The foundation of our brand strategy

In an extensive internal analysis that combined qualitative research and AI technology, we took an in-depth look into our organisation from both a performance perspective and a cultural perspective to identify our peak performances. In the second step, we analysed the external perception and attractiveness drivers of our brand by interviewing external stakeholders and identifying relevant industry trends and sociocultural trends. As the final step of our analysis process, we conducted in-depth research of the market and our competitive environment to identify the factors and criteria needed for a unique, highly differentiating, and future-oriented positioning of the Aluflexpack brand.



Based on the results, we developed the key elements of our brand strategy as follows. In a highly methodologic and collaborative process, we worked together across a wide variety of Aluflexpack locations, management levels and associate levels to develop our brand strategy, led and accompanied by one of Europe's leading strategy consulting firms.

Values, positioning, One-Word-Equity: The key elements of our brand strategy

Our Brand Core Values are the essence of what makes our brand credible, specific and unique. They are our peak performances, condensed. They express who we are, what we do and what we stand for.

Our Brand Positioning expresses in one sentence what we want to stand for in the future and which position we aim to take on in our customers' and stakeholders' minds and hearts. It is unique, highly attractive to our customers and stakeholder groups and differentiates us from the competition.

The One-Word-Equity is the highest level of condensation of a strong brand: it summarises the positioning in a single word. Our One-Word-Equity is **TOGETHER**, based on our peak performances and referring to our deeply rooted, collaborative and solution-oriented mindset and our aim to drive growth for customers, suppliers, employees and the communities in which we operate.

TOGETHER, we make a meaningful impact for people, planet and prosperity.

In 2023, the Aluflexpack Group starts the group-wide implementation of its brand strategy.

“The brand is not an accessory.
It is the main point.”

Robert Bosch

Creating value through innovation

Innovation is an integral part of Aluflexpack's 3-WIN 2025 strategy and a fundamental source of our business's future growth. Since 2016, Aluflexpack has grown its net sales at a CAGR of 16.3%, above the flexible packaging industry average of 4.1%.¹⁴ This growth can be attributed to factors like the launch of innovative packaging solutions, downgauging, adding functional features and using more environmentally friendly auxiliary materials in packaging solutions. To attain a premier position in the industry and continue to offer innovative solutions, we have adopted a human-centred innovation approach, paired with initiatives to deepen the value chain to more flexibly incorporate recycled content in production and move towards a circular economy at Aluflexpack, all of which lays the foundation for future growth. With our innovative solutions and our expert knowledge of the new Packaging and Packaging Waste Regulation (PPWR), we can offer our customers solutions to enable them to differentiate themselves even more in the future through innovative sustainable packaging. In 2022, Eike Schopper stepped into a newly created role, Head of Innovation, Strategy and Business Development, that is dedicated to further progressing the innovation agenda and executing the 3-WIN 2025 strategy.

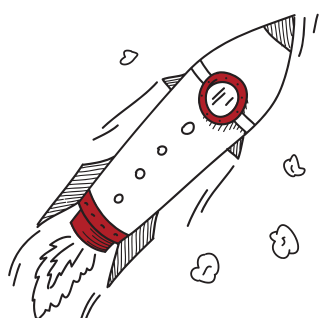
Innovation Challenge #1

As part of its human-centred innovation approach, Aluflexpack launched its first Innovation Challenge in 2022, a structured process in which employees across the whole organisation were encouraged to contribute their ideas on how to create completely new packaging solutions to make a difference for our customers and their consumers by developing more sustainable and user-friendly solutions, as well as ways to improve our processes. During the idea submission phase, close to 100 ideas were put forward on Aluflexpack's internal innovation platform, creating space for knowledge-sharing and collaboration, maturing ideas at an early stage and connecting employees across the Group.

The best ideas were then selected to proceed to the Innovation Challenge bootcamp, where their authors teamed up with experts and senior managers to bring those ideas to the next level. During this bootcamp, participants took part in various upskilling workshops and presentations focused on innovation and translating ideas into real business models. After the 3-day bootcamp, all the ideas were pitched to the Management Board in a Group-wide virtual event to which all Aluflexpack's employees were invited, promoting awareness about innovation and highlighting its importance in Aluflexpack's 3-WIN 2025 strategy.

All the ideas selected for the bootcamp will progress to the incubation phase in 2023, where they will be matured further with the ultimate goal of generating customer value and contributing to the commercial success of the Company.

¹⁴ The average CAGR of global flexible packaging market from 2016-2021
Smithers: "The Future of Global Flexible Packaging to 2026"



Meet Eike Schopper, Aluflexpack's new Head of Innovation, Business Development & Strategy

How has your start at Aluflexpack been?

It's been a great start and I'm extremely proud of the human-centred innovation approach we are taking, and the early successes we have achieved so far. It's all about listening to what customers and final consumers want, anticipating and acting with the knowledge of what will happen in the future and creating value for the customer by delivering packaging solutions tailored to their future needs. Combined with Aluflexpack's expertise, we can leverage our knowledge and contribute to the packaging success of our customers.



What is the human-centred innovation approach and how is it integrated into Aluflexpack's day-to-day business?

In the human-centred innovation process at Aluflexpack, the first step is to empathise, which means understanding if there is a real desire for the solution we have in mind. The second step of the process consists of generating ideas in a structured approach and maturing them; the Innovation Challenge is one such example. Ideas that demonstrate sufficient potential in the first two steps progress to the implementation phase where light-house innovation projects are aligned with the proper resources and experts so they can be rolled out in a structured way, ensuring efficient and effective commercialisation as well as customer value creation.

What promising innovation projects or products do you have in the pipeline?

We have many products in our innovation pipeline that address different customer needs, ranging from new functionalities to more sustainable solutions. A clear trend in our product portfolio is the transition to mono-material solutions, away from multi-layer structures where it makes sense. As part of the 3-WIN 2025 strategy, we have also decided to work more closely with our suppliers in the area of innovation and hold regular workshops that we can all benefit from. For example, we are conducting research projects with selected aluminium suppliers to increase the share of green and blue aluminium in our value chain. We are also exploring entering new end markets, such as the beverage industry, with innovative solutions and expanding our product portfolio to include new product solutions in the field of technical applications, or the market for reusable solutions, which has become very dynamic due to changes in consumer behaviour and new regulatory regimes. In this end market, there are a variety of applications where aluminium is used, and we want to strategically gain a foothold in these attractive niches with high growth potential.

Decarbonisation and energy efficiency at Aluflexpack

As a manufacturer of flexible packaging solutions, supplying to over 700 customers globally in various food and non-food segments, Aluflexpack is aware of its corporate responsibility and environmental impact. With man-made climate change being a proven fact, the future of next generations depends on actions undertaken today from individuals, corporations and governments. Recognising the role that Aluflexpack has on the environment and subsequently on society, we decided to initiate a structured emission reduction and energy efficiency process in order to create an emission and energy efficiency roadmap based on the Group's industrial requirements.



Our quest on cutting our carbon footprint

In late 2022, Aluflexpack concluded its decarbonisation and energy efficiency project, aimed at creating a roadmap to 2040.

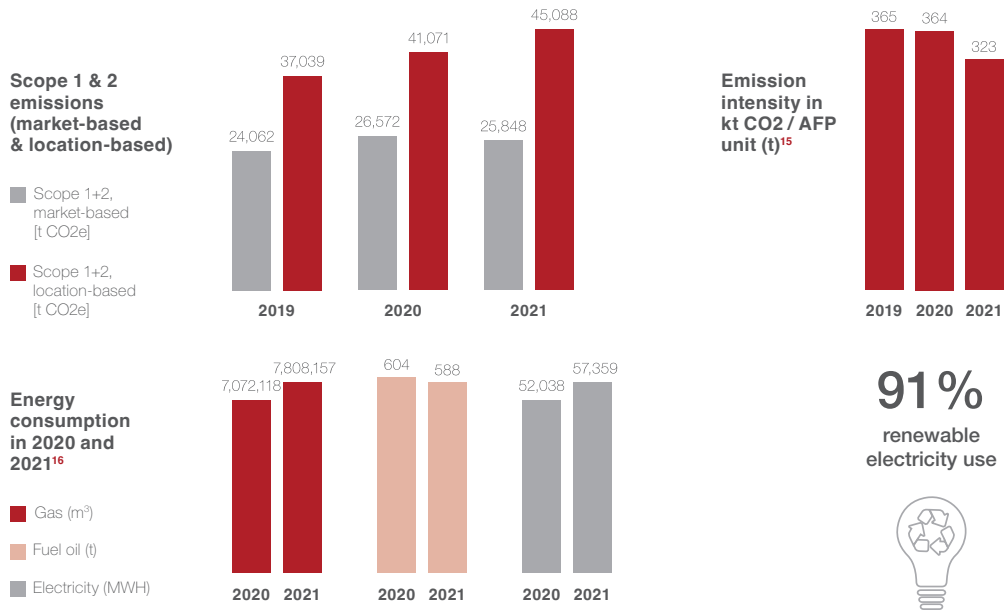
The project included the following:

- Data collection and analysis of scope 1, 2 and 3 as well as target setting
- On-site audits in plants with significant CO₂ emissions and off-site audits for plants with marginal CO₂ emissions
- Evaluation of possible carbon reduction and energy efficiency measures
- Scenario analyses comprising combination of different energy price projections, volume growth assumptions and carbon reduction optimisation measures
- Development of a Group roadmap

The analysis performed in the project predicts the possibility of a significant reduction of Aluflexpack's emissions over the next two decades, achieved through a combination of different measures such as changing of heat sources, implementation of monitoring systems, sourcing more green electricity, investment in PV systems, etc. In total, over 70 group-wide measures were identified and the implementation of these will bring the Group one step closer to carbon neutrality by 2040.

Aluflexpack has already commenced with the implementation of first measures across its platform. In parallel, it is assessing the possibility of alignment of its targets with Scientific Based Targets Initiative (SBTi), to become part of those companies that drive sustainable growth by setting ambitious emission reduction targets.

Key sustainability figures



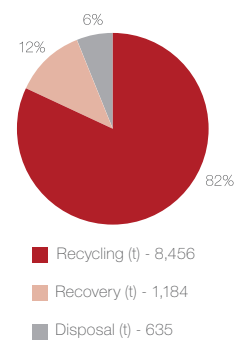
The management of emissions is an integral part of Aluflexpack’s corporate strategy. In 2021, the Group recorded a 11% reduction in scope 1&2 emissions intensity to 323 kt CO₂ / Aluflexpack unit, down from 364 kt CO₂ / Aluflexpack unit in 2020. This translates to a reduction in absolute levels of 3% to 25,848 t CO₂ compared to 26,572 t CO₂ in 2020.

Another important part of Aluflexpack sustainable strategy is its management of waste from production processes. In 2021, 94% and 77% of non-hazardous and hazardous waste was recycled or recovered. The majority of our waste is aluminium scrap, which is sold in its entirety, and thus fully recycled and reused. However, in Aluflexpack’s production plant in Omiš (Croatia) where pre-treatment of aluminium takes place, a significant amount of water is chemically processed and extracted waste disposed of. This forms the main reason behind a lower figure for hazardous waste, as compared to non-hazardous waste.

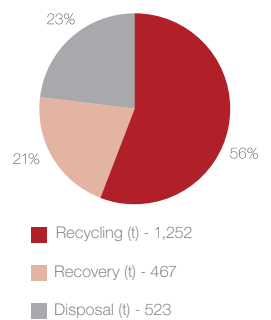
Aluflexpack strives to offset its environmental impact wherever possible. One of the main actions in this direction is the use of renewable electricity. In 2021, the Group’s operations used c. 57,038 MWh of electrical energy of which 91% came from renewable energy sources. Aluflexpack’s most energy intensive production plants are located in Croatia, where electricity from renewable sources is used exclusively.

In line with the Group’s growth in volume, the use of natural and LPG gas increased to 7,808,157 m³ in 2021 (2020: 7,072,118 m³). The consumption of fuel oil for the same year, however, decreased slightly to 588t (2020: 604t).

Non-hazardous waste in 2021¹⁷



Hazardous waste in 2021¹⁷



¹⁵ Emission intensity is calculated as total scope 1 and scope 2 emissions divided by a specifically defined production unit, which considers differences in product technology, product shape and other features of product types - the so-called "Aluflexpack unit".

¹⁶ Energy consumption data was calculated for all production plants of Aluflexpack, excluding administrative offices, sales offices and warehouses.

¹⁷ Non-hazardous waste and hazardous waste data was calculated for all production plants of Aluflexpack, excluding administrative offices, sales offices and warehouses.



Aluflexpack Novi, plant Drniš, Croatia, 2003

Aluflexpack's plant in Drniš, previously known as TOF, is a member of the Group since 2003. Today this plant serves as a main hub for converting the raw aluminium foil and preparing it for further processing in all other Aluflexpack Group member companies, making use of lacquering, coextrusion and slitting. Drniš is also the location of our major on-site expansion, which will significantly support the Group's further growth.

Aluflexpack on the capital markets

Over the course of 2022, global equity markets were dominated by the Russia-Ukraine conflict, ongoing challenges in connection to the COVID-19 pandemic, a return of higher inflation rates in Western economies and policymakers' responses to these developments. February 2022 saw a major conflict brought back to the European continent, which led to majority of European countries as well as their close allies imposing severe sanctions on Russia, resulting in disruptions of already fragile global supply chains. Trade bans imposed on Russia were followed by disruptions of energy supplies to Europe, which contributed to double digit inflation rates across most of the continent. However, inflation was not limited to Europe, but also globally. In the US, prices soared due to disrupted supply chains and high demand. Both in Europe and the US, policymakers responded with interest rate hikes, which put downward pressure on equity markets. In this challenging environment, major indices in Europe, the US and beyond recorded a negative performance.

Aluflexpack's share price decreased by 26.4% over the course of the year. During the same period, the Swiss Performance Index decreased by 16.5%. Since listing in the SIX Swiss Exchange in June 2019, Aluflexpack's share price has seen a decrease of 15.9%.

Aluflexpack share vs. Swiss Performance Index (SPI) (100%= AFP: emission price, SPI: 28 June 2019 closing price)



Share price performance in 2022

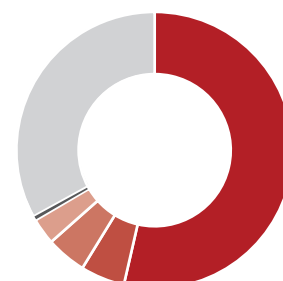
Aluflexpack stock closed the calendar year at CHF 17.7, which corresponds to a decrease of 26.4% compared to the previous year's closing price of CHF 24.0. The share price achieved its high for the year on 5 January at CHF 26.5. On 8 February 2022, Aluflexpack published its preliminary sales statement for 2021 expecting lower profitability, which caused an analyst downgrade and a subsequent share price decrease. Due to the Russia-Ukraine conflict, the share price decreased further in line with global equity markets. On 17 March 2022, Aluflexpack published its full-year 2021 results and confirmed its guidance communicated in February 2022. This led to a stabilisation of the share price. Shortly after the publication of full-year 2021 results, on 4 April 2022, Aluflexpack communicated the acquisition of 80% stake of Teko, a flexible packaging specialist focused on dairy, beverage and other food industry in Türkiye and adjacent markets. The news on the acquisition was well-received, which resulted in a share price increase. However, the increase was short-lived as effects from the Russia-Ukraine conflict and news on interest rate increases became more prominent. Subsequently, the share price decreased further and reached its low of CHF 13.7 on 28 April 2022. In the months ahead, the share price increased to a level of close to CHF 18.0. On 23 August 2022, Aluflexpack published its half-year 2022 results including the 3-WIN 2025 strategy and raised its 2022 guidance. Nonetheless, the ongoing conflict in Eastern Europe, rising interest rates in most of Europe and in the USA as well as news on falling consumer demand, affected the share price, which closed the full year 2022 at CHF 17.7.

At year-end 2022, Aluflexpack's shareholder structure was of an international nature whereby 46.4% of the total shares outstanding were held by institutional investors (particularly UK and Swiss-based), retail investors as well as the Management Board and the Board of Directors. Shares are held primarily by investors with a long-term horizon. As of 31 December 2022, 53.6% of the shares continued to be in the ownership of the majority shareholder Montana Tech Components AG. The daily trading volume of Aluflexpack's shares in 2022 averaged CHF 232.7k (2021: CHF 480.7k).

At a glance		2022	2021	2020
Number of shares outstanding ¹⁸	in m	17.3	17.3	17.3
Market capitalisation ¹⁸	in CHF m	305.5	415.2	589.9
Free float ¹⁸	in %	46.4	46.4	46.4
Average daily traded volume	in CHF k	232.7	480.7	355.6
Year's high at close	in CHF	26.5	41.3	35.8
Year's low at close	in CHF	13.7	20.7	12.0
Year end at close	in CHF	17.7	24.0	34.1

Shareholder Structure¹⁹

Montana Tech Components AG (Michael Tojner)	53.6%
Capital Research and Management Company	5.2%
FIL Limited	4.7%
Xoris GmbH (Martin Ohneberg)	3.1%
Management Board	0.4%
Other shareholders	33.1%



¹⁸ As of 31 December.

¹⁹ The shareholdings are based based on SIX Swiss Exchange data: <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Analyst coverage

At the end of 2022, Aluflexpack was covered by four financial analysts who regularly publish research reports on the Group. As of 31 December 2022, two analysts covering the stock held a “buy” recommendation and two a “hold” recommendation. The average target price of the analysts holding a “buy” recommendation was CHF 27.0, while the average target price of the analysts holding a “hold” recommendation was CHF 22.0. In order to further improve visibility on the capital markets, Aluflexpack is working towards extending coverage among global securities analysts.

Inclusion in SPI ESG and SPI ESG Weighted Indices

Aluflexpack was included in the SPI ESG & SPI ESG Weighted Indices in September 2022.²⁰ These indices measure the development of Swiss companies which have a standardised and well-founded sustainability profile. The following factors are used in the component selection:

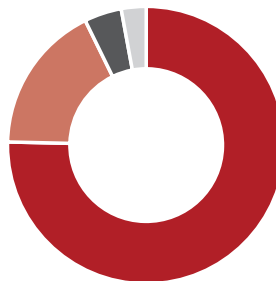
- ESG impact Rating by Inrate of at least C+ on a scale of A+ to D–
- Not more than 5% of revenues in controversial sectors such as alcohol, gambling, tobacco, defense, adult entertainment, genetic engineering, nuclear energy, coal, oil sands (0%)
- Not on the exclusion list of the Swiss Association for Responsible Investments

Investor Relations

Ensuring active and open dialogue with the capital markets is a high priority for Aluflexpack. Providing comprehensive insight into Aluflexpack’s growth strategy and business operations to all capital market participants and guaranteeing equal treatment is one of the core missions of Aluflexpack’s Investor Relations efforts. Since being listed on 28 June 2019, Aluflexpack has been in constant dialogue with both investors and analysts. During 2022, the Management Board and the Investor Relations department attended 10 roadshows and conferences. The majority of contacts in 2022 were with investors located in Western Europe, followed by Northern Europe, Southern Europe and Northern America.

Investor contact by region²¹

■ Western Europe	75.4%
■ Northern Europe	17.4%
■ Southern Europe	4.3%
■ Northern America	2.9%



²⁰ For more information on SPI ESG and SPI ESG Weighted Indices as well as methodology calculation, please refer to: <https://www.six-group.com/en/products-services/the-swiss-stock-exchange/market-data/indices/esg-indices/esg-equity-indices.html>

²¹ Regional split is done according to United Nations Statistic Division (<https://unstats.un.org/unsd/methodology/m49/>)

Supplemental financial information

Usage of alternative performance measures

EBIT before special effects refers to operating profit before interest and taxes adjusted for special effects and acquisition related amortisations as outlined on page 56.

EBITDA before special effects refers to operating profit before interest, taxes, depreciation and amortisation adjusted for special effects as outlined on page 55.

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

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

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

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

EBIT refers to operating profit before interest and taxes.

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

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

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

Leverage is defined as net debt divided by the EBITDA before special effects for the last twelve months and includes the EBITDA of companies acquired during the year as if they were acquired on 1 January.

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

Organic growth was used as an alternative performance measure in the context of relative growth in net sales in the financial year 2022. In this context, organic growth was calculated by comparing the full year 2021 sales with full year 2022 sales excluding the contribution made by Aluflexpack's newly acquired Turkish subsidiary Teko, which was consolidated as of 1 May 2022.

ROCE stands for return on capital employed and refers to EBIT before SE for the last twelve months divided by capital employed, which is defined as average equity plus average net financial debt for the last twelve months.

Trade working capital comprises trade receivables and inventories less trade payables and advances received from customers reflecting end-of-period values.

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

Reconciliation from IFRS reported figures
to adjusted figures

	For the 12 months ending 31 December	
	2022	2021
EBITDA before SE (in €m)		
EBITDA – IFRS reported	48.6	42.3
Costs for stock option programme ²²	-0.1	0.4
Transaction costs ²³	0.4	0.2
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflationary Economies</i>) in Türkiye ²⁴	-2.3	
Gain from divestment of property, plant and equipment ²⁵		-1.0
EBITDA before SE	46.6	41.8

	For the 12 months ending 31 December	
	2022	2021
EBITDA margin before SE (in %)		
Net sales - IFRS reported	357.0	266.1
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflationary Economies</i>) in Türkiye ²⁴	0.6	
Net sales before SE	357.6	
EBITDA- IFRS reported	48.6	42.3
EBITDA before SE	46.6	41.8
EBITDA margin in % - IFRS reported	13.6%	15.7%
EBITDA margin in % - before SE	13.0%	15.9%

²² In 2021 and 2022, the amount refers to expenses in connection with stock option programmes, both for employees and members of the Management Board.

²³ Transaction costs include general consultancy costs and other costs in relation to the acquisition of 80% of Teko.

²⁴ As of 30 June 2022, Aluflexpack is required to apply IAS 29 “Financial Reporting in Hyperinflationary Economies” for its operations in Türkiye. The application of IAS 29 includes the adoption of IAS 21 “Effects of Change in Foreign Exchange Rates”.

²⁵ Gains from divestment of property, plant and equipment refers to a gain over the book value of assets divested in the context of a sale and leaseback transaction.

	For the 12 months ending 31 December	
EBIT before SE (in €m)	2022	2021
Operating profit (EBIT) – IFRS reported	23.9	19.4
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflationary Economies</i>) in Türkiye ²⁴	-1.4	
Costs for stock option programme	-0.1	0.4
Transaction costs	0.4	0.2
Gains from divestment of property, plant and equipment		-1.0
Acquisition related amortisations	3.4	1.4
Operating profit (EBIT) - before SE	26.2	20.3

	For the 12 months ending 31 December	
EBIT margin before SE (in %)	2022	2021
Net sales - IFRS reported	357.0	266.1
Effects of adoption of IAS 29 (<i>Financial Reporting in Hyperinflationary Economies</i>) in Türkiye ²⁴	0.6	
Net sales before SE	357.6	
EBIT- IFRS reported	23.9	19.4
EBIT before SE	26.2	20.3
EBIT margin in % - IFRS reported	6.7%	7.3%
EBIT margin in % - before SE	7.3%	7.6%

Adjusted material costs (in €m)	For the 12 months ending 31 December	
	2022	2021
Cost of materials, supplies and services – IFRS reported	-251.7	-174.2
Change in finished and unfinished goods	10.3	1.1
Temporary personnel included in total cost of materials, supplies and services	0.6	0.5
Income from disposal of recycled products	10.3	7.2
Adjusted material costs	-230.4	-165.4
Cost of materials, supplies and services margin in % - IFRS reported	70.5%	65.5%
Materials costs margin in % - adjusted	64.5%	62.1%

Adjusted personnel expenses (in €m)	For the 12 months ending 31 December	
	2022	2021
Personnel expenses - IFRS reported	-38.7	-33.5
Temporary personnel costs	-0.6	-0.5
Costs for stock option programme	-0.1	0.4
Adjusted personnel expenses	-39.5	-33.6
Personnel expenses margin in % - IFRS reported	10.8%	12.6%
Personnel expenses margin in % - adjusted	11.1%	12.6%

Adjusted other operating expenses (in €m)	For the 12 months ending 31 December	
	2022	2021
Other operating expenses - IFRS reported	-44.1	-27.4
Transaction costs	0.4	0.2
Adjusted other operating expenses	-43.6	-27.2
Other operating expenses margin in % - IFRS reported	12.4%	10.3%
Other operating expenses margin in % - adjusted	12.2%	10.2%



Omial Novi, Croatia, 2004

Omial Novi started the cooperation with Aluflexpack Group in 2004, enriching it with knowledge and experience in production of lacquered and laminated aluminium foil, forming containers and punching lids for human and pet food. With its huge production capacity, Omial's production exceeds 1.5 billion aluminium containers annually, and places us among the top three companies in the world in aluminium container production.

Corporate Governance

Group structure and shareholding	60
Capital structure	62
Board of Directors	65
Management Board	77
Compensation shareholding and loans	79
Shareholders' participation rights	79
Changes of control and defence measures	82
Auditors	82
Information policy	83
Blackout and quiet periods	84

Aluflexpack AG (“Aluflexpack”, “Group”, “Company”) has a clear framework of management and control policies in place to ensure compliance with principles of best practice corporate governance, which is considered elemental for creating long term value. Aluflexpack’s policies are set out in its Articles of Association²⁶ and the Rules of Organization of Aluflexpack. In this Corporate Governance Report, the framework and the policies are presented based on the Directive of Corporate Governance issued by SIX Swiss Exchange. Moreover, this report includes references to the notes to the financial statements and the Compensation Report. For clarity and transparency, the Compensation Report is presented as a separate chapter of the Annual Report. As of 1 January 2023, the revised Swiss corporate law entered into force. Swiss corporations are required to amend their articles of association to comply with the new law by the end of 2024 at the latest. The Board of Directors intends to propose the respective amendments to the Articles of Association of the Company to the shareholders at the Annual General Meeting in May 2023. Such amendments, if approved by the shareholders at the Annual General Meeting, will affect some of the provisions mentioned in this Corporate Governance Report.

Group structure and shareholders

Group Structure

Aluflexpack AG, headquartered Reinach (AG), Switzerland, is the parent company of the wholly owned AFP Group GmbH located in Vienna, Austria, Istanbul-based Arimpeks alüminyum san. ic. ve dis. tic. a.s. and Poznan-based Top System sp. z o. o. (80% ownership), and directly or indirectly holds all nine production sites and all other companies within the Group.²⁷ Aluflexpack AG is listed in the SIX Swiss Exchange. The Group operates in one industry segment that encompasses the development, production and sale of flexible packaging solutions, and its organisation is not divided into business units, neither in the management structure nor in the internal reporting system. The business operations of Aluflexpack are conducted through the Group companies. The allocation of resources and performance assessment is made at Group level. Please refer to note 33 of the Statutory Accounts for the year ending 31 December 2022 for the complete list of the Group’s subsidiaries including registered offices, share capital and the percentage of shares held by subsidiaries. The shares of Aluflexpack have been listed in SIX Swiss Exchange since 28 June 2019 (symbol: AFP, valor: 45322689, ISIN: CH0453226893). The market capitalisation of Aluflexpack amounted to CHF 306m as of 31 December 2022. No other listed companies are included in the consolidation of Aluflexpack AG. There are no cross-shareholdings with companies outside of the Group.

²⁶ Weblink to Aluflexpack’s Article of Association:
<https://www.aluflexpack.com/investors-governance/>

²⁷ The complete overview of the Group structure is disclosed on pages 167-168 in the Annual Report 2022.

Significant Shareholding

According to disclosure notifications reported to Aluflexpack and published by the Company via the electronic publishing platform of SIX Swiss Exchange, the following shareholders had holdings of 3% or more of the voting rights of the Company as of 31 December 2022.

Significant shareholder ²⁸	% of voting rights	Number of shares
Montana Tech Components AG (Michael Tojner)	53.59%	9,271,000
Capital Research and Management Company (The Capital Group Companies, Inc.)	5.17%	894,236
FIL Limited	4.70%	813,508
Xoris GmbH (Martin Ohneberg)	3.08%	533,167

Apart from the aforementioned shareholdings, Aluflexpack is not aware of any other shareholder holding shares in Aluflexpack in excess of 3% of the share capital, as of 31 December 2022. The number of shares shown as well as the holding percentages are based on the last disclosure of shareholdings communicated by shareholders to the Company and the Disclosure Office of SIX Swiss Exchange. The number of shares held by the relevant shareholder may have changed since the date of such shareholder's notification.

The web link to the disclosure office of SIX Swiss Exchange is:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

Other Items

In addition, as of 31 December 2022, Aluflexpack held no treasury shares. There are no cross-shareholdings exceeding 5% in any company outside the Group.

²⁸ Terms in brackets refers to beneficial owners.

Capital structure

Ordinary share capital

The ordinary share capital of Aluflexpack as registered with the commercial register of the Canton of Aargau amounts to CHF 17,300,000 as of 31 December 2022. It consists of 17,300,000 registered shares with a nominal value of CHF 1 per share.

Authorised share capital

Pursuant to Article 3a of the Articles of Association of Aluflexpack, the Board of Directors of Aluflexpack is authorised to increase the share capital by a maximum of CHF 7,000,000, which represents 40.4% of the current share capital, through the issuance of up to a maximum of 7,000,000 fully paid-in registered shares with a par value of CHF 1.00 each at any time until 10 May 2023. Increases by underwriting, by a subsidiary in cases where pre-emptive rights may be waived, as well as partial increases are permissible. The Board of Directors shall determine the date of issuance, the issue price, the type of contribution, the date of dividend entitlement and the conditions for exercising the pre-emptive rights and the allocation of non-exercised pre-emptive rights. The Board of Directors may determine that pre-emptive rights not exercised expire or it may allocate such pre-emptive rights to third parties at market conditions or use them in the best interest of the Company.

Since its listing in the SIX Swiss Exchange, Aluflexpack has not increased its capital from authorised share capital.

According to Article 3a of Aluflexpack's Articles of Association, the Board of Directors will be authorised to restrict or deny the pre-emptive rights of shareholders and to allocate them to third parties, if the shares are to be used:

- if the issue price is based on market value of the new shares;
- for the acquisition of companies, parts of companies or participations, for the acquisition of products, intellectual property or licenses, or cooperations, or for the financing or refinancing of such transactions or investment projects through a placement of shares with one or more investors; or
- for the purpose of broadening the shareholder constituency for certain financial or capital markets, for the purpose of the participation of strategic partners or in connection with a listing of the shares in domestic or foreign stock exchanges, including for the purpose of delivering the shares to the participating banks in connection with a "greenshoe option" of up to 15%; or
- for the purpose of a quick and flexible procurement of equity capital by way of share placement, which would not be possible or would only be possible to considerably poorer conditions if the pre-emptive rights had to be preserved; or

- for other reasons permitted by Article 652b Sec. 2 CO.

Such new registered shares shall be subject to the restrictions on registration and voting rights set out in the Articles of Association. The exercise of contractually acquired subscription rights is permitted only within the limitations of Article 5 of the Articles of Association (see below under “Limitations on transferability and nominee registration”).

Conditional share capital

Pursuant to Article 3b of the Articles of Association of Aluflexpack, the share capital may increase through the issuance of a maximum of 500,000 fully paid-in registered shares with a par value of CHF 1.00 each by a maximum of CHF 500,000, upon exercise of options or related pre-emptive rights granted to employees, members of the Board of Directors or advisors of the Company or of a Group company in connection with one or more participation schemes or directives issued by the Board of Directors. Furthermore, according to Article 3c of the Articles of Association, the share capital may increase from conditional capital through the issuance of a maximum of 700,000 fully paid-in registered shares with a par value of CHF 1.00 each by a maximum of CHF 700,000, upon voluntary or mandatory exercise of conversion rights and/or warrants granted in connection with bonds, similar options, loans or other financial instruments or contractual obligations granted by the Company or one of its subsidiaries in the domestic or international capital markets, or upon exercise of options issued by the Company or one of the Group companies. Therefore, the conditional share capital amounts to a maximum of CHF 1,200,000 which corresponds to 6.9% of the current share capital. The pre-emptive rights of the shareholders shall be excluded. The then current owners of conversion rights and/or warrants shall be entitled to subscribe the new shares. The conditions of the conversion rights and/or warrants are determined by the Board of Directors.

Limitations on transferability and nominee registration

Pursuant to Article 5 of the Articles of Association, the transfer of registered shares is subject to approval by the Board of Directors which may delegate this competence. Such approval is granted if the acquirer of shares indicates its name, nationality and address and declares to hold the shares in its own name and on its own account.

Again, according to Article 5 of the Articles of Association, the Board of Directors may register nominees as shareholders with voting rights in the share register up to a maximum of 5% of the total share capital outstanding at that time, provided the nominee is subject to an acknowledged banking or financial market supervisory authority and has entered into an agreement with the Company on its position. Nominees are persons who in the registration request do not explicitly declare to hold the shares for their own account and with whom the Company has entered into a respective agreement. The Board of Directors may register a nominee as a shareholder with voting rights in excess of such registration limitation provided that the nominee agrees to disclose at any time on the Company's request the names, addresses, nationality and shareholdings of the persons for which it holds 0.5% or more of the total share capital outstanding at that time. The Board of Directors may agree on arrangements on the disclo-

sure obligations. In this regard, legal entities and partnerships or other groups of persons or joint owners who are interrelated through capital ownership, voting rights, common management or are otherwise linked, as well as physical persons and legal entities and partnerships who act in concert (especially as a syndicate) to circumvent the regulations concerning the limitations of participation or representation by nominees will be treated as one nominee. After hearing the registered shareholder or nominee, the Board of Directors may cancel with retroactive effect as of the date of registration, the registration of a shareholder if the registration was made based on false information. The respective shareholder or nominee shall be informed immediately of the cancellation of the registration.²⁹

In 2022, the Board of Directors did not register any nominee as a shareholder with voting rights in excess of registration limitation.

Convertible bonds and options

As of 31 December 2022, no outstanding convertible bond or options on Aluflexpack's equity security were recorded on the balance sheet.

Other items

Aluflexpack AG was founded on 31 July 2018 with an ordinary share capital of CHF 100,000 consisting of 100,000 registered shares with a nominal value of 100,000. In connection with the IPO, the ordinary share capital was increased to CHF 17,300,000 on 27 June 2019, consisting of 17,300,000 registered shares with a nominal value of CHF 1 per share.

As of 31 December 2022, Aluflexpack did not grant any share, participation or dividend right certificates nor any other preferential or similar right.

Board of Directors

The Board of Directors of Aluflexpack has the ultimate responsibility for the conduct of business of the Company and for creating shareholder and stakeholder value. It ensures that the necessary financial and human resources are in place to meet the Company's objectives and supervises and controls the management board (the "Management Board"). The Articles of Association provide that the Board of Directors constitutes itself and shall consist of a minimum of three members, including the President of the Board of Directors (the "President"). All members of the Board of Directors are non-executive directors. Currently, the Board consists of the following five members:

Members of the Board of Directors on 31 December 2022	Board membership	To be reelected
Martin Ohneberg	President of the Board of Directors	2023
Alois Bühler	Member of the Board of Directors	2023
Christian Hosp	Member of the Board of Directors	2023
Markus Vischer	Member of the Board of Directors	2023
Bernd Winter	Member of the Board of Directors	2023



Martin Ohneberg

President of the Board of Directors since 2019 | Member of the Audit & Compliance Committee since 2019 | Member of the Nomination & Compensation Committee since 2019 | Nationality: Austrian

Mr. Ohneberg studied business administration with a focus on finance and tax at the Vienna University of economics and business and graduated in 1998. He started his professional career at Ernst & Young, where he worked from 1996 to 1999 as a consultant in auditing and tax. Thereafter, as of 2000 until 2005, Mr. Ohneberg was managing director and CFO at OneTwoInternet Handels GmbH & Co. KG and at Dorotheum GmbH & Co. KG and from 2005 to 2009 CFO at Soravia Group AG. He also served as chairman of the board of the Bulgarian company DEVIN AG between 2006 and 2009, and since 2011 became CEO (and major shareholder) of HENN Industrial Group GmbH & Co. KG. Since 2012, he is the head of the Advisory Committee of AFP Group GmbH, and in 2019, he was appointed President of the Board of Directors of Aluflexpack AG. Mr. Ohneberg also serves as vice president of the Board of Directors for Montana Aerospace AG as well as the chairman of the supervisory board of Verbund AG. Mr. Ohneberg is also President of the Industrial Association of Vorarlberg (Austria), and a member of the Board of the Federation of Austrian Industry. He is also a member of the supervisory board of Varta AG.



Alois Bühler

Member of the Board of Directors since 2019 | Nationality: Swiss

Mr. Bühler completed a professional training in the distribution of consumer goods and logistics at Migros Genossenschaft Zürich. He started his career at Dow Chemical Europe S.A. as an IBM system specialist. Since 1975, Mr. Bühler serves as an executive in the packaging industry. From 1975 to 1979, Mr. Bühler worked as sales manager international at International Paper Company (United States). From 1980 to 1985, Mr. Bühler served as the vice president of SIG - Combibloc, Inc. In 1986, Mr. Bühler joined The Power Packaging Group (The United States of America) as senior vice president Group Strategy and Development. From 2001 to 2005, he served as managing director of Alupak AG (Switzerland). From 2005 to 2013, he was the co-owner and chairman of the board of directors of Process Point Service, which Omial, a subsidiary of Aluflexpack, acquired in 2013. Following the sale of his shares in Process Point Service, Mr. Bühler worked as a consultant for the Group. In addition, Mr. Bühler serves as a Senior Consultant to several other companies in the Packaging Industry, namely Marcy Laboratories, Inc. (Cosmetics) and Re-Lid Engineering AG (Beverage Containers).



Christian Hosp

Member of the Board of Directors since 2018 | Chairman of the Nomination & Compensation Committee since 2020 | Nationality: Austrian

Mr. Hosp holds a university degree in business administration from the Vienna University of economics and business. Mr. Hosp worked at Merrill Lynch in Vienna and Zurich for five years. Since 2000, he serves as managing partner of SHW Invest AG. From 2011 to 2016, Mr. Hosp served as a member of the supervisory board of VARTA AG, and from 2013 to 2017 and 2018, respectively, he served as a member of the advisory board of Universal Aerospace Components AG and Alu Menziken Extrusion AG. Since 2006, Mr. Hosp is, inter alia, a member and vice-president of the board of directors of the majority shareholder of Aluflexpack, Montana Tech Components AG, and a member of the Board of Directors of Montana Aerospace AG, in addition to several other functions in the Montana Tech Group.



Dr. Markus Vischer

Member of the Board of Directors since 2019 | Member of the Audit & Compliance Committee since 2019 | Nationality: Swiss

Mr. Vischer studied law and was a research and teaching assistant at the University of Zurich. He also worked as a legal secretary at the District Court of Meilen, Canton of Zurich, from 1986 to 1987. In 1986, Mr. Vischer received his doctor's degree (Dr.iur.) at the University of Zurich and graduated from the Queen Mary College, University of London (LL.M.), in 1991. He started his career at a tax law practice in Zurich from 1988 to 1989 and worked in a law firm in London in 1991. He then joined the Swiss law firm Walder Wyss AG in Zurich and became a partner in 1995. Mr. Vischer is specialised in the fields of M&A, private equity and venture capital transactions, corporate restructuring processes, commercial and company including labor law and real estate law. Mr. Vischer serves as a member of the board of directors of the majority shareholder of Aluflexpack, Montana Tech Components AG, as well as Montana Aerospace AG.



Bernd Winter

Member of the Board of Directors since 2019 | Chairman of the Audit & Compliance Committee since 2020 | Member of the Nomination & Compensation Committee since 2019 | Nationality: Austrian

Mr. Winter holds a Master of Arts degree from Vienna University of Economics and Business. He is a certified public accountant and a certified tax advisor. Mr. Winter is a partner at BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft and, in addition to certain functions at companies affiliated with BDO Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, he serves as member of the supervisory board of ALRAG Allgemeine Leasing und Realitäten Aktiengesellschaft.

Election and term of office

The members of the Board of Directors are elected individually by the Annual General Meeting of the Company for a term of office of one year and can be re-elected. The President of the Board of Directors is also elected by the Annual General Meeting for a period of one year. There is no limit on the term in office.

Number of permissible activities

Pursuant to Article 34 of Aluflexpack's Articles of Association, the number of mandates members of the Board of Directors may hold on management and supervisory boards of legal entities outside the Group is restricted as follows:

- 15 mandates in the top management and administrative bodies of commercial legal entities outside of the Group that is entered in the commercial register of a comparable foreign register
- Five mandates in the top management and administrative bodies of a listed company

The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function. As of 31 December 2022, no members of the Board of Directors exceeded the limits set for functions outside Aluflexpack as set forth in Article 34 of Aluflexpack's Article of Association.

Other items

None of the members of the Board of Directors has been a member of the management of the Company or a subsidiary of the Group in the three years preceding the year under review. Martin Ohneberg has served as Head of the Advisory Committee of the legal predecessor of the Company, AFP Group GmbH, since 2012.

Gender guidelines are presented in compensation report, page 111.

Internal Organisation

The Board of Directors exercises management, supervision and control over the conduct of the Company's business. The President convenes meetings of the Board of Directors as often as the Group's business requires, but at least four times a year on a quarterly basis. The Board of Directors may take circular resolutions (in writing, electronically or by fax). The President is responsible to prepare the meetings, draw up the agenda, and chair the meetings. Every Board member can ask for a meeting to be convened and for the inclusion of an item on the agenda. In order to pass resolutions, the majority of the Board members must be participating in the meeting. The Board will adopt resolutions by a simple majority of the votes cast unless required differently by mandatory law. In case of a tie, the President has the casting vote. Board resolutions may also be passed in writing by way of circular resolutions, provided that no member of the Board of Directors requests oral deliberation. Written board resolutions require the affirmative vote of a majority of all the members of the Board. There are two permanent Board committees: the Audit and Compliance Committee, and the Nomination and Compensation Committee. Subject to the provisions of the Articles of Association and the Organisational Regulations, the Committees shall comprise at least two members of the Board of Directors, who shall be non-executive members.

The members of the Committees must qualify as independent under the Swiss Code of Best Practice for Corporate Governance. Each Committee has its own charter governing its duties and responsibilities.

Responsibilities

The Board of Directors exercises management, supervision and control over the conduct of the Company's business. It represents the Company vis-à-vis third parties and resolves on all matters that are not reserved to another body of the Company. The Board's responsibility includes the duty to select carefully, to instruct properly and to supervise diligently the Chief Executive Officer (the "CEO") and the other members of the Management Board. With regard to the subsidiaries of the Company, the Board of Directors is responsible for decisions concerning foundations, financing, mergers & acquisitions, dissolutions and changes of Articles of Associations, while it is the CEO's responsibility to prepare and execute such decisions as well as to exercise the voting rights in the subsidiaries. To the extent permissible by law and the Articles of Association, the Board of Directors has delegated the operational management of the Company to the Management Board pursuant to the Organisational Regulations. The Organisational Regulations are intended to organise the management, determine the positions required therefore, and define its duties. According to statutory law and Article 21 of the Articles of Association, the Board of Directors' non-transferable and inalienable duties include:

- Ultimate management of the Company and the giving of the necessary directives in this regard;
- The determination of the organisation of the Company;
- The structuring of the accounting system, financial controls and financial planning;
- The appointment and removal of the persons entrusted with the management and representation of the Company;
- Ultimate supervision of the persons entrusted with the management of the Company, in particular with respect to their compliance with applicable law, the Articles of Association, regulations and directives;
- Preparation of the annual report, the compensation report as well as the preparation of General Meetings and extraordinary shareholders' meetings and the implementation of their resolutions;
- Notification of the judge in case of negative equity;
- Passing of resolutions concerning the subsequent payment of capital with respect to not fully paid-in shares;
- Adoption of resolutions concerning increases in share capital to the extent that such power is vested in the Board of Directors (Article 651(4) CO), including resolutions concerning the confirmation of capital increases and respective amendments to the Articles of Association, and
- Non-transferable and inalienable duties and powers of the Board of Directors pursuant to the Swiss Federal Merger Act ("Fusionsgesetz") and any other applicable law.

Key activities in 2022

- Received updates on sales, marketing & product management, purchasing, operations, HR, IT, R&D, sustainability, financial, investor relations, M&A, innovation and legal & compliance topics
- Discussed the progress on the organic expansion project in Drniš (Croatia)
- Received information on the strategic acquisition of Teko; discussed the transaction and voted on the acquisition
- Reviewed the annual report 2021 and half year report 2022 and voted on their public release
- Discussed the risk report and risk matrix
- Discussed the pillars of 3-WIN 2025 strategy and future strategic development of the Group
- Supervised members of the Management Board of Alufflexpack AG

Meetings 2022

Number of meetings held	7	Martin Ohneberg (President)	7/7
Number of members	5	Alois Bühler ³⁰	4/7
Meeting attendance	94%	Dr. Markus Vischer	7/7
Number of meetings attended at least by one member of the Management Board	7	Bernd Winter ³⁰	6/7
Approximate average duration (hours)	2:24	Christian Hosp	7/7

Audit and Compliance Committee

The Board of Directors appoints the chairperson of the Audit and Compliance Committee and at least another member for a period of one year, who shall be non-executive and independent from the management. At least one member must have recent and relevant financial experience. The Audit and Compliance Committee has been formed in connection with the Initial Public Offering.

Responsibilities

- Review and assess the effectiveness of the external and internal auditors, in particular their independence;

- Review and assess the scope and plan, the examination process and the results of the external and internal audit and to examine whether the recommendations issued by the external and internal auditors have been implemented;
- Review the auditors' reports and to discuss their contents with the auditors;
- Make recommendations to the Board of Directors, for it to put to the shareholders for their approval in the general meeting, in relation to the appointment of the external auditor;
- Approve the remuneration and terms of engagement of the external auditor;
- Assess internal controls and the risk assessment established by the management and the proposed measures to reduce risks;
- Assess the state of compliance with statutory, internal and organizational regulations and corporate governance within the Company;
- Review and approve the Company's compliance programme, including preventive measures of the Company, supervision of material compliance questions and ongoing investigations, comparison exercises with compliance programmes of other companies (if applicable) and review of relevant legal developments;
- Review in cooperation with the auditors, the CEO and the CFO whether the accounting principles and the financial control mechanisms of the Company and its subsidiaries are appropriate in view of the size and complexity of the Company;
- Review and discuss with management and auditors the annual and interim statutory and consolidated financial statements and any other formal statements by the Company which are financial in nature before submission to the Board;
- Consider any other matters as may be requested by the Board of Directors; and
- Review its own performance and effectiveness and recommend any necessary changes to the Board.

Key activities in 2022

- Reviewed the financial results for the fiscal year ending 2021 and recommended to the Board of Directors its release
- Discussed the nomination of KPMG for another year as a statutory auditor
- Reviewed the compensation for the external auditors
- Reviewed half year 2022 report and recommended to the Board of Directors its release
- Review of the Group's internal audit activities

Meetings 2022

Number of meetings held	4	Approximate average duration (hours)	0:42
Number of members	3	Bernd Winter (Chairman)	4/4
Meeting attendance	100%	Martin Ohneberg	4/4
Number of meetings attended at least by one member of the Management Board	4	Dr. Markus Vischer	4/4
Number of meetings attended by auditors	2		

The Audit and Compliance Committee assists the Board of Directors in fulfilling its responsibilities with respect to the accounting and financial reporting practices of the Company and its subsidiaries, the internal and external audit processes, and the Company's financing, financial risk management, treasury, insurance and risk management processes.

The Audit and Compliance Committee has unrestricted and direct access to all relevant information in relation to the Company. Moreover, the Audit and Compliance Committee is required to report its activities to the Board of Directors on a regular basis and to make recommendations and propose appropriate measures to the Board of Directors. The Committee meets at the invitation of the chairman of the Audit and Compliance Committee, but at least once a year. Following a meeting, the Committee sends the minutes of its meetings to its members and, absent any conflict of interests concerns, to all members of the Board of Directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises at least two members, each of whom must be independent from the management. The members of the Nomination and Compensation Committee are elected by the Annual General Meeting for a period of one year until the end of the next Annual General Meeting. The Board of Directors appoints the chairperson of the Committee. The Nomination and Compensation Committee has been established in connection with the Initial Public Offering.

Responsibilities

- Ensure long-term planning of appropriate appointments to positions on the Board of Directors and the Management Board; and more generally, management development and succession planning, to ensure the Company has the best possible leadership and management talent;
- Nominate candidates to fill vacancies on the Board of Directors or the position of CEO;
- Appoint candidates for the Management Board in response to proposals by the CEO;

- Make recommendations to the Board of Directors on the composition of the Board of Directors and to identify appropriate candidates;
- Make determinations regarding the independence of members of the Board of Directors;
- Recommend to the Board of Directors whether to reappoint a director at the end of their term of office;
- Recommend to the Board of Directors the terms of employment of the CEO and members of the Management Board;
- Submit proposals to the Board of Directors on the definition of principles for compensating the members of the Board of Directors and Management Board within the parameters of the law and the Articles of Association;
- Regularly check the Company's compensation system for compliance with the compensation principles pursuant to the law, Articles of Association, Regulations and the remuneration-related resolutions of the shareholders' meeting;
- Review matters related to the general compensation rules for employees as well as the Company's human resource practices;
- Submit proposals to the Board of Directors on the amounts of fixed compensation to be paid to members of the Board of Directors;
- Submit proposals to the Board of Directors on the assessment criteria for qualitative and quantitative targets for calculating variable compensation paid to members of the Management Board;
- Submit proposals to the Board of Directors on the amounts of fixed and variable compensation to be paid to the CEO;
- Recommend to the Board of Directors in response to a proposal by the CEO the amounts of fixed and variable compensation paid to members of the Management Board, all senior employees and key people that report directly to the CEO;-
- Submit the proposed compensation report to the Board of Directors;
- Make recommendations to the Board of Directors on granting options or other securities, including employee share schemes, to employees of all levels;
- Consider any other matters as may be requested by the Board of Directors;
- Take all other actions required of it by the law, Articles of Association or Regulations; and
- Review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

Key activities in 2022

- Made decision regarding short- and long-term target achievement of the Management Board in 2021 and set new targets for 2023

- Proposed the Management Board compensation and Board of Directors compensation for 2022 as well as the reelection of the current members of the Board of Directors, which will be put forward in the AGM for voting
- Discussed options on diversification of the Board of Directors

Meetings 2022

Number of meetings held	7	Approximate average duration (hours)	0:26
Number of members	3	Christian Hosp (Chairman)	7/7
Meeting attendance	100%	Martin Ohneberg	7/7
Number of meetings attended at least by one member of the Management Board	3	Bernd Winter	7/7

The Nomination and Compensation Committee meets at the invitation of the chairman of the Nomination and Compensation Committee, but at least once a year. Absent any conflict of interests concerns, other members of the Board of Directors may request to inspect the minutes.

The Nomination and Compensation Committee may propose changes to the existing compensation system or a new compensation system to the Board of Directors, and may invite external advisors to their meetings in order to assess the suitability of the existing compensation system and propose changes to the compensation system within the parameters of the law, Aluflexpack's Articles of Association and Code of conduct and in compliance with the SIX Ordinance Against Excessive Compensation in Listed Stock Companies. In addition, benchmarking analysis performed by external advisors may be used by the Nomination and Compensation Committee in order to make proposals to the Board of Directors.

Information and control systems

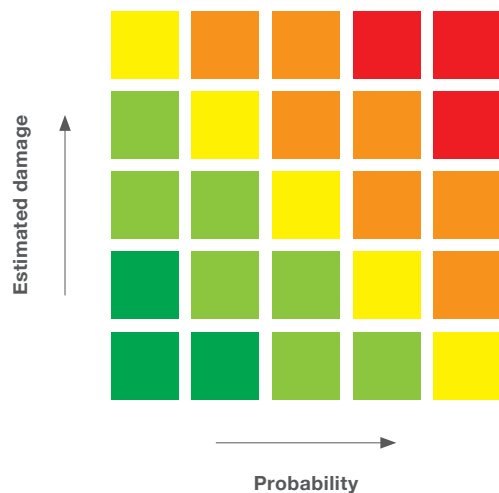
The Management Board is supervised by the Board of Directors. The performance of the Management Board is also monitored by the established Committees. Absent any conflict of interest concerns, the Board of Directors has access to the minutes of the Committee meetings. At each Board of Directors meeting, the CEO or another member of the Management Board informs the Board of Directors of the current development of the business, important projects or risks, ongoing earnings and liquidity development and any significant events. Members of the Board of Directors may direct questions to the Management Board to gain the information needed to fulfil their duties at these meetings. Moreover, the President of the Board of Directors is in regular dialogue with members of the Management Board in between the meetings. Outside of meetings of the Board of Directors, the members of the Board of Directors are entitled to request information from the members of the Management Board within the limits of the law. On a monthly basis, the Board of Directors receives a written report on the key financial figures of the Group. This comprises information on the balance sheet, cash flow and income statement as well as on capital expenditure. These figures are compared with the budget and the previous year. At the Board of Directors' meetings, the information

contained in these reports are discussed in depth. Should any exceptional development occur, all members of the Board of Directors are notified immediately, which takes the necessary actions. In the case of major items such as capital expenditure or acquisitions, the Board of Directors receives special written reports.

In addition, Aluflexpack performs internal audits on a regular basis. In 2022, the Group performed internal audits at two sites. In its work, internal audit verifies compliance with any entities' responsibilities, risk management and the efficiency of the structures and processes in place. The findings are recorded in written reports, which are submitted to the Audit and Compliance committee for review together with the Management Board. The latter reports the findings to the Board of Directors. Together with the CFO, the Audit and Compliance Committee is responsible for reviewing the internal audit plan and the budgeted resources for internal audit.

Aluflexpack and its subsidiaries also established a thorough risk management system, the results of which are reported to the Audit and Compliance Committee and the Board of Directors at least once a year. The risk management system focuses on identification, assessment and evaluation of risks, and their potential impact on Aluflexpack's profitability and financial stability. The objectives of these activities are to help actively manage the Group's risk exposure, provide a tool to prioritise actions and to raise risk awareness among risk owners. All risk-related activities of the Group are subject to the Group's risk management framework regardless of the legal entity in which they are undertaken. Consequently, the framework is applied at Group level and cascaded to all legal entity levels. A continuous assessment of its risks also helps the Group leverage business opportunities in a systematic manner.

Aluflexpack's risk management system is based on an inclusive bottom-up approach, in which chances and risks are identified and assessed by key management personnel including but not limited to the members of the Management Board. For the purpose of assessing these risks, participants are provided with a risk assessment form including items such as risk and sub-risk category, description of the risk, probability of occurrence, estimated damage before counteracting strategies and a detailed description of the current preventive strategies as well as potential improvements to these strategies. As part of the assessment process, the risks are also plotted on a 25-field-matrix with the estimated damage before counteracting measures on the y-axis and the probability of occurrence on the x-axis.



The matrix aims at giving the Board of Directors as well as members of the Management Board a compact overview of the Group's risk exposure. Additionally, it provides a supportive tool in the process of prioritising actions. The risks identified and assessed during the process can be summarised in broader groups such as operational, financial, external, IT and data related, strategic and market risks. Operational risks identified include process, infrastructure, product safety, transportation, personnel, supply chain and input material risk, among others. Financial risks mentioned comprised foreign currency, hedging, working capital, liquidity, tax and interest rate risks. Participants in the process also assessed the probability and the impact of external risks such as natural disasters, fire, legislative, regulatory and political risks. Within IT and data risks, data storage, hardware and software operations and IT security were brought up. Strategic risks mentioned included acquisition risks, technology risks or product risks. Risks in relation to the general economic climate, demand for products or market entry of competitors were among the typical market risks assessed.

The participants of the risk management process assess potential changes to their reported risks as well as the effectiveness of the preventive efforts on an ongoing basis. In addition, risks and mitigation efforts are also assessed regularly by the Management Board. Major changes to the Group's risk profile are reported immediately to Aluflexpack's Audit and Compliance Committee and the Board of Directors.

The risk of default on loans is mitigated by using targeted measures such as credit checks, pre-payment agreements and receivables management. The immanent risk of default of business partners resulting from the underlying transaction is widely hedged in the Group by credit risk insurance as well as by bank guarantees and letters of credit. In addition, there is low concentration of credit risk since the Group's client base is made up mainly of a large variety of customers. Liquidity management extends from constant comparison of forecast and actual payment flows to coordinating the maturity profiles of financial assets and liabilities. Capital management is monitored by the means of equity ratio, gearing ratio and return on capital employed. Furthermore, in order to reduce the risk from swings in commodity prices, the Group uses derivative financial instruments. IT risks relating to software operations are mitigated by continuously updating and developing new versions that address the necessary requirements, while cybersecurity risks are addressed by installing systems that detect unauthorised access attempts and adding different layers of protection to authorisation processes, among others. Risks in relation to regulatory requirements across different areas are continuously monitored and analysed by internal teams and external advisors.

Based on the findings of Aluflexpack's risk management processes in 2022, which were presented in detail to the Audit and Compliance Committee as well as the Board of Directors, the Management Board of Aluflexpack views the current mitigation efforts as adequate.

Management Board

The Board of Directors has delegated the operational management of Aluflexpack to the Group's Management Board, which is headed by the CEO, to the extent permitted by applicable law, the Articles of Association and the Organisational Regulations. Besides the CEO, the Management Board of Aluflexpack includes the CFO. The Management Board is primarily responsible for managing the affairs of the business as well as the Company's corporate functions. Under the chairmanship of the CEO, the members of the Management Board carry out the strategic tasks and implement the resolutions of the Board of Directors. They are directly supervised by the Board of Directors and its Committees. The CEO is appointed by the Board of Directors at the proposal of the Nomination and Compensation Committee. The members of the Group Management Board (other than the CEO) are appointed by the Board of Directors at the proposal of the CEO and the Nomination and Compensation Committee. In the business year 2022, the Management Board consisted of the following members:



Johannes Steurer

Chief Executive Officer of Aluflexpack since 2022 | Member of the Management Board of Aluflexpack since 2012 | Nationality: Austrian

Mr. Steurer studied economics at the Vienna University of Economics and Business Administration and the Nanyang Technological University in Singapore and holds a master degree (Magister) in business administration from the Vienna University of Economics and Business Administration. He also is a Chartered Financial Analyst (CFA® program). Mr. Steurer started his career working as an investment analyst and investment manager at Global Equity Partners Group, Austria, from 2008 to 2012. From 2008 to 2018, he served as CEO of Starbet Gaming Entertainment AG (now: Motto Entertainment und Veranstaltung AG), Austria. From 2011 to January 2020, Mr. Steurer served as managing director and shareholder of VVB GmbH, Austria. Since July 2020, Mr. Steurer is serving as shareholder and managing directors of LOLA x MEDIA GmbH, Austria. He joined the Group as CFO in November 2012. He also acted as CFO of AFP Group GmbH and Aluflexpack Novi d.o.o. until 31 December 2021 and continues to act as a member of the Board of Arimpeks Alüminyum San. İç ve Dış. As of 1 January 2022, Mr. Steurer has been elected as the new CEO of Aluflexpack Group. In addition, as of 1 January 2022 he is serving as the CEO of Aluflexpack Novi d.o.o. and AFP Group GmbH, as well as president of the Board of Directors of Process Point Service AG, Chairman of the Board of Directors of Teko and member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş.



Lukas Kothbauer

Chief Financial Officer of Aluflexpack since 2022 | Nationality: Austrian

Mr. Kothbauer studied business administration and philology in Vienna and Oslo. He is also a Chartered Financial Analyst (CFA® Program). Mr. Kothbauer started his career working as private banking and equity research analyst at Kepler Cheuvreux in Vienna. Before joining the Management Board of Aluflexpack AG as CFO on 1 January 2022, Mr. Kothbauer served as the Head of Aluflexpack's Investor Relations and M&A department from 2018 to 2021. Since 1 January 2022, Mr. Kothbauer is also acting as CFO of AFP Group GmbH and Aluflexpack Novi d.o.o. In addition, he is acting as Vice-chairman of the Board of Directors of Teko and member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş. since December 2021.

Number of permissible activities

Pursuant to Article 34 of Aluflexpack's Articles of Association, the number of mandates members of the Management Board may hold on management and supervisory boards of legal entities outside the Group is restricted to three, of which only one may be in another listed company.

Other items

There are no management contracts with external individuals or companies to perform management tasks for Aluflexpack.

Gender guidelines are presented in compensation report, page 111.

Compensation, shareholding and loans

The content and process for determining remuneration and equity participation programmes as well as information on the remuneration, shareholdings and loans of the Board of Directors and the Management Board can be found in the Compensation Report on page 87 which is an integral part of the Annual Report.

Members of the management of the Group and certain key employees of the Company and its affiliated companies are entitled to participate in a long-term stock option programme. Under this programme (“Employee Phantom Stock Programme”), Aluflexpack intends to grant to the participants options, free of charge, to acquire fictive shares in the Company in the aggregate amount of 200,000 shares over four years. Further information on the Employee Phantom Stock Programme can be found in the Compensation Report on page 112 of the Annual Report for the year 2022. Additionally, members of the management board are entitled to a long-term incentive programme, which grants real PSUs. Further information on the long-term Incentive for the members of the management board can be found in the Compensation Report on page 97 of the Annual Report for the year 2022.

Shareholders’ participation rights

Each share registered in the shareholders’ register of the Company carries one vote in the shareholders’ meetings. The shares rank *pari passu* in all respects with each other. The voting rights may be exercised only after a shareholder has been registered in the Company’s share register as a shareholder with voting rights (see below section 6 of this report under “Entries in the Share Register”). According to Article 5 of the Articles of Association, purchasers of registered shares shall, on request, be registered in the shareholders’ register as shareholders with voting rights, provided they declare explicitly to have acquired the registered shares in their own name and for their own account. For nominee registrations see above section 2 of this report under “Limitations on transferability and nominee registration”.

Independent proxy

Shareholders may personally participate in the General Meeting and cast their vote(s), or be represented by a proxy appointed in writing, which does not need to be a shareholder of Alufflexpack, or be represented by the independent proxy. The independent proxy is obliged to exercise the voting rights that are delegated to him/her by shareholders according to their instructions. Should he/she have received no instructions, he/she shall abstain from voting. The Board of Directors determines the requirements for the proxies and instructions. The Annual General Meeting elects an independent proxy holder each year. The term of office concludes at the end of the next Annual General Meeting. Re-election is permitted. Should the Company have no independent proxy, the Board of Directors shall appoint an independent proxy for the next Annual General Meeting. In 2022's Annual General Meeting, the law firm Keller KLG served as independent proxy. The firm was re-elected to serve as independent proxy for 2023's Annual General Meeting.

Quorums requirements

The Articles of Association do not prescribe that a quorum of shareholders is required to be present at a shareholders' meeting. Unless otherwise required by law or the Articles of Association, the shareholders' meeting passes resolutions and carries out elections by absolute majority of the votes present. Elections are to be held separately. Unless otherwise required by law or the Articles of Association, the shareholders' meeting passes resolutions and carries out elections by absolute majority of the votes present. Elections are to be held separately. By law, the following actions require the approval of the shareholders holding at least two-thirds of the votes represented at such meeting and the absolute majority of the nominal share value represented at such meeting: (i) the change of the Company's purpose; (ii) the creation of shares with privileged voting rights; (iii) the restriction of the transferability of registered shares and the amendment of the respective provisions; (iv) an authorised or conditional capital increase; (v) an increase of capital out of equity against contributions in kind, or for the purpose of the acquisition of assets and the granting of special benefits; (vi) a restriction or suspension of pre-emptive rights; (vii) the change of the registered office of the Company; (viii) the dissolution of the Company. Decisions on mergers, demergers and conversions shall be guided by the provisions of the Swiss Mergers Act.

Shareholder Meeting

The Annual General Meeting is convened by the Board of Directors or, if necessary, by the Company's independent auditors. Extraordinary shareholders' meetings are called for if the Board of Directors or the auditors deem it necessary or if the General Meeting so resolves. Furthermore, one or more shareholders representing together at least 10% of the total share capital outstanding at the time may in writing, by indicating the agenda items and the associated motions with the Board of Directors, request that an extraordinary shareholders' meeting be called. Such request must be submitted to the Board of Directors, which must fix a date within a reasonable time by stating the items of the agenda and the associated motions. One or more shareholders holding shares with an aggregate nominal value of at least CHF 1.0 million, or representing at least 10% of the total share capital out-

standing at the time, whichever is lower, may request items to be included in the agenda. Such request must be submitted to the Board of Directors at least 45 days prior to the shareholders' meeting, unless a different deadline has been publicly announced by the Board of Directors ahead of the shareholders' meeting. The notices of any shareholders' meeting are to be made by the Board of Directors by way of official publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) not less than 20 days prior to the date of the meeting. Notices may also be mailed (by letter or electronically) to the shareholders registered in the share register. The invitation states the day, time and place of the meeting, the agenda items as well as the motions of the Board of Directors and of the shareholders who have requested the holding of the shareholders' meeting or the inclusion of an item in the agenda.

Entries in the share register

According to Article 4 of the Articles of Association, following the acquisition of shares and on the basis of a request for registration as a shareholder, every owner shall be regarded as a shareholder without voting rights until the Company has acknowledged him or her to be a shareholder with voting rights. If the Company does not decline the request for registration of the owner within twenty days, he or she shall be deemed acknowledged as a shareholder with voting rights. For limitations on transferability and the registration of nominees see section 2 above of this report under "Limitations on transferability and nominee registration".

Neither the law nor the Articles of Association set a deadline for entry in the share register. However, for practical reasons, the share register will be closed to entries several days before a shareholders' meeting. With regard to the Annual General Meeting 2023 concerning the financial year 2022, shareholders who have been entered into the share register by 16 May 2023, may exercise their right to vote at the Annual General Meeting on 24 May 2023.

Changes of control and defence measures

Aluflexpack's Article of Association do not contain any "opting out" or "opting up" provision. Therefore, the statutory obligation to publish a tender offer of any shareholder or group of shareholders holding 33.33% of the outstanding share capital applies. Members of the Board of Directors and the Management Board are not entitled to any severance packages or termination payments or change-of-control payments under their agreements.

Other items

Aluflexpack publishes separately a sustainability report which reports on environmental matters, social matters, employee matters, human rights and anti-corruptions measures, among others. The latest report can be found on Aluflexpack's website:

<https://www.aluflexpack.com/newsmedia-mediaanddownloads/>

Auditors

The external auditors are appointed by the Annual General Meeting for a period of one year. The current independent auditors of the Company are KPMG, Bogenstrasse 7, CH-9000 St. Gallen. KPMG has audited the financial statements of Aluflexpack AG since its foundation on 31 July 2018. KPMG has also audited financial statements of the legal predecessor AFP Group GmbH since 2013. The lead auditor is rotated every seven years in accordance with Swiss law. The current lead auditor, Daniel Haas, was first appointed in 2018. The main Group companies are also audited by KPMG. At the ordinary Annual General Meeting 2023, KPMG will be recommended for reelection as statutory auditor.

The table below summarises the fees paid to auditors in 2022

in €k	Statutory auditors	Other auditors
Auditing services, total	396	31
Additional services, total	60	5
o/w tax consulting	42	3
o/w other advisory services	18	1

Informational instruments pertaining to the Auditors

The external auditor informs the Audit and Compliance Committee upon invitation to the committee's meeting about relevant auditing activities and other important facts and figures related to the Company. In 2022, representatives of the Auditors participated in two Committee meetings. The statutory auditors have access to the minutes of the meetings of the Board of Directors. The Audit and Compliance Committee annually assesses the performance and compensation of the external auditors with regard to professional qualifications, independence, expertise, sector specific risk awareness, open communication and engagement of sufficient resources. The Audit and Compliance Committee recommends to the Board of Directors proposals for the general shareholders meeting regarding the election or dismissal of the Company's independent auditors. Prior to the audit, the auditors agree on the proposed audit scope, approach, staffing and fees of the audit with the Audit and Compliance Committee.

Information policy

Aluflexpack is committed to communicating in a timely and transparent way to existing shareholders, potential investors, financial analysts, customers as well as all other stakeholders. The Group commits to comply with its obligations under the rules of SIX Swiss Exchange, including the requirements on the dissemination of material and price-sensitive information. Moreover, the Company publishes an annual report that provides audited consolidated financial statements and information about Aluflexpack including business results, important key performance indicators (KPI), strategy and material developments, corporate governance and executive compensation. Pursuant to listing rules of SIX Swiss Exchange, the annual report is published within four months after the 31 December balance sheet date. The results included are also summarised in the form of a press release. In the first two months following the balance sheet date, Aluflexpack communicates preliminary unaudited sales figures for the preceding year. Aluflexpack releases results for the first half of each year within three months after the 30 June balance sheet date, accompanied by a press release containing the most important results. In addition, Aluflexpack publishes sales statements in the form of a press release within two months following the first three (Q1 sales statement) and the first nine months (Q3 sales statement) of its financial year.

The published annual and half-year interim consolidated financial statements comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange and International Financial Reporting Standards ("IFRS"). The figures in the HY interim report, the preliminary sales figures as well as the Q1 and Q3 sales statements are not audited. At the day of publication of the full year and half-year results, an analyst conference call is organised. Investors may contact the company for dial-in details prior to the call. An overview of published annual reports, interim reports and related presentations can be found at <https://www.aluflexpack.com/investors-financial-publications/>.

Interested parties can register for Aluflexpack's distribution list in order to directly receive information at the time of any potential price-sensitive event (ad-hoc announcements) under <https://www.aluflexpack.com/investors-contacts/>.

The notices of any shareholders' meeting are to be made by the Board of Directors by way of official publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) not less than 20 days prior to the date of the meeting. Notices may also be mailed (by letter or electronically) to the addresses of the shareholders registered in the share register. The invitation states the day, time and place of the meeting, the agenda items as well as the motions of the Board of Directors and of the shareholders who have requested the holding of the shareholders' meeting or the inclusion of an item in the agenda. The financial calendar of Aluflexpack AG in the year 2023 is outlined below:

Date	Announcement
15 Feb 2023	FY 2022 Preliminary Sales Statement
23 Mar 2023	Publication of results for the full year ending 31 December 2022
04 May 2023	Q1 Sales Statement
24 May 2023	Annual General Meeting
23 Aug 2023	Publication of results for the half year ending 30 June 2023
02 Nov 2023	Q3 Sales Statement

Blackout and quiet periods

Aluflexpack requires all employees and corporate representatives to abide by its Blackout Period policy. During Aluflexpack's Blackout Period, employees of Aluflexpack and its subsidiaries as well as all corporate representatives are prohibited from trading the stock of the Company. This includes buying or selling shares or any derivative instruments based on the shares as well as executing any granted options.

The first (regular) Blackout Period commences on 31 December of each year and ends with the public release of Aluflexpack's annual report on the companies' webpage. Another (regular) Blackout Period commences on 30 June of each year and ends with the public release of Aluflexpack's half-year report on the companies' webpage. For members of the Management Board, the Board of Directors and members of the accounting team, the above-mentioned Blackout Periods commence two weeks earlier on 17 June and 18 December. The Board

of Directors and the Management Board of Aluflexpack may announce further Blackout Periods at its discretion in connection with potentially material price sensitive information. Before the beginning of each Blackout Period, all employees of Aluflexpack are informed about their obligation to adhere to the policy. Moreover, plant managers and department heads are required to communicate the policies' implementation to each new employee who joins Aluflexpack.

No employees of Aluflexpack are exempt from the Blackout periods.

In addition, in order to ensure equal treatment of all market participants and to avoid selectively disclosing material non-public information, Aluflexpack has implemented a Quiet Period policy. The Quiet Period lasts from 31 December of each year until the date of publication of the annual report and from 30 June of each year to the publication of the half year report.

Company representatives who are required to adhere to the Quiet Period policy are all members of the Management Board, the Board of Directors, the Investor Relations Department, the Public Relations Department and any other representative who is in direct contact with market participants.

During that period, company representatives commit to limit interaction with the public by not making any outgoing calls to existing and potential investors and refrain from making any statements about new information to the market unless governed by the rules of ad hoc publicity. The attendance of selected conferences, site visits or answering incoming calls shall not be limited by the implementation of the Quiet Period. When attending events or answering calls, no material non-public information, including any information related to financial results, may be communicated.

Further investor specific information can be obtained online (<https://www.aluflexpack.com/investors/>) or from the following contact address:

Akim Bogdani
M&A and Investor Relations Manager
Alte Aarauerstrasse 11, 5734 Reinach, Switzerland
+43 664 8581 138
ir@aluflexpack.com



**Process Point Service (PPS),
Switzerland, 2013**

PPS joined Aluflexpack in 2013 and enriches the Group with its excellent knowledge and experience in manufacturing semi-rigid aluminium compound containers and lids for the human and pet-food end markets.

Compensation

Introduction	88
Compensation at a glance	89
Remuneration principles	90
Remuneration policy	90
Remuneration model	95
Compensation paid in 2022	104
Miscellaneous	111

Introduction

The Compensation Report describes the remuneration framework and principles of remuneration of Aluflexpack AG's (Aluflexpack, Company, Group) Management Board and Board of Directors. Moreover, it sets forth the organisation, competences and duties of Aluflexpack's Nomination and Compensation Committee and explains the application of the remuneration framework in the year 2022. This report has been prepared in compliance with the Ordinance Against Excessive Compensation in Listed Stock Companies and the disclosure requirements of the SIX Corporate Governance Directive (DCG). The below disclosures were audited by the statutory auditor of Aluflexpack, to the extent such disclosures refer to art. 13 to 16 of the Ordinance Against Excessive Compensation in Listed Stock Companies. The audit report is presented on page 113-115.

Section 1 presents a summary of remuneration paid to the Board of Directors and the Management Board in 2022, remuneration governance and comparison of actual compensation with that approved in the Annual General Meetings. Section 2 introduces the general remuneration principles at Aluflexpack. Section 3 explains the remuneration policy as defined in the Articles of Association³¹. It also sets out the competences of various bodies, boards and committees as regards to the determination of the compensation. Section 4 describes the remuneration model currently in use. Section 5 discloses the compensation paid to the members of the Management Board and Board of Directors in 2022 as well as short-term variable remuneration targets achieved by the Management Board. In section 5, additional disclosures are made in line with regulatory requirements.

Compensation at a glance

Board of Directors compensation

To emphasise the independent oversight and supervision role of the Board of Directors, their compensation is entirely fixed and free of any variable components.

Annual fixed compensation	Cash (€ k / CHF k)
Chairman of the Board	40/40
Board Member	20/20
Additional compensation	Cash (€ k / CHF k)
Chairman of AC/NCC Committee	8/8
Committee member	4/4
Soc. security/Pen. contributions	0/0 ^(*)

Note(s): (*) Except one member of the Board of Directors who received CHF 4k in 2022.

Members of the Board of Directors do not receive attendance fees.

The compensation received by members of the Board of Directors in 2022 was CHF 157k, which is within the maximum amount of compensation approved in the Annual General Meeting 2022.

Remuneration period	Approved by AGM (€ k / CHF k)	Actual compensation (€ k / CHF k)
AGM 2022	190/191	156/157
AGM 2021	180/195	130/140

Management Board compensation

The compensation of the Management Board comprises both a fixed component and a variable component. The variable component includes a short-term incentive and a long-term variable incentive, vested at the end of 4 years.³²

Management Board (MB)	Fixed salary (€ k / CHF k)	Short-term incentive (€ k / CHF k)	Long-term incentive (€ k / CHF k)	Other contributions* (€ k / CHF k)
Total MB	663/666	246/247	107/107	58/58
CEO	413/415	156/157	69/70	36/36

Note(s): (*) Other contributions include social security, pension contributions, company car and insurance.

while the individual goals have a weight of 30%.³³ The long-term incentive consists of a grant of Performance Share Units (PSUs) in yearly tranches each with a performance period of 4 years. ROCE has a weight of 40%, Total Shareholder Return (TSR) relative to Swiss Performance Index (SPI) has a weight of 40% and ESG goals have a weight of 20%.

The compensation awarded in 2022 for the Members of the Management Board amounted to CHF 1,078k, which is within the maximum amount approved in the Annual General Meeting in 2022.

Remuneration period	Approved by AGM (€ k / CHF k)	Actual compensation (€ k / CHF k)
AGM 2022	1,530/1,537	1,073/1,078
AGM 2021	1,400/1,514	1,181/1,276

The short-term incentive is based on quantitative and qualitative elements. EBITDA before special effects in absolute terms and EBITDA margin before special effects each have 35% weight,

Governance

- The Articles of Association govern the authority for making decisions regarding remuneration.
- The maximum total remuneration for both the Board of Directors and the Management Board is subject to binding votes during the AGM.
- Compensation Report is subject to an advisory vote by the

AGM if variable compensation is voted on prospectively.

- The Nomination and Compensation Committee supports the Board of Directors in preparing and implementing necessary decision-making processes and resolutions, as well as fulfilling supervisory duties as per Article 7 of the Compensation Ordinance and Article 26 of Aluflexpack's Articles of Association.

³² Exceptions to the vesting on the long-term variable incentive are presented in section "Settlement of the Long-Term Incentive" paragraph 3.

³³ For a definition of EBITDA before special effects, please refer to page 56.

Remuneration principles

Aluflexpack's remuneration policy, including that for the Management Board, aims to reward employees for their contribution to the company's success and align shareholder and employee interests sustainably. Additionally, the policy is designed to motivate employees, retain talent, and promote entrepreneurial thinking. This is achieved through a balanced combination of base salary, short-term incentives, and long-term incentives, guided by the following principles:

<p>Reward Performance</p> <p>The short-term variable incentive plan for members of the Management Board rewards the collective performance of the Company as well as the individual contribution.</p>	<p>Reward Value Creation</p> <p>Members of the Management Board are shareholders and/or participate in long-term stock option programs. This encourages a long-term view and aligns interests with shareholders.</p>
<p>Aluflexpack's compensation principles</p>	
<p>Retain talent</p> <p>Remuneration levels are designed to attract, retain and develop the best talent.</p>	<p>Transparency</p> <p>All of Aluflexpack's remuneration programmes are aimed to be transparent and fair. The framework is also set forth in Articles 29–35 of Aluflexpack's Articles of Association.</p>

Remuneration policy

This section explains the general remuneration policy for members of the Board of Directors and of the Management Board based on the Articles of Association. Additionally, it sets out the competences of each governing body of Aluflexpack.

Overview of the compensation framework for members of the Board of Directors and the Management Board

The maximum aggregate amount of compensation for the Board of Directors and the Management Board is approved annually by the Annual General Meeting of the shareholders, as provided for in Article 15 of Aluflexpack's Articles of Association.

	Board of Directors	Management Board
Fixed compensation	Fixed fee awarded in cash or in shares	Base salary on the bases of individual classification (function, experience, skills).
Variable compensation	None	Short term: compensation in % of base salary depending on quantitative and qualitative targets for one year; the target amount may be between 0 and 200% of the base salary. Long term: share based compensation in % of base salary based on achievement of strategic objectives over multiple years; the target amount may be between 0 and a multiple of the base salary.
Other	None	Company car, accident insurance

Compensation framework and approach for members of the Board of Directors

Pursuant to Article 29 of the Articles of Association of Aluflexpack, the members of the Board of Directors receive a fixed fee for membership on the Board, which may be awarded in cash or in the form of shares. To underline the Board of Director's role of independent oversight and supervision, the entire compensation is fixed and does not contain any variable component. The aggregate maximum amount of compensation has to be within the limits of the aggregate maximum amounts approved by the Annual General Meeting. The Board of

Directors sets the amount of compensation for each member with reservation to and in the scope of the approved maximum amount on a yearly basis and at its own discretion. No specific criteria are applied in determining the compensation. According to Article 29 of the Articles of Association of Aluflexpack, the compensation may include other compensation elements.

Members of the Board of Directors do not receive attendance fees. Travel costs in connection with the mandate and out-of-pocket expenses are borne by Aluflexpack. The term of office of members of the Board of Directors commences at Aluflexpack's Annual General Meeting and ends at the next Annual General Meeting, respectively. Re-election, also repeatedly, is permitted under Aluflexpack's Articles of Association. Further information on the framework as well as the vote on compensation can be found in Article 15 and 29 of Aluflexpack's Articles of Association.

Compensation framework and approach for members of the Management Board

Pursuant to Article 30 of the Articles of Association of Aluflexpack, the remuneration of members of the Management Board of Aluflexpack may comprise a fixed and a variable amount. The fixed amount consists of a base salary and may include other compensation elements. The fixed amount is determined on a discretionary basis based on individual classification and takes into account function, experience and skills. The variable amount may include both short and long-term incentive elements. The payout for the short-term performance based variable amount ("bonus") is capped at 200% of the base salary. It can be paid in full or in part in cash, in the form of shares in the Company or of entitlement to shares. The payout for the long-term variable may be a multiple of the base salary.

The remuneration of members of the Management Board is subject to the limits of the maximum aggregate amounts approved by the General Meeting for the year in which the approval is made. The Company may pay remuneration before the approval of the General Meeting within the framework of the maximum total or partial amount and subject to the subsequent approval by the Annual General Meeting.

All components shall be assessed and reviewed on a yearly basis by the Nomination and Compensation Committee. If changes are deemed necessary, they are proposed to the Board of Directors. Members of the Management Board are not allowed to attend meetings in which the amount of compensation is determined. Further information on the framework as well as the vote on compensation can be found in Article 15 and 30 of Aluflexpack's Articles of Association.

For additional consideration payable to new members of the Management Board subsequent to the grant of approval by the shareholders' meeting, and further information on the framework in general see Article 30 and 31 of Aluflexpack's Articles of Association.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a permanent committee formally implemented by the Board of Directors. The main task of the Nomination and Compensation Committee is to support the Board of Directors in preparing the necessary decision-making processes and resolutions as well as fulfilling supervision duties in accordance with Article 7 of the Compensation Ordinance and Article 26 of Aluflexpack's Articles of Association. For the organisation, competences and duties of the Nomination and Compensation Committee see page 72-74 of the Aluflexpack's Corporate Governance Report, which is an integral part of the Annual Report.

The Nomination and Compensation Committee comprises at least two members, each of whom must be independent from the management. As of 31 December 2022, the Nomination and Compensation Committee consisted of Christian Hosp (Chairman), Martin Ohneberg (Member) and Bernd Winter (Member).

The members of the Nomination and Compensation Committee are elected by the General Meeting until the end of the next ordinary Annual General Meeting. The Board of Directors appoints the chairperson of the Committee. The Nomination and Compensation Committee was newly formed in connection with the listing on the stock exchange on 28 June 2019. The Nomination and Compensation Committee meets at the invitation of the chairman of the Nomination and Compensation Committee, but at least once a year. In 2022, the Nomination and Compensation Committee met seven times. All members were present at all meetings. The Nomination and Compensation Committee keeps a record of its decisions and recommendations in minutes submitted to the full Board of Directors and reports the results of its activities at the next Board meeting. In 2022, the Nomination and Compensation Committee reported its findings to the Board of Directors on seven occasions.

Overview on competences

The table below summarizes the competences of the various bodies, boards and committees as regards to the determination of the compensation. "D" refers to competence on final decision, "P" refers to preparation of the decision, and "E" refers to execution of the final decision.³⁴

³⁴ General terms and procedures explaining how the determination of the compensation is carried out, including information about the involvement of external advisors are disclosed in the Corporate Governance Report.

Subject Matter	General Meeting	Board of Directors	Nomination and Compensation Committee	CEO
Maximum Compensation of the Board of Directors	D	E	P	
Maximum compensation of the Management Board	D	E	P	
Compensation of the individual members of the Board of Directors		D E	P	
Compensation of the individual members of the Management Board		D E	P	
Resolutions on, additions or changes to granting of share-based performance incentives		D E	P	
Authorisation of bargaining rounds, social plans or pension plan outside of the Boards		D		P E
Advisory vote on Compensation Report*	D	E	P	

* Note: Compensation report is subject to such advisory vote only if variable compensation is voted prospectively.

D Competence on final decision

P Preparation of the decision

E Execution of the final decision

Remuneration model

Short-term performance based remuneration - approach in 2022

In 2021, the Nomination and Compensation Committee revised the remuneration policy in line with Aluflexpack's long-term strategic objectives. A share-based long-term incentive was introduced to align the interest of the Management Board and of the shareholders. In addition, the short-term incentive was revised by giving a higher weight to the quantitative elements. No new changes were introduced to the remuneration policy during 2022. The remuneration policy in place is in line with Aluflexpack's Articles of Association.

The actual amount of short-term performance-based variable remuneration ("bonus") for members of the Management Board depends on the achievement of targets set by the Board of Directors for the one-year performance period (calendar year). The Board of Directors sets the amount of the individual short-term performance-based remuneration for 100% target achievement ("target bonus"), a minimum and a maximum threshold for the payout separately for each member of the Management Board. Targets are determined and reviewed on an annual basis. At the end of the one-year performance period, the degree of target achievement for the KPIs, which may lie between zero and a maximum of 150%, shall be determined by the Board of Directors by comparing the achievements with the audited annual financial statements.

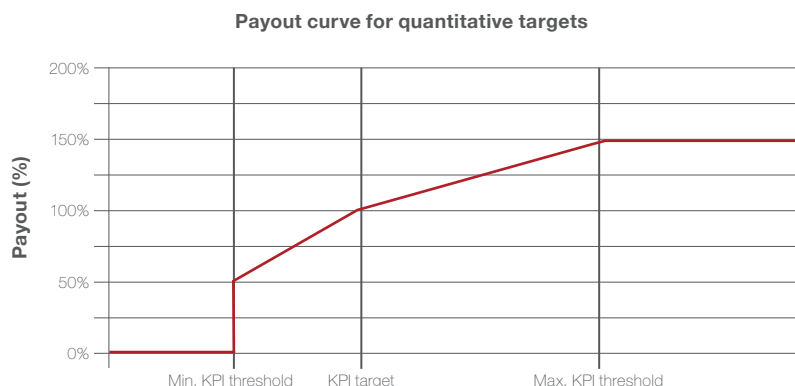
For all members of the Management Board, 70% of the short-term variable compensation is dependent on the achievement of quantitative financial goals and 30% on the achievement of qualitative individual targets. The quantitative financial targets for the short-term variable compensation are focused on the following two KPIs: 1) achievement of a target level of EBITDA before special effects in absolute terms. 2) achievement of a target EBITDA margin before special effects.

100% short-term performance-based variable remuneration 2022 ("bonus")		
70% quantitative elements		30% qualitative elements
50% EBITDA before special effects	50% EBITDA margin before special effects	100% individual goals

A payout curve is defined for quantitative elements according to the following principles:

- A minimum threshold of performance above which the payout curve is triggered (50%). Below such threshold, the payout is equal to zero
- A target that is reached when the expected level of performance is achieved (100%).
- A maximum that triggers the highest payout and above which no additional payout is awarded (150%).
- The effective payout between the lowest expected and the highest expected performance are calculated by the means of linear interpolation.

The chart below illustrates the payout curve for quantitative key performance indicators:



Before the beginning of the performance period (calendar year), the Board of Directors also defines the individual qualitative goals. These comprise short-term ESG and individual strategic goals, among others. The target achievement of the qualitative element ranges between 0% and 150% and is determined on the discretion of the Board of Directors at the end of the year.

Settlement of the short-term incentive

At the end of the year, the Board of Directors evaluates independently the achievement of each key performance indicator against the pre-defined target. The payout for each key performance indicator are summed together to the overall payout for the short-term incentive as shown in the figure below.

Target amount in €	×	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Target achievement of EBITDA X 35%</td> <td style="padding: 5px;">+</td> <td style="padding: 5px;">Target achievement of EBITDA margin X 35%</td> <td style="padding: 5px;">+</td> <td style="padding: 5px;">Target achievement of individual targets X 30%</td> </tr> </table>	Target achievement of EBITDA X 35%	+	Target achievement of EBITDA margin X 35%	+	Target achievement of individual targets X 30%	=	Short term compensation in €
Target achievement of EBITDA X 35%	+	Target achievement of EBITDA margin X 35%	+	Target achievement of individual targets X 30%					

In cases when the employment relationship of a member of the Management Board does not start at the beginning of the performance period, but during the performance period, the short-term incentive will be reduced with 1/12 for every month he/she did not work. This applies also for cases of disability that expand over six months over the year when the performance period is measured as well as for other time periods during which the member of the Management Board has not worked due to other reasons.

The short-term bonus is allocated in cash to the members of the Management Board at the same month after the shareholders' approval of the annual report at the Annual General Meeting.

Long-term performance based remuneration - approach in 2022

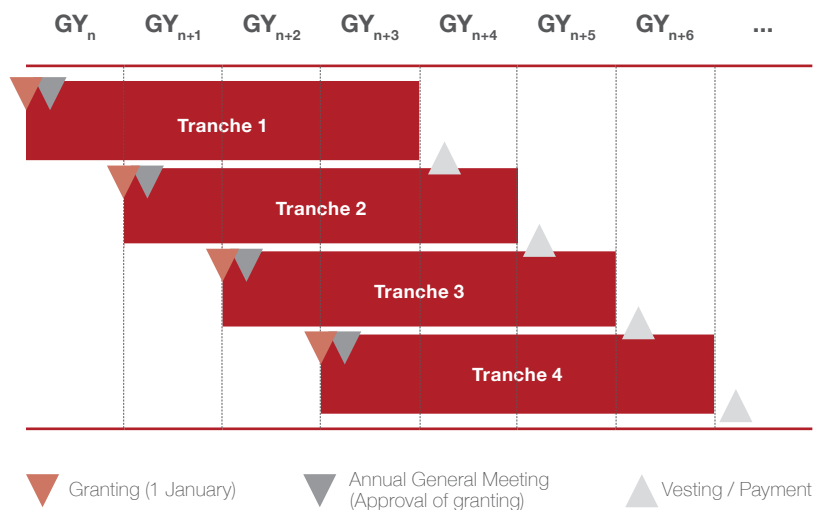
According to Article 30 of Aluflexpack's Articles of Association, the long-term variable remuneration is share-based and shall take into account, in particular, performance criteria supporting strategic objectives of the Company and/or a business line, which are measured in absolute terms and/or relative to other companies, comparable benchmarks, if any, and/or individual objectives.

The long-term incentive consists of a grant of Performance Share Units (PSUs) in yearly tranches, each with a performance period of four years. The performance period for each tranche begins on 1 January and ends on 31 December of the third year after which the granting was approved. Since the system was introduced in 2021, the first vesting will only occur in 2025 if the members of the management team reach the targets set by the Board of Directors. The variable long-term component recurs annually so that several tranches run in parallel. In this way, a stronger focus is put on group's objectives since both good and bad years are influencing several tranches at the same time.

On a yearly basis, the Board of Directors sets a target amount for each tranche of the long-term incentive, which is transformed in PSUs. The target number of performance shares is calculated as the target amount in CHF divided by the arithmetic mean of the closing share price in the last 30 days preceding the beginning of the performance period. The result is rounded to the nearest integer to give a full number.

The PSUs have a restricted nature meaning that they do not entitle the holder to voting rights and dividends. In addition, they are not for sale, not inheritable (except cases of death) and not transferable.

In the figure below, an illustration of the role out of the tranches is presented:



The Board of Directors of Aluflexpack has decided to measure the long-term objectives of the Group through three measures: 1) ROCE as per the Group’s definition; 2) Relative Total Shareholder Return (TRS); and 3) ESG goals. The weight of each key performance indicator is shown below.

100% long-term performance-based variable remuneration 2022 (“bonus”)		
40% ROCE	40% Relative TSR	20% ESG goals

ROCE³⁵

For the determination of the achievement of ROCE, the result of the fourth year of the performance period will be considered. Specifically, the audited result that will be published in the annual report of the last year of the performance period will be used for the calculation of the PSUs granted. At the beginning of the performance period for each tranche, the Board of Directors defines the target values for ROCE at its own discretion.

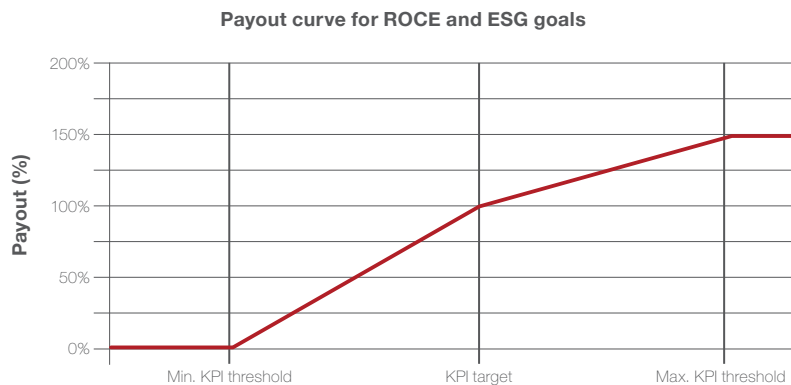
ESG goals

The ESG goals are derived from the sustainability reporting of the Group. The Board of Directors takes specific targets from the sustainability management and weights them according to its own discretion at the beginning of each tranche. Just as with the ROCE target, the fourth year of each tranche is considered for the overall target achievement.

Payout curve for ROCE and ESG goals

The payout curve for ROCE and ESG targets for the members of the Management Board follows a pattern similar to the payout curve for the achievement of short-term quantitative targets:

- It includes a threshold above which the payout curve is triggered. Below such threshold (0% target achievement), the payout is equal to zero. Contrary to the payout curve for the Short-term Incentive, which foresees a 50% minimum target achievement in case of quantitative targets, there is no threshold for the target achievement above which the payout is triggered besides the 0% threshold.
- In addition, a target is defined for 100% achievement as well as a maximum that triggers the highest payout and above which no additional payout is awarded (150%).
- The Board of Directors defines the lowest and the highest payout triggered by the maximum performance. The payout between the minimum and the target as well as the payout between the target and the maximum is calculated by linear interpolation. The chart below illustrates the payout curve.



Relative TSR

TSR is defined as development of the share price plus the fictitious reinvested gross dividends during a four-year performance period. The final outcome is calculated through a trusted data provider such as Bloomberg or Thomson Reuters.

Calculation of relative TSR involves a two-step procedure.

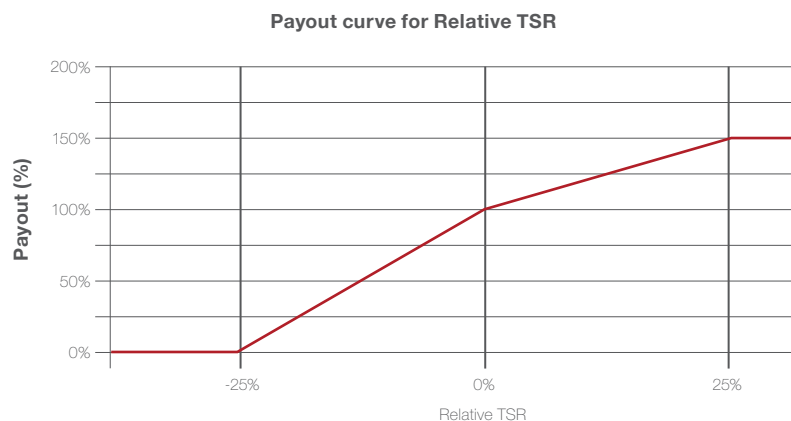
1. Aluflexpack's TSR is defined as the difference between Aluflexpack's average share price in the last 30 trading days of the performance period with that of the average share price of Aluflexpack in the last 30 trading days before the beginning of the performance divided by the later value. The same calculation method is employed for the Swiss Performance Index (SPI) TSR.

2. The difference between Aluflexpack’s TSR and SPI’s TSR is defined as the relative TSR.

Payout curve for relative TSR

The payout curve for the relative TSR follows the following principles:

- A minimum threshold above which the payout curve is triggered. Below such threshold, the payout is equal to zero. Aluflexpack defines an underperformance of 25% relative to the SPI index as a threshold for triggering the payout.
- A target is defined as having an equal performance as the SPI index (0%).
- A maximum threshold that triggers the highest payout and above which no additional payout is awarded. The Group defines an outperformance of 25% relative to the SPI index as a threshold for the highest payout.



Settlement of the Long-Term incentive

The total amount of the shares (final number of PSUs vested) to be allocated to members of the Management Board is calculated by the following formula, taking into account the achievement of the members of the Management Board in the three KPIs outlined above. The result is rounded to the nearest integer to yield a concrete number of shares awarded:

Number of PSUs granted	X	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding: 5px;">Target achievement of relative TSR X 40%</td> <td style="padding: 5px;">+</td> <td style="padding: 5px;">Target achievement of ROCE X 40%</td> <td style="padding: 5px;">+</td> <td style="padding: 5px;">Target achievement of ESG Goals X 20%</td> </tr> </table>	Target achievement of relative TSR X 40%	+	Target achievement of ROCE X 40%	+	Target achievement of ESG Goals X 20%	=	Final number of PSUs vested
Target achievement of relative TSR X 40%	+	Target achievement of ROCE X 40%	+	Target achievement of ESG Goals X 20%					

At the beginning of each performance period, the Annual General Meeting approves the maximum total compensation for the Management Board, shares may only be granted to the Management Board with the maximum total compensation as approved by the Annual General Meeting. The PSUs for a performance period are vested at the end of the month in which the Annual General Meeting approves the annual report. At the discretion of the Board of Directors, part of the final number of PSUs may also be settled in cash.

In case the employment contract with a member of the Management Board ends during a four year performance period, the payout of the long-term incentive is made on a pro rata basis, except for cases of death, disability or extraordinary termination of the contract where, depending on the cause different contractual rules apply.

In case of extraordinary circumstances that lead to a lower or higher long-term bonus (e.g. regulatory changes in accounting methods), which would not have been achieved under normal circumstances, the Board of Directors has the right, at its own discretion, to increase and decrease the bonus. This applies also for cases of capital increases, spin-offs, reverse splits and scrip dividends.

Malus and clawback provisions

A malus and clawback policy applies to any short-term and long-term incentive grant awarded to the members of the Management Board. Under this policy, the Board of Directors may decide to forfeit in part or in full any unpaid or unvested compensation (malus provision) and/or obtain reimbursement of the value of any paid or vested compensation (clawback) granted under a short-term and long-term incentive plan in the following cases:

- i) violation of essential contractual obligations;
- ii) grossly improper or immoral behavior;
- iii) restatement of the consolidated financial statements due to mistakes or fraud
- iv) incorrect financial statement filling yielded a higher compensation

The Board of Directors is responsible to determine the severity of the violation, the degree of fault and the material and immaterial damage caused to investors at its own discretion.

Remuneration mix

The charts below show the remuneration mix for the CEO and for the members of the Management Board on average under three scenarios in 2022: at minimum (both short-term and long-term incentives at zero payout), at target (both short-term and long-term incentives at 100% payout) and at maximum (both short-term and long-term incentives at 150% payout).

Figure 1. Remuneration mix for the CEO in three cases (%)

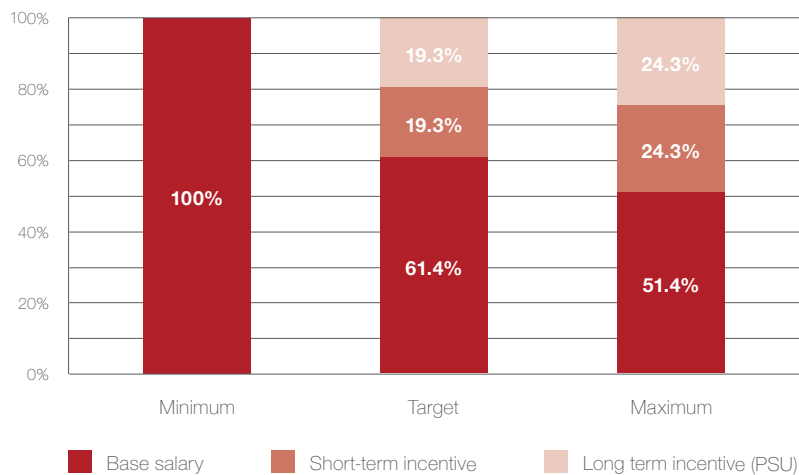
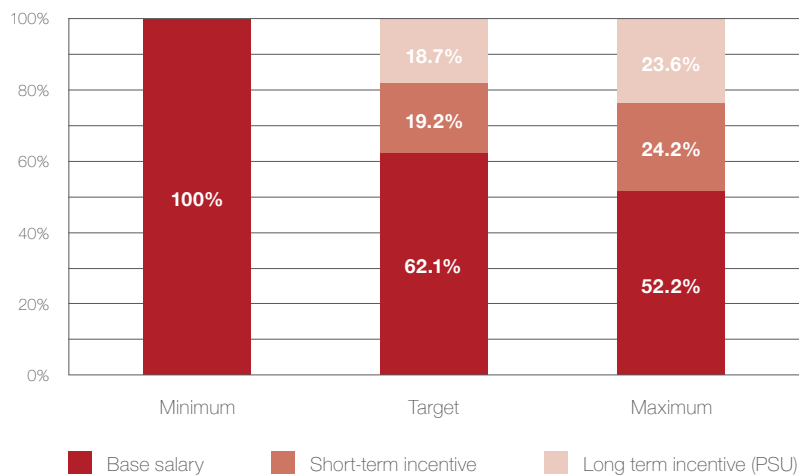


Figure 2. Remuneration mix for the members of the Management Board on average in three scenarios (%)



Timeline of Remuneration

The chart below illustrates the timeline of payment for each remuneration element that was awarded in 2022 and that might be awarded based on the second tranche of the long-term incentive³⁶:

- The annual base salary and benefits are paid during 2022.
- The short-term incentive is paid in 2023, after the Annual General Meeting approves the annual financial statement.
- The second tranche of PSUs granted under the long-term incentive will vest, subject to achievement of the targets and continuation of employment, under the preconditions explained on page 101, in 2026.

Timeline of the new remuneration system (Performance period, time of payment)					KPI
Long-term incentive				Vesting shares allocation	ROCE ESG Targets Relative TSR
Short-term incentive	100% in cash				EBITDA EBITDA margin Individual Targets
Annual base salary and benefits					Fixed remuneration
2022	2023	2024	2025	2026	

Note: EBITDA and EBITDA margin before special effects

Share Ownership Guidelines (SOG)

According to the Share Ownership Guidelines introduced by the Board of Directors in 2021, the members of the Management Board are required to own 100% of their annual base salary in shares of Aluflexpack, where contributions need to be made annually during a build-up phase until the SOG-target is reached. The build-up phase begins with the first payment of PSUs, where the amount of vested shares is blocked until the members of the Management Board meet the requirements of the SOG-target. The number of shares that members of the Management Board are required to hold increases with each vesting until the SOG-target is met. The number of shares required to be held by members of the Management Board at the end of a business year is calculated as the base salary divided by the arithmetic mean of the closing share price of all trading days of December before the first payment of PSUs.

³⁶ The first tranche commenced on 1 January 2021 and will vest in 2025 if the members of the management team reach the targets set by the Board of Directors.

The SOG-target is adjusted in cases when the base salary remuneration changes. In the case of a salary increase, members of the Management Board have to purchase the additional amount of shares needed to fulfill the SOG-target within a year after the change in salary occurred.

To achieve the fulfilment of the SOG-target, members of the Management Board may use existing shares or purchase additional shares in line with the existing insider trading rules. Shareholdings of members of the Management Board and the Board of Directors as of 31 December 2022 are disclosed on page 180 in the statutory accounts of Aluflexpack, which is an integral part of the Annual Report.

Employment contracts and mandate agreements

Aluflexpack entered into mandate agreements with members of the Board of Directors with unlimited terms, which may be terminated at any time with immediate effect. The members of the Management Board have employment contracts based on unlimited terms with a notice period of six months for the CEO and the CFO.

Compensation paid in 2022

Board of Directors

The amount of remuneration of the members of the Board of Directors is a fixed amount only. The President of the Board of Directors is entitled to CHF 40k while other members of the Board of Directors are entitled to a compensation of CHF 20k.³⁷ The Chairmen of the Audit and Compliance and Nomination and Compensation Committee each are entitled to an additional compensation of CHF 8k, whereas committee members are entitled to an additional compensation of CHF 4k.

€ k / CHF k	Remuneration entitlement in 2022
President of the Board of Directors	40/40
Member of the Board of Directors	20/20
Committee Chair	8/8
Other Committee Members	4/4

In the year 2022, the compensation awarded to the Board of Directors amounted to CHF 157k. The overall remuneration paid to the Board of Directors in 2022 is higher than the overall remuneration paid in 2021, in order to account for the additional responsibilities of members of the Board of Directors.³⁸ The amounts stated in the table are all gross. CHF amounts were translated using an average EUR/CHF exchange rate of 1.0047.³⁹

2022 (audited)	Board of Directors Membership € k / CHF k	Audit & Compliance Committee Membership € k / CHF k	Nomination & Compensation Committee € k / CHF k	Fixed remuneration in cash in € k / CHF k	Social Security and pension Contributions € k / CHF k	Total € k / CHF k
M. Ohneberg	40/40 ^P	4/4	4/4	48/48	-	48/48
A. Bühler	20/20	-	-	20/20	-	20/20
C. Hosp	20/20	-	8/8 ^C	28/28	4/4	32/32
M. Vischer	20/20	4/4	-	24/24	-	24/24
B. Winter	20/20	8/8 ^C	4/4	32/32	-	32/32
TOTAL	120/121	16/16	16/16	152/153	4/4	156/157

Note: P indicates president and C indicates chairman

³⁸ For an overview of the remuneration entitlement for the Board of Directors before the Annual General Meeting 2021, see pages 105-106 in Aluflexpack's Annual Report 2021.

³⁹ The same exchange rate is used for calculations in the next subsections.

In the year 2021, the compensation awarded amounted to CHF 140k. The amounts stated in the table are all gross. CHF amounts were translated using an average EUR/CHF exchange rate of 1.0811.

2021 (audited)	Board of Directors Membership € k / CHF k	Audit & Compliance Committee Membership € k / CHF k	Nomination & Compensation Committee € k / CHF k	Fixed remuneration in cash in € k / CHF k	Social Security and pension Contributions € k / CHF k	Total € k / CHF k
M. Ohneberg	33/35 ^P	3/3	3/3	38/41	0	38/41
A. Bühler	18/20	-	-	18/20	0	18/20
C. Hosp	18/20	-	5/6 ^C	23/25	3/4	27/29
M. Vischer	18/20	3/3	-	21/22	0	21/22
B. Winter	18/20	5/6 ^C	3/3	26/28	0	26/28
TOTAL	105/114	10/11	10/11	126/136	3/4	130/140

Note: P indicates president and C indicates chairman

Management Board

As of 31 December 2022, the Management Board consisted of Johannes Steurer (CEO) and Lukas Kothbauer (CFO).

The table below summarises the fixed remuneration received by members of the Management Board in 2022 and excludes variable compensation elements. The amounts stated are all gross and include social security and pension contributions required by law. Besides the payments outlined below, members of the Management Board received a short-term incentive payment explained in the next subsection.

2022	Base remuneration € k / CHF k	Social security and pension contribution € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total € k / CHF k
Total remuneration: Management Board	663/666	45/45	13/13	721/724
Highest remuneration: Johannes Steurer, CEO	413/415	24/24	12/12	449/451

The table below summarizes the fixed remuneration received by members of the Management Board in 2021.

2021	Base remuneration € k / CHF k	Social security and pension contribution € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total € k / CHF k
Total remuneration: Management Board	711/769	46/50	33/35	790/854
Highest remuneration: Igor Arbanas, CEO	461/499	25/27	21/22	507/548

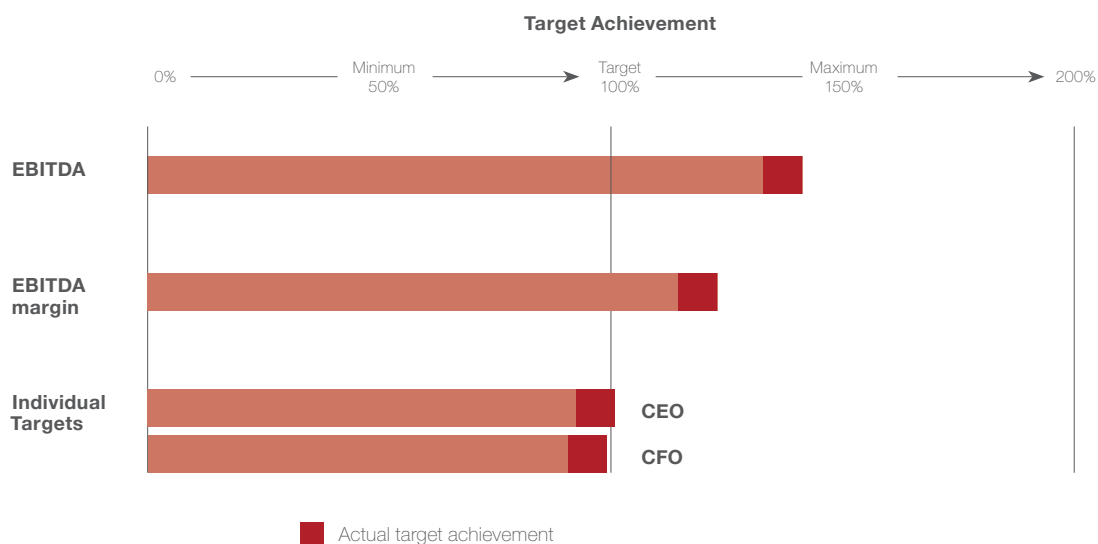
The aggregate fixed remuneration paid to members of the Management Board in 2022 is lower than the overall remuneration paid in 2021. The main reason for this is that the total remuneration in 2021 included € 48k of holiday compensation for the former CEO of Aluflexpack, Igor Arbanas and higher other contributions for the former CFO, Johannes Steurer as compared to the current CFO, Lukas Kothbauer.

Short-term variable remuneration in 2022

The Short-term variable remuneration of the members of the Management Board depends on the achievement of quantitative and qualitative targets.

In 2022, the achievement of quantitative targets at Group level ranged between 118.3% to 140.5%, while the achievement of the qualitative target ranged between 97% to 98%.

The chart below summarizes the 2022 performance achievement against targets for quantitative (EBITDA before special effects, EBITDA margin before special effects) and qualitative (individual targets) objectives of the Group.



Note: EBITDA and EBITDA margin before special effects

Based on the audited financial statement for 2022, the target achievement for the quantitative KPIs amounted to 140.5% in case of EBITDA, and 118.3%, in case of the EBITDA margin.⁴⁰ In both cases, the degree of achievement entitles members of the Management Board to a compensation.

The Board of Directors decides at its own discretion the performance of the members of the Management Board with regard to individual targets. In 2022, the Board of Directors decided to set the target achievement of the CEO at 98% and for the CFO at 97%, reflecting their engagement in Aluflexpack's long-term strategic targets despite the challenging macroeconomic environment as a result of the Russia-Ukraine conflict.

The table below presents the short-term variable remuneration awarded to members of the Management Board in 2022 and its comparison with the minimum, target and maximum amounts as per the short-term incentive plan.

2022	Minimum € k / CHF k	Target € k / CHF k	Maximum € k / CHF k	Actual short-term variable remuneration € k / CHF k
Total remuneration: Management Board	-	205/206	308/309	246/247
Highest remuneration: Johannes Steurer, CEO	-	130/131	195/196	156/157

⁴⁰ Both EBITDA and EBITDA margin were adjusted for special effects in line with the Group's procedures outlined on page 55 of the Annual Report. In addition to that, EBITDA and EBITDA margin were adjusted by excluding the contribution of the newly acquired subsidiary in Türkiye, Teko.

In the year 2022, the short-term incentive was awarded in cash only and amounted to CHF 157k for the CEO and CHF 247k for all members of the Management Board.

The table below presents the short-term variable remuneration awarded to members of the Management Board in 2021 and its comparison with the minimum, target and maximum amounts as per the short-term incentive plan.

2021	Minimum € k / CHF k	Target € k / CHF k	Maximum € k / CHF k	Actual short-term variable remuneration € k / CHF k
Total remuneration: Management Board	-	205/222	308/333	175/189
Highest remuneration: Igor Arbanas, CEO	-	130/141	195/211	111/120

Total remuneration

The table below presents all components of the remuneration earned in 2022 by the members of the Management Board.

2022 (audited)	Total fixed remuneration € k / CHF k	Total short- term variable component € k / CHF k	Total long- term variable component € k / CHF k	Social security and pension contribution € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total Remuneration € k / CHF k
Total remuneration: Management Board	663/666	246/247	107/107	45/45	13/13	1073/1078
Highest remuneration: Johannes Steurer, CEO	413/415	156/157	69/70	24/24	12/12	675/678

In 2022, there were no additions to the Management Board. Hence, no additional amounts were paid out to new members of the Management Board and the Board of Directors.

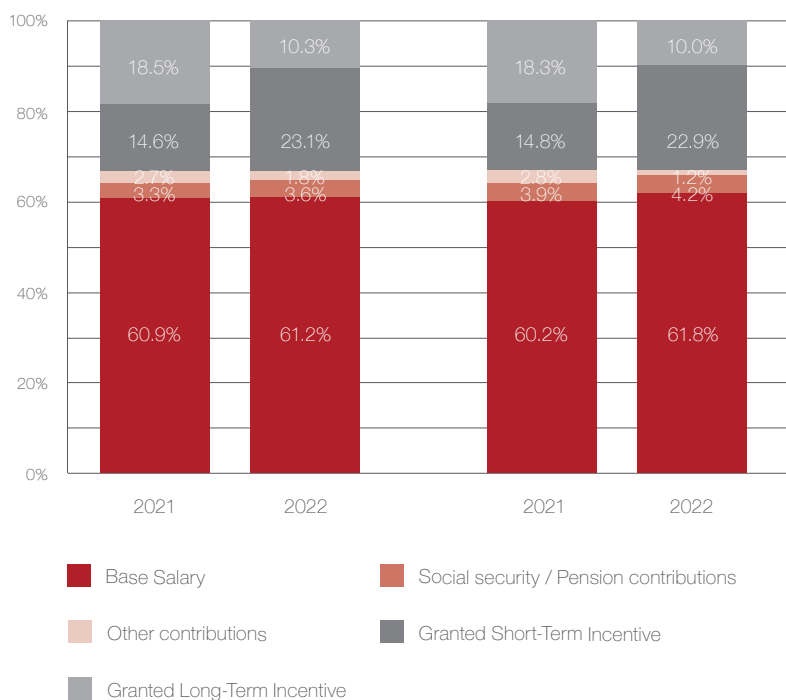
The table below presents all components of the remuneration earned in 2021 by the members of the Management Board.

2021 (audited)	Total fixed remuneration € k / CHF k	Total short-term variable component € k / CHF k	Total long-term variable component € k / CHF k	Social security and pension contribution € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total Remuneration € k / CHF k
Total remuneration: Management Board	711/769	175/189	216/233	46/50	33/35	1181/1276
Highest remuneration: Igor Arbanas, CEO	461/499	111/120	140/152	25/27	21/22	758/819

Remuneration mix

In 2022, the part of the variable remuneration represented 33.4% and 32.8% (2021: 33.1% in both cases) of total compensation for the CEO and for the members of the Management Board on average, respectively. As in 2021, fixed compensation accounted for the biggest part of remuneration in 2022: it represented 66.6% and 67.2% (2021: 66.9% in both cases) of the total compensation for the CEO and for the members of the Management Board on average, respectively. Approximately 61.2% and 61.8% (2021: 60.9% and 60.2%) of this compensation was base salary, while 5.4% (2021: 6.0% and 6.6%) accounted for employer social and other contributions for the CEO and the members of the management team on average, respectively.

The charts below show the remuneration mix for the CEO (left) and for the members of the Management Board on average (right) for 2021 and 2022.



Miscellaneous

Loans granted to Members of the Board of Directors or the Management Board (audited)

As per Article 32 of Aluflexpack's Articles of Association, members of the Board of Directors or the Management Board are not allowed to be granted loans, credits or collaterals by the Company.

Post employment benefits

Members of the Board of Directors are not entitled to pension benefits other than those required by law. According to Article 33 of Aluflexpack's Articles of Association, members of the Management Board may participate in the company's pension plan. Further information on pension benefits may be found in Article 33 of Aluflexpack's Articles of Association.

Other items

No member of the Board of Directors, nor a member of the Management Board is entitled to a signing bonus, termination benefit or compensation due to a change of control.

Aluflexpack provides each member of the Management Board with a company car and covers out-of-pocket expenses and accident insurance.

Gender guidelines

As of 31 December 2022, all members of the Board of Directors are males. In the Board of Directors meetings held throughout 2022, diversification was also discussed. It was decided that Aluflexpack will commence a process on hiring an additional Board of Directors member of female gender. While we are committed to increasing diversity and representation, we also recognize the importance of ensuring that any new Board member, notwithstanding the gender, possesses the proper qualifications and experience necessary to contribute effectively to the Board's work. As such, we will be prioritizing qualifications and experience in our search for the ideal candidate to join the Board.

The Management Board of Aluflexpack is composed of two members - the CEO (Johannes Steurer) and the CFO (Lukas Kothbauer). Due to a very limited number of representatives in the Management Board, gender representation is unequal. As we continue to grow and expand, we remain committed to promoting diversity and inclusion in all areas of our organisation.

Employee Phantom Stock Programme

Members of the broader management of the Group apart from the Management Board and certain key employees of the Company and its affiliated companies are entitled to participate in a long-term phantom stock programme finalised in Q1 2020 and ending in 2023. Under this plan, Aluflexpack granted to the participants options, free of charge, to acquire virtual shares in the Company in the aggregate amount of 173,182 shares over four years. To enable all eligible employees to participate in the programme, an immediate cash settlement was put in place. Hence, the participants are effectively granted contractual rights to conditional cash payments based on the difference between the virtual stock option's redemption and exercise price. The exercise price for the virtual stock options is equal to emission price of Aluflexpack's share price at IPO less a 20% discount, i.e. a share price of CHF 16.8. Beneficiaries may exercise up to 25% of their virtual stock options each financial year with options not exercised in a given year being carried forward to the next financial year and being exercisable in addition to the options exercisable in that next financial year. The agreement will cease to exist after the fourth financial year or in the case of a beneficiary's departure from the Company. In addition, the virtual stock options must be exercised in accordance with Aluflexpack's applicable rules on insider trading. In total, roughly 70 employees are entitled to participate in the Employee Phantom Stock Plan. The Management Board is not entitled to participate in the Employee Phantom Stock Plan. For implementation of the Employee Phantom Stock Programme, Aluflexpack has entered into separate phantom stock agreements with each beneficiary. The rights granted under the Employee Phantom Stock Programme are not transferable. Aluflexpack discloses the financial impact of the programme in its reporting filings. The impact for the financial year 2022 is disclosed in the notes to the financial statement of this year's Annual Report on page 155.

Outlook

Aluflexpack has initiated another Stock Option Programme as of January 2023 for members of the broader management of the Group apart from the Management Board and certain key employees of the Company and its affiliated companies. Under this plan, Aluflexpack granted to the participants options, free of charge, to acquire virtual shares in the Company in the aggregate amount of 200,000 shares over four years. The mechanism in place will be the same as for the existing Phantom Stock Option Programme. The exercise price for the virtual stock options is equal to average share price of Aluflexpack in the last 30 trading days of 2022, i.e. a share price of CHF 18.11. Approximately 100 employees are entitled to participate in the new Employee Phantom Stock Plan.

No further revisions to the compensation system are planned for 2023.



Report of the Statutory Auditor

To the General Meeting of Aluflexpack AG, Reinach (AG)

Report on the Audit of the Remuneration Report

Opinion

We have audited the Remuneration Report of Aluflexpack AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in the tables marked “audited” on pages 105 to 106 and 109 to 110 of the Remuneration Report.

In our opinion, the information on remuneration, loans and advances in the Remuneration Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Remuneration Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked “audited” in the Remuneration Report, the consolidated financial statements, the financial statements and our auditor’s reports thereon.

Our opinion on the Remuneration Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Remuneration Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Remuneration Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' Responsibilities for the Remuneration Report

The Board of Directors is responsible for the preparation of a Remuneration Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Remuneration Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Remuneration Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

A handwritten signature in black ink, appearing to read 'D. Haas', written in a cursive style.

Daniel Haas
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'R. Künzle', written in a cursive style.

Roman Künzle
Licensed Audit Expert

St. Gallen, 22. March 2023

Eliopack, France, 2015

Eliopack, part of the Group since 2015, operates from France and supplies high-quality packaging solutions for the pharmaceutical, cosmetic and human food end markets. The Company offers a broad range of packaging products to local as well as leading global brands both in France and internationally.



Consolidated Financial Statements

Table of contents

Consolidated statement of financial position	119
Consolidated statement of profit or loss and other comprehensive income (OCI)	120
Consolidated statement of cash flows	121
Consolidated statement of changes in equity	122
1. Reporting entity	124
2. Significant changes in the current reporting period	124
3. Basis of accounting	124
4. Basis of measurement	124
5. Functional and presentation currency	125
6. Use of judgements and estimates	125
7. Changes in significant accounting policies	126
8. Standards issued but not yet effective	127
9. Financial instruments - Fair values and risk management	128
10. Significant changes to the scope of consolidation	136
11. Consolidated Cash Flow Statement	137
12. Segment reporting	137
13. Intangible assets	139
14. Property, plant and equipment	142
15. Leases	144
16. Other receivables and assets	145
17. Inventories	145
18. Cash and cash equivalents	145
19. Employee benefits	146
20. Equity	149
21. Financial liabilities	150
22. Accruals	154
23. Other liabilities	154
24. Personnel expenses	154
25. Share-based payment arrangements	155
26. Other operating income	156
27. Other operating expenses	157
28. Net financial result	157
29. Income taxes	158
30. Related parties	160
31. Contingent liabilities	161
32. Significant accounting policies	161
33. Subsidiaries and Non-Controlling Interest	167
34. Events after the balance sheet date	168

Consolidated statement of financial position

(€k)	Notes	31/12/2022	31/12/2021
ASSETS			
Intangible assets and goodwill	13	74,835	31,671
Property, plant and equipment	14	191,992	147,498
Other financial assets		151	0
Other receivables and assets	16	1,169	114
Deferred tax assets	29	3,930	434
Non-current assets		272,077	179,717
Inventories	17	97,065	66,686
Trade receivables	9	42,993	27,343
Income tax receivables		97	61
Other receivables and assets	16	12,507	12,242
Cash and cash equivalents	18	23,300	15,614
Current assets		175,962	121,946
TOTAL ASSETS		448,039	301,663
EQUITY AND LIABILITIES			
Capital stock	20	15,553	15,553
Capital reserves		135,995	135,926
Retained earnings		39,226	28,775
Equity attributable to owners of the Company		190,774	180,254
Non controlling interests		1,620	1,322
TOTAL EQUITY		192,394	181,576
Bank loans and borrowings	21	74,817	10,593
Other financial liabilities	21	30,989	26,276
Deferred tax liabilities	29	10,937	3,678
Employee benefits	19	1,221	1,691
Other liabilities	23	6,733	3,404
Non-current liabilities		124,697	45,642
Bank loans and borrowings	21	28,086	6,970
Other financial liabilities	21	13,208	4,140
Current tax liabilities	29	2,161	2,692
Provisions		78	89
Employee benefits	19	2,529	2,043
Trade payables and advances received from customers	9	69,944	51,937
Accruals	22	4,708	2,338
Other liabilities	23	10,234	4,236
Current liabilities		130,948	74,445
TOTAL LIABILITIES		255,645	120,087
TOTAL EQUITY AND LIABILITIES		448,039	301,663

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

(€k)	Notes	2022	2021
Gross sales		361,391	271,415
Sales deductions		-4,360	-5,280
Net sales	12	357,031	266,135
Change in finished and unfinished goods		10,337	1,091
Other operating income	26	15,717	10,191
Cost of materials, supplies and services		-251,677	-174,228
Personnel expenses	24/25	-38,702	-33,477
Other operating expenses	27	-44,095	-27,383
EBITDA		48,611	42,329
Depreciation and amortisation	13/14	-24,740	-22,883
Operating profit		23,871	19,446
Interest income		272	406
Interest expenses		-3,618	-2,272
Other financial income	28	1,142	7,410
Other financial expenses	28	-15,505	-7,062
Financial result		-17,709	-1,518
Profit before tax		6,163	17,929
Tax expense/benefit	29	-1,729	-3,761
Profit for the year		4,434	14,168
Thereof attributable to:			
Owners of the company		4,136	14,002
Non controlling interests		298	166

Earnings per share in EUR	20.2		
Basic earnings per share		0.2	0.8
Diluted earnings per share		0.2	0.8

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

Other comprehensive income

(€k)		2022	2021
Profit for the year		4,434	14,168
Items that are not reclassified to profit or loss			
Remeasurements of the defined benefit liability (asset)	19	529	330
Related taxes		-68	-36
		461	294
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange differences		-8,836	-7,110
		-8,836	-7,110
Other comprehensive income for the year		-8,375	-6,816
Total comprehensive income for the year		-3,941	7,352
Thereof attributable to:			
Owners of the Company		-4,239	7,186
Non controlling interests		298	166

Consolidated statement of cash flows

(€k)	Notes	2022	2021
Result before tax		6,163	17,929
+/- Financial results excluding other financial income/expense		3,347	1,867
+/- Other non-cash expenses and income		310	1,462
+ Depreciation and amortisation	13/14	24,740	22,883
-/+ Gains and losses from disposals of PPE and intangible assets	2/30	13	-1,090
-/+ increase and decrease in inventories		-28,785	-8,700
-/+ Increase and decrease in current trade receivables		-12,655	-5,202
-/+ Increase and decrease in other assets		-236	-3,394
+/- Increase and decrease in trade payables		15,005	13,345
+/- Increase and decrease in accruals		2,365	-94
+/- Increase and decrease in other payables		8,892	3,183
+/- Increase and decrease in provisions		-14	35
+/- Increase and decrease in liabilities for employee benefits		-189	-671
-/+ Income taxes paid		-4,212	-3,231
Net cash from operating activities		14,743	38,322
+ Payments received for disposals of PPE and intangible assets	2/30	103	14,107
- Payments made for purchases of PPE and intangible assets	14	-53,212	-60,411
- Payments for acquisition of subsidiaries (net of cash acquired)	10	-31,973	0
+ Interest received		285	406
+/- Other payments received/made for investing activities		-148	0
Net cash used in investing activities		-84,945	-45,898
- Payments of lease liabilities		-5,232	-4,772
+ Issuances of financial liabilities (3rd parties)	21	93,653	1,119
- Repayments of financial liabilities (3rd parties)	21	-7,689	-14,958
- Dividends paid	20.4	-210	-83
- Interest paid		-2,432	-1,660
Net cash from financing activities		78,089	-20,355
Net change in cash and cash equivalents		7,887	-27,931
+/- Effect of exchange rate fluctuations on cash held		-201	-782
+ Cash and cash equivalents at the beginning of the period		15,614	44,327
Cash and cash equivalents at the end of the period		23,300	15,614

Consolidated statement of changes in equity

Attributable to owners of the Company

(€k)	Notes	Capital stock	Capital Reserves	Foreign Exchange Differences	Retained earnings	Total Retained earnings	Total	Non controlling interest	Total equity
Balance as of January 1, 2022		15,553	135,926	-12,754	41,529	28,775	180,254	1,322	181,576
Total comprehensive income for the period									
Profit for the year		-	-	-	4,136	-	4,136	298	4,434
Other comprehensive income for the period, net of tax		-	-	-8,836	461	-	-8,375	-	-8,375
Total		-	-	-8,836	4,597	-	-4,239	298	-3,941
Application of hyperinflation accounting (IAS 29), net of tax		-	-	-	14,900	-	14,900	-	14,900
Transactions with owners of the company									
Effect of share based payment	25	-	69	-	-	-	69	-	69
Dividends	20.4	-	-	-	-210	-	-210	-	-210
Total		-	69	-	-210	-	-141	-	-141
Balance as of December 31, 2022		15,553	135,995	-21,590	60,816	39,226	190,774	1,620	192,394

Attributable to owners of the Company

(€k)	Notes	Capital stock	Capital Reserves	Foreign Exchange Differences	Retained earnings	Total Retained earnings	Total	Non controlling interest	Total equity
Balance as of January 1, 2021		15,553	135,887	-5,644	27,316	21,672	173,112	1,156	174,268
Total comprehensive income for the period									
Profit for the year		-	-	-	14,002	-	14,002	166	14,168
Other comprehensive income for the period, net of tax		-	-	-7,110	294	-	-6,816	-	-6,816
Total		-	-	-7,110	14,296	-	7,186	166	7,352
Transactions with owners of the company									
Effect of share based payment	25	-	39	-	-	-	39	-	39
Dividends	20.4	-	-	-	-83	-	-83	-	-83
Total		-	39	-	-83	-	-44	-	-44
Balance as of December 31, 2021		15,553	135,926	-12,754	41,529	28,775	180,254	1,322	181,576

Notes to the Consolidated Financial Statements

1 Reporting entity

Aluflexpack AG (Aluflexpack) (the 'Company') was incorporated in Switzerland on 31 July 2018. The Company's registered office is at Alte Aarauerstrasse 11, Reinach, Switzerland.

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

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

The reporting date for Aluflexpack, all subsidiaries and for the consolidated financial statements is 31 December 2022.

2. Significant changes in the current reporting period

On 12 May 2022, the Group acquired 80% interest in Teko Alüminyum Sanayi Anonim Şirketi ("Teko", see note 10).

As announced in the ad hoc announcement pursuant to art. 53 SIX Listing Rules, Johannes Steurer, CFO of the Group since 2012, has been appointed by Aluflexpack's Board of Directors to the position of CEO as of 1 January 2022. He succeeds Igor Arbanas, who left the company for personal reasons at the end of 2021 after leading the company together with Johannes Steurer for almost a decade. Lukas Kothbauer, who joined Aluflexpack in 2018 and was responsible for the Group's Investor Relations and M&A activities, has assumed the CFO position as of 1 January 2022.

In the prior year, on 1 June 2021, the remaining 20% interest in Arimpeks Alüminyum San. İç ve Dış Ticaret A.Ş. ("Arimpeks"), was directly acquired by Aluflexpack AG (see also note 21.3.).

On 27 April 2021, Aluflexpack Novi d.o.o. entered into a sale and leaseback transaction with WertInvest Nekretnine d.o.o., Croatia, an entity beneficially controlled by DDR. Michael Tojner, with respect to the owned properties and buildings situated in Umag, Croatia. The purchase price for the Umag property was € 13,750k (excluding VAT). The sale and leaseback agreement contains customary preemption clauses in favor of Aluflexpack Novi d.o.o., respectively. The term of the sale and leaseback agreements regarding the property is ten years; thereafter, Aluflexpack Novi d.o.o., has the option to repurchase the property at the then current market value, as appraised by a duly licensed, certified court appraiser for valuation of real estates. The option expires three months after the expiry term of the sale and leaseback agreement (see also note 30).

3 Basis of accounting

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Details of the Group's accounting policies are included in Note 32.

Changes to significant accounting policies are described in Note 10.

These financial statements were authorized for issue by the Board of Directors on 22 March 2023. They further have to be approved by the next shareholder meeting.

4. Basis of measurement

The assets included in the consolidated financial statements are recognised on a cost basis, except that derivative financial instruments and contingent considerations are stated at their fair values and the employee benefit liability is stated at the fair value of plan assets less the present value of the defined benefit obligation.

5. Functional and presentation currency

These consolidated financial statements are presented in Euro. The Company's functional currency is the Swiss Franc (CHF). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

6. Use of judgements and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Accounting for acquisitions

Goodwill is reported in the consolidated balance sheet as a consequence of company acquisitions. As part of the initial consolidation of a company acquisition, all identifiable assets, liabilities and contingent liabilities are recognized at fair values as of the effective acquisition date. The valuation of intangible assets is, in particular, based on the forecast of the total expected cash flows and consequently strongly dependent on the assumptions of the management regarding future developments as well as the underlying developments of the discount rate to be applied (see note 10 "Significant changes to the scope of consolidation").

Useful life on non-current assets

Property, plant and equipment, and acquired intangible assets are recognized at acquisition costs and are depreciated/amortized on a straight-line basis over their estimated useful lives. The estimation of useful lives is based on assumptions about wear and tear, aging, technical standards, contract periods, and changes in demand. Changes in these factors may cause a reduction of the useful life of an asset. Hence, the carrying amount would be depreciated/amortized over the remaining shorter useful life, resulting in higher annual depreciation/amortization expenses (see note 13 "Intangible assets" and note 14 "Property, plant and equipment").

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are tested for impairment in the course of an annual impairment test. Furthermore, a recoverability evaluation of Goodwill and intangible assets is performed whenever events that have occurred or circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. In the course of this impairment test, the evaluation of Goodwill and intangible assets is also based on budget assessments of market or company-specific discount rates, expected annual growth rates, and gross margin/costs development. The assumptions involved in these calculations may change and may lead to an impairment loss in future periods (see note 13 "Intangible assets").

More information on the impairment tests conducted is given in Note 13 "Intangible assets". However, the assumptions made could be subject to changes that could lead to impairment losses in future periods.

If there is any impairment indication of property, plant and equipment and intangible assets with finite useful lives, an impairment test is performed to determine the new carrying amount and the difference between the previous and the new carrying amounts is recognised in profit or loss.

Deferred taxes

Deferred taxes are recognised in respect of temporary differences between the carrying amounts in the IFRS financial statements and the tax base as well as for expected recoverable tax loss carry forwards. Deferred taxes are calculated on the basis of the tax rates expected under current legislation to apply to the period in which the temporary differences are expected to reverse and on the basis of an assessment of future taxable profit. Any changes in the tax rate or variations in future taxable profit from that assumed could make it improbable or probable that deferred tax assets will be recovered and necessitate a value adjustment with regard to the respective assets. Moreover, changes in the tax rate could lead to adjustments in deferred tax liabilities. The carrying amounts of deferred taxes are shown in the consolidated balance sheet and are broken down into the individual balance sheet items in Note 29 "Income Taxes". Tax losses carried forward are shown in Note 29 "Income taxes".

Measurement of fair values

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

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

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

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

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

7. Changes in significant accounting policies

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021, except for the first-time adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies".

Hyperinflation

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

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

For 2022, the regulations of IAS 29 "Financial Reporting in Hyperinflationary Economies" were relevant for the Turkish subsidiaries Arimpeks and Teko.

The general price index used for the calculation of IAS 29 is the consumer price index based on monthly inflation rates announced by the Turkish Statistical Institute. On 1 January 2022 the price index amounted to 686,95 while the price index on 31 December 2022 stood at 1.128,45.

The net position of monetary items results in a gain in the amount of € 2,080k in 2022. In addition to adjustments in the consolidated income statement, accounting pursuant to IAS 29 "Financial reporting in hyperinflationary economies" also results in impacts on the consolidated statement of financial position for the subsidiaries using the Turkish lira as their functional currency. Non-current assets increase by € 21,2m due to the indexation of intangible assets and property, plant and equipment. Moreover, the indexation leads to an increase in the consolidated equity by € 14,9m.

8. Standards issued but not yet effective

The following new and revised Standards and Interpretations have been issued, but are not yet effective. The Group has not early adopted the new or amended standards in preparing these consolidated financial statements. Their effects on the consolidated financial statements of the Group have not yet been systematically analyzed, unless this is specifically disclosed, but none of them is expected to have a significant impact on the Group's consolidated financial statements.

	Effective date	Planned application
New Standards or Interpretations		
IFRS 17 Insurance Contracts including Amendments to IFRS 17 *	1 January 2023	2023
Revisions and amendments of Standards and Interpretations		
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	2023
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	2024
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) **	1 January 2024	2024
Non-current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024	2024

* In its latest exposure draft to IAS 1 the IASB is proposing to change the new requirements and to also defer the effective date for at least one year.

** In October 2022, the Board issued additional amendments to IAS 1 (Non-current Liabilities with Covenants) and deferred the effective date of these amendments to align with the effective date of 1 January 2024

9. Financial instruments – Fair values and risk management

9.1 Accounting classifications and fair values

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

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

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

(€k)	Carrying amount					
	2021	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments	3,596	3,596				3,596
Financial assets measured at fair value	3,596	3,596	0	0	0	3,596
Trade receivables	27,343			27,343		27,343
Cash and cash equivalents	15,614			15,614		15,614
Other receivables and assets	2,020			2,020		2,020
Financial assets not measured at fair value	44,977	0	0	44,977	0	44,977
Other financial liabilities	-6,564				-6,564	-6,564
Financial liabilities measured at fair value	-6,564	0	0	0	-6,564	-6,564
Bank loans and borrowings	-17,563				-17,563	-17,563
Lease liabilities (IFRS 16)	-23,852				-23,852	-23,852
Trade payables	-51,831				-51,831	-51,831
Accruals	-2,338				-2,338	-2,338
Other liabilities	-2,111				-2,111	-2,111
Financial liabilities not measured at fair value	-97,695	0	0	0	-97,695	-97,695

Derivative financial instruments are in level 2 and other financial liabilities (see also note 21) are in level 3 in the fair value hierarchy.

9.2 Financial risk management

The primary objective of the management with respect to financial risk management is to identify and monitor financial risk to which the Group is subject and to establish effective measures for hedging such risk. Financial risk arises from the company's operating activities as well as its financing structure. This includes, in particular, credit risk, liquidity risk, currency risk, interest rate risk, and market price risk with respect to commodities.

In addition to identifying, analysing and measuring financial risk, decisions on the use of financial instruments to manage risk are made by Group headquarters, which generally pursues a low-risk strategy.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, other receivables and cash equivalents. The risk of default on loans is mitigated by using targeted measures such as credit checks, pre-payment agreements and receivables management. Credit risk arising from bank deposits is likewise limited as a result of the company's policy of only investing cash and cash equivalents with financial institutions of impeccable, first-rate credit quality.

The carrying amount of financial assets corresponds to the maximum credit risk, which was comprised as follows as of the reporting date:

(€k)	2022	2021
Cash & cash equivalents	23,300	15,614
Trade Receivables	42,993	27,343
Other financial assets	151	0
Other receivables and assets *	3,758	5,616
Total for the Group	70,202	48,573

* not included other tax claims of € 6,454k (2021: € 4,066k) and prepaid expenses of € 3,464k (2021: € 2,674k)

The inherent default risk of business partners due to the underlying transaction is assessed individually and hedged in the Group by credit risk insurance as well as by bank guarantees and letters of credit, whereby customers with excellent credit ratings are not secured.

In addition, there is little concentration of credit risk since the Group's client base is generally made up of a large variety of customers. All these factors have been considered in calculating the loss allowance.

Any claims outstanding as of the reporting date must meet the Group's risk assessment criteria, regardless of their due dates. No financial assets were subject to a renegotiation of conditions.

The following shows trade receivables before and after allowances:

(€k)	31/12/2022	31/12/2021
Trade receivables (gross)	43,205	29,098
Allowances	-212	-1,755
Trade receivables - net	42,993	27,343

The following shows the development of impairment losses:

(€k)	2022	2021
Opening Balance	1,755	1,789
Addition	212	0
Reversals	-1,804	-111
Exchange rate differences	49	77
Total for the Group	212	1,755

The following table discloses the information on overdue trade receivables:

(€k)	31/12/2022			31/12/2021		
	Carrying amount (gross)	Impairment loss	Net	Carrying amount (gross)	Impairment loss	Net
Not due	37,610	-94	37,516	25,957	-1,249	24,708
0 to 10 days overdue	3,202	-32	3,170	1,238	-34	1,204
11 to 30 days overdue	638	-10	628	1,016	-119	897
31 to 60 days overdue	495	-15	480	597	-234	363
61 to 180 days overdue	872	-35	837	246	-119	127
181 to 360 days overdue	344	-18	326	5	0	5
More than 360 days overdue	44	-8	36	39	0	39
Total for the Group	43,205	-212	42,993	29,098	-1,755	27,343

The net overdue trade receivables primarily relate to receivables from customer with a long-term relationship. Based on past experience and taking into consideration management's expectations on future performance, the Group does not anticipate any significant additional defaults than those described above.

Liquidity risk

The management monitors liquidity on an ongoing basis. Liquidity management extends from constant comparison of forecast and actual payments to coordinating the maturity profiles of financial assets and liabilities, see also Note 21 "Financial liabilities".

The undiscounted, contractual due dates of non-derivative and derivative financial liabilities are shown in the following. The table contains both interest and principal payments:

31. December 2022

(€k)	Carrying amount	Contractual Cash Flows	immediately	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	102,903	103,316			28,369	74,947	
Other financial liabilities	21,212	21,212			9,253	11,959	
Lease liabilities (IFRS 16)	22,985	24,960			4,668	12,836	7,456
Trade payables*	69,320	69,320	10,184	57,987	1,149		
Accruals	4,708	4,708			4,708		
Other liabilities**	7,448	7,448		3,264	238	1,671	2,275
Total non-derivative financial liabilities	228,576	230,964	10,184	61,251	48,385	101,413	9,731

* not including current advances received from customers € 624k (trade payables more than 1 year --> other non current liabilities)

** not including deferred income € 3,044k, liabilities from taxes and social security € 3,003k, derivative financial instruments € 3,467k

(€k)	Carrying amount	Contractual Cash Flows	immediately	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years
Derivative financial instruments							
Commodity swaps*	-3,467	-3,467			-3,467		
Total for the Group	-3,467	-3,467	0	0	-3,467	0	0

* Cash Outflow

31. December 2021

(€k)	Carrying amount	Contractual Cash Flows	immediately	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	17,563	18,064			7,193	10,871	
Other financial liabilities	6,564	6,564				6,564	
Lease liabilities (IFRS 16)	23,852	26,960			4,805	13,049	9,106
Trade payables*	51,831	51,831	5,952	45,833	46		
Accruals	2,338	2,338			2,338		
Other liabilities**	2,111	2,111	5	1,060	736	199	111
Total non-derivative financial liabilities	104,259	107,868	5,957	46,893	15,118	30,683	9,217

* not including current advances received from customers € 106k (trade payables more than 1 year --> other non current liabilities)

** not including deferred income € 3,318k, liabilities from taxes and social security € 2,211k

(€k)	Carrying amount	Contractual Cash Flows	immediately	up to 3 months	3 to 12 months	1 to 5 years	more than 5 years
Derivative financial instruments							
Commodity swaps*	-3,596	-3,596			-3,596		
Total for the Group	-3,596	-3,596	0	0	-3,596	0	0

* Cash Inflow

Interest rate risk

Interest rate risk is divided into the risk of changes in future interest payments due to fluctuations in the market interest rate and interest rate risk relating to a change in the fair value of financial instruments due to fluctuations in the market interest rate.

The Group is subject to interest rate risk resulting from the receipt or payment of cash at fixed or variable interest rates.

(-€k)	Carrying Amount	
	2022	2021
Financial instruments - fixed interest rate		
Cash and cash equivalents	11	4
Financial liabilities*	26,321	30,706
Financial instruments - variable interest rate		
Cash and cash equivalents	23,289	15,610
Financial liabilities*	120,779	17,273

* including bank loans and borrowings and other financial liabilities

Sensitivity analysis for fixed-rate financial instruments

The Group measures neither financial assets (fixed deposits and securities) nor financial liabilities (liabilities to financial institutions) bearing fixed interest rates at fair value through profit or loss. These financial instruments are measured at amortised cost. An increase in interest rates would therefore not impact the Group's net income for the year.

Sensitivity analysis for variable interest-rate financial instruments

An increase in interest rates of one percentage point would lead to a decrease of the consolidated net profit or loss before non-controlling interests by € 829k (2021: increase of € 14k). A decrease in interest rates of one percentage point would lead to an increase of the consolidated net profit or loss before non-controlling interests by € 829k (2021: decrease of € 14k). This analysis includes the assumptions, that all other variables, in particular foreign currency effects, remained constant.

Derivative financial instruments

The Group uses derivative financial instruments primarily to reduce the risk of changes in commodity prices.

The following table shows the Group's holdings of derivative financial instruments as of the balance sheet date:

31. December 2022

	Currency	Notional amount (in 1,000 units of original currency)	Fair value (in €k)	thereof through OCI	Maturity
Commodity swap	EUR	39,066	3,467	0	up to 1 year
Total for the Group		39,066	3,467	0	

31. December 2021

	Currency	Notional amount (in 1,000 units of original currency)	Fair value (in €k)	thereof through OCI	Maturity
Commodity swap	EUR	25,968	3,596	0	up to 1 year
Total for the Group		25,968	3,596	0	

The liquidity analysis of the derivative financial instruments is presented above under “Liquidity risk”.

Currency risk

The Group settles goods purchases and sales predominantly in euros (for the international market) and in Croatian Kuna (for the local Croatian market).

As of the reporting date, the majority of interest-bearing financial liabilities were denominated in euros.

The following table shows – by currency pair – financial assets and liabilities denominated in a currency that deviates from the functional currency of the respective Group company holding the financial instrument.

(€k)	31/12/2022			31/12/2021		
	EUR/CHF	EUR/HRK	EUR/TRY	EUR/CHF	EUR/HRK	EUR/TRY
Cash and cash equivalents	2,646	7,815	1,507	5,238	2,279	159
Accounts receivables	6,708	20,377	3,903	1,919	16,588	474
IC-loans receivable	176,822	0	0	101,224	0	0
IC-receivables	80	10,149	0	71	7,831	0
Financial debts	93,714	39,190	21	1,000	35,511	0
Accounts payable	136	45,974	3,663	489	36,514	1,862
IC-loans payable	0	104,868	25,000	0	69,878	0
IC-payables	423	596	325	490	591	299
Net exposure	91,983	-152,287	-23,599	106,473	-115,794	-1,528

Sensitivity analysis

Provided that currencies related to current and non-current financial receivables and financial liabilities as of 31 December 2022 stated below changed by the below - stated percentage ("Volatility"), assuming that all other variables remained constant, the profit for the year and hence equity would have increased or decreased by the following values.

(€k)	Impact on profit for the year and equity	
	Volatility	2022
Currency		
CHF / EUR	+/- 8,2%	+/- 6,212
HRK / EUR	n/a	n/a
TRY / EUR	+/- 13,7%	+/- 2,670

(€k)	Impact on profit for the year and equity	
	Volatility	2021
Currency		
CHF / EUR	+/- 3,5%	+/- 3,043
HRK / EUR	+/- 1,2%	+/- 1,105
TRY / EUR	+/- 42,9%	+/- 539

Capital management

The capital managed by the Group is equivalent to its consolidated equity. The Group's objectives are:

- to increase the income of those with an investment in the company by optimising the ratio of equity to debt
- to ensure that all Group companies are able to operate under the going concern principle
- to achieve a return for investors commensurate with the level of risk

The Group regularly monitors the equity structure by means of the equity ratio, the gearing ratio and return on equity. The equity ratio for 2022 amounts to 43% (2021: 60%).

10. Significant changes to the scope of consolidation

10.1 Significant changes in 2022

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

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

For the remaining 20% interest a put and call option was granted. For further information, see Note 21.3 "Other financial liabilities".

For the 8 months period ended 31 December 2022, Teko contributed revenue of € 16,646k and operating profit of € 1,673k to the Group's result.

If the acquisition had occurred on 1 January 2022, management estimates that Teko would have contributed revenue of € 25m and operating profit of € 4m to the Group's result.

Consideration transferred

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

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

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition (in €k).

Property, plant and equipment	7,215
Intangible assets (mainly customer relationships)	20,791
Inventories	2,911
Trade and other receivables	5,947
Cash and cash equivalents	1,380
Non-current liabilities	-197
Deferred tax liabilities	-4,997
Current liabilities	-657
Trade and other payables	-4,008
Total identifiable net assets acquired	28,385

Goodwill

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

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

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

Cash	33,352
Less acquired cash	1,380
Total cash outflow	31,973

10.2 Significant changes in 2021

There were no changes in the scope of consolidation.

11. Consolidated Cash Flow Statement

Liquid funds are composed of cash on hand and credit balances at banks readily convertible into a known amount of cash within original maturities of three months or less.

The cash flow from investing activities is affected from payments received for disposals of property, plant and equipment € 103k (2021: € 14,107k, see Note 2 “Significant changes in the current reporting period”) and from payments for investments in property, plant and equipment € 52,954k (2021: € 60,098k) and intangible assets € 258k (2021: € 313k) and from payments made for the acquisition of subsidiaries € 31,973k.

The cash flow from financing activities shows especially the taking out the syndicated loan from UniCredit/Bank Austria, Erste Bank AG and Zürcher Kantonalbank and the repayments of granted loans by European Bank for Reconstruction and Development and OTP Banka and in 2021 the acquisition of the remaining 20% interest in Arimpeks Alüminyum San. İç ve Dış Ticaret A.Ş (“Arimpeks”), (see Note 21 “Financial liabilities”).

12. Segment reporting

12.1 Basis for segmentation

The Group operates in one industry segment which encompasses the production of flexible packaging and conversion of aluminium foil, paper and flexible films. The Group is producing a wide range of flexible packaging products and solutions by converting and refining aluminium foil, paper and flexible films. The allocation of resources and performance assessment is made at Group level. The Group’s organization is not divided into business units, neither in the management structure nor in the internal reporting system.

The Group has the following production factories:

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

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

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

12.2 Entity-wide disclosures

Revenue and non-current-assets – Geographic information by countries:

(€k)	2022		2021	
	Net Sales	Non-current assets	Net Sales	Non-current assets
Switzerland	12,292	6	15,736	12
Croatia	18,898	158,743	15,225	121,845
Germany	44,249		35,020	
Italy	20,124		15,776	
Poland	32,695	15,959	22,072	16,894
Liechtenstein	24,731	10,374	18,962	9,998
United Kingdom	5,557		4,207	
Czech Republic	3,455		2,364	
Hungary	3,424		2,422	
Serbia	11,292		6,474	
France	103,957	20,774	83,245	21,180
Austria	2,042	456	1,142	317
Netherlands	13,345		10,784	
Belgium	2,724		2,571	
Türkiye	34,538	60,515	13,791	8,923
Russia	1,211		1,482	
Other Europe	7,434		4,746	
America	6,088		4,664	
China	2,838		3,138	
Other Asia	4,379		1,866	
Africa, Australia and New Zealand	1,758		448	
Total Group	357,031	266,827	266,135	179,169

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

(€k)	2022		2021	
	Net sales w/o IC	Trade receivables	Net sales w/o IC	Trade receivables
thereof product sales	349,792	42,918	265,193	27,340
thereof service sales	7,239	75	942	3
Total Group	357,031	42,993	266,135	27,343

In the 12 months ended 31 December 2022, transactions with one external customer accounted for more than 10% (2021: one external customer, more than 20%).

No information is provided about remaining performance obligations at 31 December 2022 or at 31 December 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

13. Intangible assets

(€k)	Goodwill	Customer relationships and other intangible assets	Corporate brand	Licenses	Total
COST					
Balance as of January 01, 2021	18,815	26,414	4,165	1,733	51,127
FX differences	-1,417	-4,229	-861	9	-6,498
Additions	0	168	0	145	313
Disposals	0	0	0	-1	-1
Transfer	0	-246	0	363	117
Balance as of December 31, 2021	17,398	22,107	3,304	2,249	45,058
FX differences	-3,734	-5,021	-753	-6	-9,514
Change in consolidation scope	16,071	18,195	2,596	0	36,862
Additions	0	145	0	113	258
Transfer	0	-67	0	13	-54
Application of hyperinflation accounting (IAS 29)	6,186	10,599	2,036	0	18,821
Balance as of December 31, 2022	35,921	45,958	7,183	2,369	91,431

ACCUMULATED AMORTISATION and IMPAIRMENT LOSSES

Balance as of January 01, 2021	0	11,017	353	1,162	12,532
FX differences	0	-646	-184	5	-825
Additions	0	1,311	136	233	1,680
Balance as of December 31, 2021	0	11,682	305	1,400	13,387
FX differences	0	-113	-72	-4	-189
Additions	0	2,654	479	265	3,398
Balance as of December 31, 2022	0	14,223	712	1,661	16,596

CARRYING AMOUNT

Carrying amount January 01, 2021	18,815	15,397	3,812	571	38,595
Carrying amount December 31, 2021	17,398	10,425	2,999	849	31,671
Carrying amount December 31, 2022	35,921	31,735	6,471	708	74,835

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there are indications of impairment. An impairment loss is recognized if the book value is higher than the higher of fair value less costs to sell and value in use.

Intangible assets with finite useful lives are recognised at cost less cumulative amortisation and impairment losses.

The book value of goodwill, customer relationships, similar intangible assets and corporate brands is allocated to the individual cash generating units as follows:

2022 (€k)	Goodwill	Customer relationships with finite useful life	Similar intangible assets with finite useful life	Corporate brands with finite useful life	Corporate brands with indefinite useful life
Omial Group	2,839				1,991
Eliopack Group	2,928		36		
AFP Novi			127		
Arimpeks	4,655	9,980		2,162	
Teko	16,077	17,122		2,318	
Top System	9,422	4,470			
Total	35,921	31,572	163	4,480	1,991

2021 (€k)	Goodwill	Customer relationships with finite useful life	Similar intangible assets with finite useful life	Corporate brands with finite useful life	Corporate brands with indefinite useful life
Omial Group	2,706				1,898
Eliopack Group	2,928		0		
AFP Novi			146		
Arimpeks	2,169	5,093	41	1,101	
Top System	9,595	5,145			
Total	17,398	10,238	187	1,101	1,898

Another Corporate brand is accounted for with an indefinite useful life as this is a well recognised brand in the market and the entity has not the intention to stop using the brand in the foreseeable future.

Value in use is calculated using the discounted cash flow method and is based on internal projections, which are prepared in detail for the following three financial years. After these three years an inflation - protected level is assumed in the absence of significant evidence to the contrary. The projections are derived from previous results and past experience as well as management's best estimates of probable future developments. It is assumed that the Cash Generating Units will not experience any significant organisational changes. The discount rate applied to the calculation of discounted cash flows is the interest rate that reflects current market estimates of the time value of money and the specific risk related to respective Cash Generating Unit. Since the cash flows reflect tax expenditure, the discount rate is applied after taxes. Applying the discount rate after taxes leads to a similar result as applying a discount rate before taxes to cash flows before taxes.

The calculations for 2022 and 2021 are based on the following assumptions:

2022	Post-tax WACC	Pre-tax WACC	Growth rate after detailed planning period
Omiat Group	10.70%	12.19%	2.50%
Eliopack Group	9.04%	11.04%	2.90%
Arimpeks/Teko	13.88%	16.60%	5.00%
Top System	10.63%	12.29%	4.00%

2021	Post-tax WACC	Pre-tax WACC	Growth rate after detailed planning period
Omiat Group	7.33%	8.40%	1.70%
Eliopack Group	7.87%	10.04%	2.20%
Arimpeks	10.54%	13.42%	2.20%
Top System	8.96%	10.06%	4.00%

Impairment tests revealed that all goodwill items and intangibles with indefinite useful life were fully recoverable. Thus no impairment losses were recognised for the items in question during the re-reporting period. In addition, the goodwill items were tested by means of sensitivity analyses with the following results:

The goodwill impairment test for Omiat-, Eliopack Group, Arimpeks/Teko and Top System resulted in a value in use that exceeded the carrying amount. The value in use would lead to a carrying amount equal to the book value at a post-tax WACC discount rate of 20,41%, 13,30%, 16,56% resp. 11,45% (instead of 10,70%, 9,04%, 13,88% resp. 10,63%) or a negative growth rate in the terminal value of 16,38%, 3,20%, 0,13% (positive growth rate) resp. 2,82% (positive growth rate).

The estimated recoverable amount for Top System exceeded its carrying amount by approximately € 2,383k. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

**Change required
for carrying amount to equal
recoverable amount**

In percent	2022
Discount rate	0.8
Terminal value growth rate	-1.2

14. Property, plant and equipment

31 December 2022 (€k)	Land	Buildings	ROU - Land & Buildings	Technical equipment and machinery	ROU - Technical equipment and machines	Other equipment	ROU - Other equipment	Plant under construction and payments in advance	Property, plant and equipment
COST									
Balance as of December 31, 2021	105	1,793	23,153	131,537	8,727	19,391	4,551	46,080	235,337
FX differences	-2	-511	48	-943	252	-108	-16	-145	-1,425
Change in consolidation scope		2,460		4,514		78	39	124	7,215
Additions		98	2,426	5,944		1,546	1,306	46,591	57,911
Disposals			-104	-1,602		-123	-33		-1,862
Transfer		70		4,209		2,081		-6,306	54
Application of hyperinflation accounting (IAS 29)	0	417	376	1,189	0	418	8		2,408
Balance as of December 31, 2022	103	4,327	25,899	144,848	8,979	23,283	5,855	86,344	299,638

**ACCUMULATED
DEPRECIATION**

Balance as of December 31, 2021	0	331	6,812	66,080	4,913	7,288	2,091	325	87,840
FX differences		-1	92	41	103	-4	-35	16	212
Additions		58	3,062	13,654	870	2,763	872		21,279
Additions Impairment				62		1			63
Disposals			-104	-1,502		-109	-32		-1,747
Balance as of December 31, 2022	0	388	9,862	78,335	5,886	9,939	2,896	341	107,647

CARRYING AMOUNT

Carrying amount December 31, 2021	105	1,462	16,341	65,458	3,814	12,103	2,460	45,755	147,498
Carrying amount December 31, 2022	103	3,939	16,037	66,514	3,093	13,344	2,959	86,003	191,992

Capital expenditure focused on expanding production capacities, especially in Croatia.

Contractual commitments for the acquisition of property, plant and equipment amount to € 3,316k (2021: € 2,491k).

31 December 2021 (€k)	Land	Buildings	ROU - Land & Buildings	Technical equipment and machinery	ROU - Technical equipment and machines	Other equipment	ROU - Other equipment	Plant under construction and payments in advance	Property, plant and equipment
COST									
Balance as of December 31, 2020	1,464	17,373	11,251	114,838	8,472	14,889	3,254	7,336	178,877
FX differences	4	40	-42	698	229	-183	12	92	850
Additions		30	12,017	8,477	26	1,003	1,338	50,451	73,342
Disposals	-1,420	-11,382	-73	-4,172		-559	-9		-17,615
Transfer	57	-4,268		11,696		4,241	-44	-11,799	-117
Balance as of December 31, 2021	105	1,793	23,153	131,537	8,727	19,391	4,551	46,080	235,337

ACCUMULATED DEPRECIATION

Balance as of December 31, 2020	0	1,754	4,088	55,896	3,313	5,603	1,284	280	72,218
FX differences		5	48	388	85	-29	3	14	514
Additions		165	2,676	14,195	971	2,248	817		21,072
Additions Impairment				131					131
Disposals		-1,506		-4,036		-544	-9		-6,095
Transfer		-87		-494	544	10	-4	31	0
Balance as of December 31, 2021	0	331	6,812	66,080	4,913	7,288	2,091	325	87,840

CARRYING AMOUNT

Carrying amount December 31, 2020	1,464	15,619	7,163	58,943	5,159	9,286	1,970	7,056	106,660
Carrying amount December 31, 2021	105	1,462	16,341	65,458	3,814	12,103	2,460	45,755	147,498

Capital expenditure focused on expanding production capacities, especially in Croatia and France.

15. Leases

On 27 December 2018, Omial Novi d.o.o. and Aluflexpack Novi d.o.o. entered into lease agreements with WertInvest Nekretnine d.o.o., Croatia, an entity beneficially controlled by DDr. Michael Tojner, with respect to the owned properties and buildings situated on such properties in Zadar, Drniš and Omiš in Croatia. On 27 April 2021, the term of the lease agreements was extended by 5 years, ending on 31 December 2030. All other provisions of the original lease agreements remain in effect and unchanged.

15.1 ROU assets

(€k)	2022	2021
Balance as of January 01	22,615	14,292
Transfer	0	-584
Depreciation	-4,804	-4,464
Additions	3,732	13,381
Change in consolidation scope	39	0
Derecognition of right-of-use assets	-1	-73
FX differences	124	63
Other adjustment	384	0
Balance as of December 31	22,089	22,615

15.2 Amounts included in the income statement

(€k)	2022	2021
Interest expense lease liabilities	-569	-535
Short-term lease expenses	-327	-273
Expenses from leases for low-value assets, excluding short-term leases for low-value assets	-892	-709
Total values recorded in the income statement	-1,788	-1,517

15.3 Total cash outflow for leases

(€k)	2022	2021
Total cash outflow for leases	-7,020	-6,289

15.4 Leases in which the Aluflexpack Group is the lessor

There are no leases in which the Aluflexpack Group is the lessor.

16. Other receivables and assets

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

(€k)	31/12/2022	31/12/2021
Other receivables and assets	1,169	114
Total	1,169	114

(€k)	31/12/2022	31/12/2021
Derivative financial instruments	0	3,596
Other receivables and assets	2,589	1,906
Prepaid expenses / deferred charges	3,464	2,674
Other tax receivables	6,454	4,066
Total	12,507	12,242

17. Inventories

Inventories are distributed amongst the individual items as follows:

(€k)	31/12/2022	31/12/2021
Raw materials and supplies	41,202	24,957
Tools and replacement parts	2,182	2,198
Unfinished goods and services	27,240	20,109
Finished goods, merchandise and payments in advance	26,441	19,422
Inventories	97,065	66,686

18. Cash and cash equivalents

Cash and cash equivalents are distributed as follows:

(€k)	31/12/2022	31/12/2021
Cash	11	4
Bank deposits	23,289	15,610
Total	23,300	15,614

19. Employee benefits

(€k)	31/12/2022	31/12/2021
Net defined benefit liability	470	854
Severance payments	593	376
Anniversary bonuses	158	167
Employee bonuses	1,131	941
Other accruals for personnel	554	796
Entitlement to holiday, overtime, compensatory time	839	601
Redundancy payments	5	0
Total liabilities for employee benefits	3,750	3,735
thereof current	2,529	2,043
thereof non-current	1,221	1,691

Defined benefit pension plan

The two most significant plans are located in Liechtenstein and Switzerland (LLB Vorsorgestiftung für Liechtenstein for its employees in Liechtenstein and PKG Pensionskasse für KMU for its employees in Switzerland). In addition, a new plan was concluded in 2020 for the employees of Aluflexpack AG in Switzerland at Telco pkPRO.

(€k)	31/12/2022	31/12/2021
Present Value of Defined Benefit Obligation	3,603	3,808
Fair Value of Plan Assets	-3,133	-2,954
Net liability (+) / Net asset (-) in balance	470	854
thereof Switzerland	413	653
thereof Liechtenstein	57	201

Characteristics of defined benefit plans and risks associated with them

The Swiss pension plans are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The pension plan in Liechtenstein is governed by Liechtenstein Law (Gesetz über die betriebliche Personalvorsorge (BPVG)). For both jurisdictions the assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

The Swiss Group entities and also the Liechtenstein Group entity are affiliated to a collective pension fund. The plans are fully segregated from the ones of other participating employers.

The most senior governing body of the collective foundation is the Board of Trustees. All governing and administration bodies have an obligation to act in the interests of the plan participants.

Plan participants, their spouse and children are insured against the financial consequences of old age, disability and death. Their benefits are defined in pension plan rules compliant with the BVG in Switzerland and the BPVG in Liechtenstein, which is specifying the minimum benefits that are to be provided. Retirement benefits are based on the accumulated retirement capital which can either be drawn as a life-long annuity or as a lump sum payment.

The accumulated retirement capital is made of the yearly contributions towards the old age risk by both employer and employee and the interest thereon until retirement. Contributions towards the old age risk are based on the rules defined by the Board of Trustees of the collective foundations.

For Switzerland minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2022 and 2021 the minimum interest was 1.00%.

According to IAS 19, the pension plans are classified as "defined benefit" plan.

Movement in net defined benefit (asset) liability

The development of the pension obligation and the changes in the plan assets for the defined benefit pension plans can be illustrated as follows:

	Net liability		Fair Value of Plan Assets		Present Value of Defined Benefit Obligation	
	2022	2021	2022	2021	2022	2021
(-€k)						
Fair Value / Present Value at 1 January	854	944	-2,954	-2,557	3,808	3,501
Included in profit or loss						
Current service cost	241	358			241	358
Past service cost	0	0			0	0
Interest cost (income)	3	2	-9	-6	12	8
Plan amendments	-3	3			-3	3
	241	363	-9	-6	250	369
Included in OCI						
(i) Remeasurement loss (gain):						
Actuarial loss (gain) arising from:	-654	-257			-654	-257
- <i>experience adjustment</i>	386	-10			386	-10
- <i>demographic assumptions</i>	0	-253			0	-253
- <i>financial assumptions</i>	-1,040	6			-1,040	6
Return on plan assets excluding interest income	112	-105	112	-105		
(ii) Effect of movements in exchange rates:	45	53	-146	-123	191	176
	-497	-309	-34	-228	-463	-81
Other						
Changes in consolidation scope	0	0	0	0	0	0
Contributions paid by the employer	0	0			0	0
Employers contributions	-141	-154	-141	-154		
Employee contributions	0	0	-141	-154	141	154
Benefits paid	0	0	135	138	-135	-138
Administration expense	11	11	11	11		
	-130	-143	-136	-159	6	16
Balance at 31 December	470	854	-3,133	-2,954	3,603	3,808
<i>funded via provision</i>	0	0			0	0
<i>funded via plan assets</i>	470	854			3,603	3,809
<i>Thereof Switzerland</i>	413	653	-2,006	-1,945	2,422	2,598
<i>Thereof Liechtenstein</i>	57	201	-1,127	-1,009	1,181	1,211

The Group expects to pay € 135k in contribution to its defined benefit plans in 2023.

Plan assets

The market value of assets and the split into the asset categories of LLB Liechtenstein Pension Fund Foundation, the pension fund PKG and the Telco pk-PRO, is based either on the coverage ratio provided by the pension Fund as of November 30, 2022 or on the coverage ratio as per December 31, 2021 and the performance available provided by the pension fund as of November 30, 2022 and projected to December 31, 2022 using the Pictet LLP 2015-25 for the month of December.

The fair value of the plan asset categories are as follows:

(€k)	2022	2021
Equities		
- <i>quoted market prices</i>	967	891
Bonds		
- <i>quoted market prices</i>	1,186	1,068
Real estate		
- <i>quoted market prices</i>	224	248
- <i>other than quoted market prices</i>	176	132
Alternative investments		
- <i>quoted market prices</i>	172	152
Qualified insurance policies	322	349
Others	22	22
Cash	63	91
Balance at 31 December	3,133	2,954

Actuarial assumptions

The actuarial assumptions of the pension plan in Liechtenstein and Switzerland (pension plan of Process Point Service AG and Aluflexpack AG) are as follows:

	31/12/2022	31/12/2021
Discount rate (in %)	2.22%	0.31%
Salary increase (in %)	1.75%	1.00%
Pension indexation (in %)	0.00%	0.00%
Inflation rate (in %)	1.50%	0.75%
Fluctuation employees (in %)	8.22%	9.27%
Mortality/Disability Rates	BVG2020	BVG2020
Average retirement age (men)	65	65
Average retirement age (women)	64	64

The actuarial assumptions are recalculated at the end of each financial year. The actuarial assumptions are used to determine the liabilities at the end of the year and the pension costs of the following year.

As of December 31, 2022, the weighted-average duration of the defined benefit obligation was 16.5 years (2021: 19.3 years).

Sensitivity Analysis

A change in the above-mentioned actuarial assumptions used to determine the DBO as at 31.12.2022/31.12.2021 would increase or reduce the corresponding DBO (and ceteris paribus also the net pension liability) of the company as follows:

(€k)	31/12/2022 - Reduction / + Increase in DBO	31/12/2021 - Reduction / + Increase in DBO
Discount rate -0.50%	247	173
Discount rate +0.50%	-213	-159
Salary increase -0.25%	-13	-26
Salary increase +0.25%	14	26

Other accruals for personnel (balance sheet)

At the end of December 2019 / beginning of January 2020, a phantom stock agreement was concluded with certain employees of the Aluflexpack Group, which gives the beneficiary the opportunity to participate in an increase in the market value of Aluflexpack AG. The total carrying amount of liabilities at the end of the reporting period is € 554k (2021: € 733k), (see also Note 25 "Share-based payment arrangements").

20. Equity

20.1 Capital stock

As of 31 December 2022, the total authorized and issued number of ordinary shares comprises 17,300,000 shares with a nominal value of CHF 1,00 each. The split of the capital stock is shown in the table below.

Capital stock	December 31, 2022	December 31, 2021
Nominal value per share (CHF)	1.00	1.00
Total number of shares	17,300,000	17,300,000
Total amount of share capital (CHF)	17,300,000	17,300,000

The Principal Shareholder (Montana Tech Components AG) holds 53.6% of the shares as of 31 December 2022.

20.2 Earnings per share

The calculation of earnings per share has been based on the profit or loss attributable to shareholders of Aluflexpack AG as presented in the consolidated income statement and the weighted average of shares in circulation as of 31 December 2022.

	December 31, 2022	December 31, 2021
Total number of shares	17,300,000	17,300,000
Weighted average of ordinary shares in circulation	17,300,000	17,300,000
Result of the period attributable to the Owners of the company in €k	4,136	14,002
Basic earnings per share in EUR	0.2	0.8
Diluted earnings per share in EUR	0.2	0.8

20.3 Nature and purpose of reserves

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

20.4 Dividends

In the Top System shareholder meeting held in September 2022, a dividend was decided, which was paid out to the minority shareholder in November 2022 (€ 210k).

21. Financial liabilities

21.1 Changes in liabilities arising from financing activities

(€k)	31/12/2021	Currency translation	Reclassification	Additions consolidation scope	Repayment	Proceeds	Interest accrued/ other changes	Changes in Fair value	31/12/2022
Non-current financial liabilities									
Bank loans and borrowings	10,593	-2,023	-5,447	8	-100	71,785	0		74,817
Other financial liabilities*	6,557	442	-5,666	11,103	0	0	0	-488	11,948
Current financial liabilities									
Bank loans and borrowings	6,970	196	5,447	594	-7,589	21,868	599		28,086
Other financial liabilities*	0	-175	5,666	0	0	0	0	3,761	9,253
Total	24,121	-1,559	0	11,705	-7,689	93,653	599	3,273	124,103

* not including lease liabilities according to IFRS 16 € 22,985k (2021: € 23,852k) and accrued interest payable (3rd party) € 12k (2021: € 7k)

(€k)	31/12/2020	Currency translation	Reclassification	Additions consolidation scope	Repayment	Proceeds	Interest accrued/ other changes	Changes in Fair value	31/12/2021
Non-current financial liabilities									
Bank loans and borrowings	16,503	33	-5,767	0	-177	0	0		10,593
Other financial liabilities*	6,225	-32	0	0	0	0	0	365	6,557
Current financial liabilities									
Bank loans and borrowings	7,070	0	5,767	0	-7,060	1,119	76		6,970
Other financial liabilities*	7,285	-213	0	0	-7,721	0	314	335	0
Total	37,083	-213	0	0	-14,958	1,119	390	700	24,121

* not including lease liabilities according to IFRS 16 € 23,852k (2020: € 13,270k) and accrued interest payable (3rd party) € 7k (2020: € 8k)

21.2 Bank loans and borrowings

(€k)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2022
Loan	EUR	15.12.2023	variable	1.9%	1,246	1,246
Loan	EUR	15.12.2025	variable	1.6%	3,792	3,792
Loan	EUR	15.12.2025	variable	1.6%	3,792	3,792
Loan	EUR	31.08.2023	variable	2.2%	10,000	10,000
Loan	EUR	15.12.2023	variable	1.8%	1,669	1,669
Loan	CHF	> 1 year	variable	n/a	508	0
Loan	EUR	31.03.2027	variable	1.1%	70,000	69,746
Loan	EUR	30.06.2023	variable	3.5%	30,000	12,534
Loan	EUR	> 1 year	fix	1.5%	61	61
Loan	EUR	> 1 year	fix	3.0%	5	5
Loan	EUR	> 1 year	fix	1.1%	37	37
Loan	EUR	< 1 year	fix	7.5%	50	21
Total liabilities to financial institutions						102,903
Thereof non-current liabilities to financial institutions						74,817
Thereof current liabilities to financial institutions						28,086

(€k)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2021
Loan	EUR	15.12.2023	variable	1.8%	2,649	2,649
Loan	EUR	15.12.2025	variable	1.5%	5,048	5,048
Loan	EUR	15.12.2025	variable	1.5%	5,048	5,048
Loan	EUR	31.08.2022	variable	1.9%	10,000	0
Loan	EUR	15.12.2023	variable	1.8%	3,528	3,528
Loan	CHF	> 1 year	variable	2.0%	484	0
Loan	EUR	17.12.2025	variable	1.2%	25,000	1,000
Loan	EUR	> 1 year	fix	1.5%	111	111
Loan	EUR	> 1 year	fix	3.0%	25	25
Loan	EUR	> 1 year	fix	1.1%	127	127
Loan	EUR	< 1 year	fix	1.2%	27	27
Total liabilities to financial institutions						17,563
Thereof non-current liabilities to financial institutions						10,593
Thereof current liabilities to financial institutions						6,970

All the loans with the European Bank for Reconstruction and Development and OTP Banka are guaranteed by Montana Tech Components AG and Aluflexpack AG for the EUR 10m line.

The UniCredit Bank Austria AG granted Aluflexpack AG a revolving credit facility in the amount of € 15,000k in December 2020 which was fully replaced in 2022.

In April 2022, Aluflexpack AG entered into a syndicated loan agreement with a banking syndicate for a total amount of EUR 100m, of which EUR 70m as an amortisation facility and EUR 30m as a revolving facility. As of December 31, 2022, the entire amount had been drawn from the amortisation facility and EUR 12m from the revolving facility. The amortisation loans granted under the amortisation facility (EUR 70m) are to be repaid by Aluflexpack AG within one to five years (maturity date March 31, 2027). In addition, the OTP Banka line of EUR 10m was also drawn from Aluflexpack Novi in 2022.

For liabilities at variable interest rates, the fair value corresponds to the reported carrying amount.

Moreover, the Group is required to adhere to various defined financial ratios under the credit agreements (including interest coverage ratio, total liabilities to equity ratio, current ratio, net financial debt to EBITDA ratio).

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

All of these bank covenants have been met as of 31 December 2022.

21.3 Other financial liabilities

Other financial liabilities and loan liabilities to affiliated companies are composed as follows:

(€k)	31/12/2022	31/12/2021
Lease liabilities (according to IFRS 16)	22,984	23,852
Other financial liabilities	21,213	6,564
Other financial liabilities	44,197	30,416
Thereof current	13,208	4,140
Thereof non-current	30,989	26,276

In accordance with the shareholder agreement of 12 May 2022 between Aluflexpack AG/Arimpeks and the existing shareholders of Teko, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Teko to Aluflexpack AG/Arimpeks. In addition, a call option is granted to Aluflexpack AG/Arimpeks to buy the remaining 20% interest in Teko. The option price for the share options (20% of the entire share capital) is calculated as the higher of 1) 20% of purchase price or 2) based on a calculated enterprise value for 100% of the shares. The written put option is recognised as “other financial liability” and no interest of non-controlling shareholders is presented since it is deemed to have acquired the 20% interest at the date of acquisition. As of December 31, 2022, the liability is recognised at the present value of the exercise price of the option which amounts to € 11,436k.

In accordance with the shareholder agreement of 26 August 2018 between Aluflexpack AG and one existing shareholder of Arimpeks, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Arimpeks to Aluflexpack AG. In addition, a call option is granted to Aluflexpack AG to buy the remaining 20% interest in Arimpeks. The option price for the share options (20% of the entire share capital) is calculated as the higher of 1) the equity value for 20% of shares or 2) based on a calculated enterprise value for 100% of the shares. The written put option is recognized as “other financial liability” and no interest of non-controlling shareholders is presented since it is deemed to have acquired the 20% interest at the date of acquisition. The liability is recognized at the present value of the exercise price of the option which amounts to € 7,285k in 2020. This option was exercised in June 2021 (see also note 2, “Significant changes in the reporting periods”).

In accordance with the shareholder agreement of 9 September 2020 between Aluflexpack AG and one existing shareholder of Top System, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Top System to Aluflexpack AG. In addition, a call option is granted to Aluflexpack AG to buy the remaining 20% interest in Top System. The option price for the share options (20% of the entire share capital) is based on a calculated enterprise value for 100% of the shares. The written put option is recognized as “other financial liability” and no interest of non-controlling shareholders is presented since it is deemed to have acquired the 20% interest at the date of acquisition. The liability is recognized at the present value of the exercise price of the option which amounts to € 6,967k (2021: € 3,857k).

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

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

The fair value for both obligations amount to € 2,798k (2021: € 2,700k).

22. Accruals

Accruals comprise the following significant items:

(€k)	31/12/2022	31/12/2021
Audit, tax advisory and legal advisory	169	169
Outstanding invoices	2,002	378
Customer bonuses, rebates and discounts	1,943	1,397
Other accruals	594	394
Accruals	4,708	2,338

23. Other liabilities

The split of other liabilities is as follows:

(€k)	31/12/2022	31/12/2021
Deferred income	260	228
Other tax payables	2,711	1,932
Derivative financial instruments	3,467	0
Other *	10,528	5,479
Other liabilities	16,966	7,639
thereof current	10,234	4,236
thereof non-current	6,733	3,404

* thereof € 6,733k from subsidies for projects in 2022 (2021: € 3,404k)

24. Personnel expenses

Personnel expenses contain the following items:

(€k)	2022	2021
Wages and salaries	34,408	29,695
Severance and redundancy	351	370
Compulsory social security expenses	2,307	1,879
Pension expenses	249	363
Stock option plans (share based payments)	-142	398
Other personnel expenses	1,529	772
Total	38,702	33,477

Regarding stock option plans see Note 25 "Share-based payment arrangements".

At the end of 2022, the Aluflexpack Group had 1.537 employees (2021: 1.342).

25. Share-based payment arrangements

Employee stock option program (MSOP) – cash settled

At the end of December 2019 / beginning of January 2020, a phantom stock agreement was concluded with certain employees of the Aluflexpack Group, which gives the beneficiary the opportunity to participate in an increase in the market value of Aluflexpack AG. The beneficiaries are granted 173,182 phantom stocks, virtual shares that entitle them to a cash payment after the end of each period of service. The awards vest in installments over the vesting period that end in April 2023. The prerequisite for exercising is that the beneficiaries are in an unconditional service relationship with the Aluflexpack Group at the time of exercising.

Details of the liabilities arising from the phantom stock were as follows:

The total carrying amount of liabilities at the end of the reporting period is € 554k (2021: € 733k).

The total intrinsic value of liabilities for vested benefits at the end of the reporting period is € 44k (2021: € 49k).

The number and average exercise prices of the phantom stock developed as follows:

Phantom stocks	Phantom stocks 1 January	Expired (-)	Exercised (-)	Granted (+)	Not exercised (-)	December 31, 2022	
						Total phantom stocks	Thereof exercisable
Number of outstanding share options	93,596					93,596	

The phantom stock outstanding as of December 31, 2022 had an exercise price of CHF 16.80 and an average weighted remaining contractual life of around 1 year.

In 2022, no phantom stock was exercised, since the weighted average price was below the exercise price.

The weighted average share price on the exercise date of the phantom stock exercised in 2021 was CHF 34.13.

Determination of the fair values

The fair value of the share-based payment system has been measured using the Black Scholes formula.

The inputs used in measurement date of the option per December 31, 2022 were as follows:

	December 31, 2022	December 31, 2021
Fair value (CHF)	5.82	9.18
Share price (CHF)	17.66	24.00
Exercise price (CHF)	16.80	16.80
Volatility (%)	50.60	53.00
Expected life (years)	4	4
Risk-free interest rate (based on government bonds, %)	1.28	-0.74

Expense recognised in profit or loss

For details of the related employee benefit expenses, see note 24.

Management stock option program (MSOP) – equity settled

In May 2021, a long-term performance share plan for the members of the Management Board was approved and launched by the Board of Directors. The plan is settled at equity. The granting of performance shares and payment in real shares of Aluflexpack AG is subject to the approval of the General Meeting of Aluflexpack AG. For the first performance period starting 1 January 2021 and ending 31 December 2024, a total of 6,735 performance shares were granted to members of the Management Board (representing a target achievement of 100%). For the second performance period starting 1 January 2022 and ending 31 December 2025, a total of 8,909 performance shares were granted to members of the Management Board (representing a target achievement of 100%). The performance shares have a term of 4 years each. Performance targets and respective weightings were set as follows: 40% relative Total Shareholder Return, 40% Return on Capital Employed and 20% Environmental, Social and Governance targets. The degree of achievement of the performance targets, and hence, the final number of performance shares, is determined by the Nomination and Compensation Committee after the conclusion of a four-year performance period. The performance shares cannot be sold, pledged, transferred, assigned or inherited. The performance share plan has an insignificant impact on 2022 (€ 69k) and 2021 (€ 39k) figures.

Expense recognised in profit or loss

For details of the related employee benefit expenses, see note 24.

26. Other operating income

Other operating income contains the following items:

(€k)	2022	2021
Income from reversal of provisions and accruals	101	0
Own work capitalised	378	33
Income from disposal of recycling products	10,307	7,209
Income from insurance	135	348
Income from claim	70	0
Grants and public benefits	657	447
Other	4,069	2,154
Other operating income	15,717	10,191

In 2022, the position “Other” includes the net monetary position due to the application of IAS 29 (see also note 7, “Changes in significant accounting policies”).

In 2021, a gain from the disposal of tangible assets concerning the sale and leaseback transaction in the amount of € 1,036k is shown in “Other operating income” (see also note 2, “Significant changes in the reporting period”).

27. Other operating expenses

Other operating expenses comprise the following items:

(€k)	2022	2021
Energy costs	21,351	8,445
Maintenance from third parties	2,704	2,547
Freight-out costs and customs duties	8,971	7,136
Accrual of provisions for bad debt	-1,373	77
Commissions	222	260
Legal advice, audit and consulting fees	2,182	2,124
Rental and leasing expenses	1,219	982
Travel expenses	563	302
Phone and postal charges, IT supplies	706	643
Insurance	1,117	870
Marketing, advertising and entertainment expenses	840	416
Directors' remuneration	151	126
Taxes other than income taxes	881	555
Other operating expenses	4,561	2,900
Total other operating expenses	44,095	27,383

In 2022, the position "Other operating expenses" includes the net monetary position due to the application of IAS 29 (see also note 7, "Changes in significant accounting policies").

28. Net financial result

The interest income is attributable to cash and cash equivalents. The interest expense is attributable to liabilities measured at amortised cost.

Other financial income and other financial expenses are composed as follows:

(€k)	2022	2021
Foreign currency exchange gains	651	4,143
Other	491	3,267
Other financial income	1,142	7,410
(€k)	2022	2021
Foreign currency exchange losses	3,936	4,803
Other	11,569	2,259
Other financial expenses	15,505	7,062

In 2022, other financial income in the amount of € 488k relates to the remeasurement of the put option Process Point Service AG.

In 2021, other financial income in the amount of € 2,232k relates to the valuation of derivative positions and € 1,035k relates to the remeasurement of the put option Top System.

In 2022, other financial expenses in the amount of € 7,055k relates to the valuation of derivative positions and € 4,150k the remeasurement of the put options (excluding effects of currency translation).

In 2021, other financial expenses in the amount of € 2,049k relates to the remeasurement of the put option Omial Novi d.o.o., Process Point Service AG and Arimpeks (excluding effects of currency translation).

29. Income taxes

Amounts recognised in profit or loss

(€k)	2022	2021
Current year tax expense	-4,632	-3,734
Previous year tax income	442	0
Deferred tax expense/income	2,461	-27
Tax expense for the year	-1,729	-3,761

Reconciliation of effective tax rate:

(€k)	2022	2021
Result before tax	6,163	17,929
Income tax rate of the entity	17.2%	17.9%
Tax using the Group's weighted average applicable tax rate	-1,060	-3,211
Effect of tax rates in foreign jurisdictions	-92	-76
Tax-free income	36	0
Current year losses for which no deferred tax asset is recognised	-1,198	-696
Utilisation of unrecognised tax losses brought forward	94	56
Non-tax deductible expenses	-74	-59
Change in valuation of deferred tax assets	-394	0
Other	959	225
Income tax	-1,729	-3,761

The weighted average tax rate has been calculated ignoring algebraic signs.

The weighted average applicable tax rate varies from one year to the other depending on the relative weight of the profit of each individual entity in the Group's profit.

Movement in deferred tax balances

The movement in deferred tax balances is as follows:

(€k)	2022	2021
Net balance at 1 January	-3,244	-4,066
Recognised in profit or loss	2,461	-27
Recognised in OCI	-68	-36
Acquired in business combinations	-4,997	0
Application of hyperinflation accounting (IAS 29)	-3,259	0
Other (including foreign exchange differences)	2,100	885
Net balance at 31 December	-7,007	-3,244

The Group has the following unrecognised tax loss carryforwards that can be utilised for tax purposes:

(€k)	31/12/2022	31/12/2021
within 3 years	372	0
within 4 years	15,035	355
within 5 years	3,208	14,331
within 6 years	5,058	3,058
within 7 years	4,273	4,821
no expiration	6,410	6,732
Total tax loss carryforwards as of end of period	34,356	29,297

Each year, the recognition of tax losses carried forward that can be utilised for tax purposes is reassessed based on current assumptions and management estimates. When doing so, those loss carryforwards are recognised that will be able to be used within the next five years based on the earnings situation at the specific company or consolidated tax group. In countries or for companies with a history of tax losses, where no other convincing evidence can be sustained that sufficient taxable profit will be available, deferred tax assets are only recognized to the amount that sufficient taxable temporary differences exist.

As of 31 December 2022, deferred tax assets in the amount of € 2,351k were recognised based on the aforementioned assessments (2021: € 32). All country-specific tax provisions were complied with and tax structuring possibilities taken account of.

Deferred tax assets and liabilities are attributable to the following balance sheet items:

(€k)	Deferred tax assets	Deferred tax liabilities	31/12/2022 net	Deferred tax assets	Deferred tax liabilities	31/12/2021 net
Intangible assets	17	8,627	-8,610	17	2,575	-2,558
Property, plant and equipment	5	1,494	-1,489	6	403	-397
Other non current receivables and assets	25	0	25	65	0	65
Inventories	67	718	-651	69	309	-240
Trade receivables	14	189	-175	18	134	-116
Other current receivables and assets	6	1	5	8	647	-639
Non-current financial liabilities	678	566	112	541	0	541
Other non-current liabilities	0	9	-9	0	0	0
Liabilities for employee benefits	191	0	191	218	0	218
Current financial liabilities	101	12	89	148	2	146
Trade payables	0	3	-3	2	1	1
Other current liabilities	1,478	321	1,157	6	303	-297
Tax loss carried forward	2,351	0	2,351	32	0	32
Offset	-1,003	-1,003	0	-696	-696	0
Total deferred tax assets / liabilities	3,930	10,937	-7,007	434	3,678	-3,244

Deferred tax liabilities were only recognised for temporary differences relating to investments in subsidiaries to the extent that taxes will be incurred upon reversal of the differences.

30. Related parties

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

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

30.1 Overview

The significant transactions with related parties in 2022 and 2021 are lease contracts resulting in lease expenses and the sale and leaseback transaction between Aluflexpack Novi d.o.o. and WertInvest Nekretnine d.o.o.

The transactions and outstanding amounts with related parties were included in the following items in 2022 and 2021:

2022	Transaction volume		Outstanding amount	
	Revenue	Expense	Receivables	Payables
Transaction type (in €k)				
Transactions with persons and companies related to the main shareholder*	0	2,949	0	71
Transactions with affiliated companies	53	371	3	0
Operating activity	53	3,320	3	71
Total	53	3,320	3	71

2021	Transaction volume		Outstanding amount	
	Revenue	Expense	Receivables	Payables
Transaction type (in €k)				
Transactions with persons and companies related to the main shareholder*	13,750	1,855	0	79
Transactions with affiliated companies	47	357	3	61
Operating activity	13,797	2,212	3	140
Balance as of December 31, 2020				0
Interest	8			
Transactions with affiliated companies	8	0	0	0
Financing activity	8	0		0
Total	13,805	2,212	3	140

* Regarding sale and leaseback transaction with WertInvest Nekretnine d.o.o. see note 2 ("Significant changes in the reporting period").

30.2 Remuneration paid to the Group Management

Remuneration paid to the Group Management was as follows in the year under review:

(€k)	2022	2021
Short-and long-term employee benefits	970	1,004
Remuneration to Management members of AFP	970	1,004

Group Management consists of Johannes Steurer (CEO) and Lukas Kothbauer (CFO).

31. Contingent liabilities

As of the balance sheet date, the Group had no contingent liabilities.

32. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise (see also Note 7).

32.1 Basis of consolidation

i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

ii) Subsidiaries

The consolidated financial statements and notes thereto include Aluflexpack as well as its subsidiaries. These are all companies over which the Group has control. The Group has control, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, the ownership of more than 50% of voting shares provides an entity with control. The existence and effect of potential voting rights that are currently exercisable or convertible when assessing whether the Group controls another entity are taken into account.

The subsidiaries are consolidated as of the date on which control is transferred to the Group. They are de-consolidated on the date on which such control ceases to exist.

iii) Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest over a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

32.2 Currency translation

i) Foreign operations

Assets and liabilities of foreign operations, including Goodwill and fair value adjustments arising from acquisitions, with a functional currency other than the Euro are translated into Euro at the exchange rates at the reporting date. Revenues and expenses are translated using average exchange rates for the year. Differences arising from the translation of assets and liabilities in comparison with the previous periods are recognized as a separate component of equity.

ii) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary items in foreign currency are translated using the exchange rates on the balance sheet date. Gains and losses resulting from foreign currency transactions are recognized in the income statement as incurred.

The currency translation exchange rates with a material impact on the consolidated financial statements are as follows:

1 €	Closing rate		Average rate	
	31/12/2022	31/12/2021	2022	2021
HRK (Croatian Kuna)	7.5365	7.5156	7.5349	7.5284
PLN (Polish Zloty)	4.6808	4.5969	4.6861	4.5652
CHF (Swiss Franc)	0.9847	1.0331	1.0047	1.0811
TRY (Turkish Lira)	19.9649	15.2335	19.9649	10.5124

32.3 Financial instruments

32.3.1 Recognition and initial measurement

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

32.3.2 Derivative financial instruments

The Group holds derivative financial instruments to hedge its commodity price risk. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

32.3.3 Equity

Share capital

Shares are part of equity since they are not repayable and there are no dividend guarantees. Any costs directly related to an increase in the share capital are deducted from equity.

Dividends

Dividends are reported as a liability as soon as they are approved by the Annual General Meeting.

32.4 Intangible assets

32.4.1 Goodwill

The positive difference between the fair value of the consideration transferred plus the recognised amount of non-controlling interests in the purchased company plus the fair value of existing equity shares in the company purchased in the case of an acquisition in steps and the fair value of all net assets acquired is recognised as goodwill (see Note 6). If the difference is negative, the profit is recognised immediately in profit or loss.

Goodwill is not systematically amortised but is tested for impairment at least once annually or whenever there is any indication of impairment (see Note 32.8 "Impairment").

32.4.2 Research and development

Research costs incurred for the purpose of obtaining new technological knowledge or basic understanding are recognised as an expense. Development costs incurred to achieve new or significantly improved products or processes are capitalised provided all of the following conditions are fulfilled: Resources controlled by the entity from which future economic benefits are expected to flow to the entity, lack physical substance and identifiable. Capitalised development costs are recognised at cost less cumulative amortisation and any impairment (see Note 32.8 "Impairment"). Other development costs are recognised as an expense as incurred.

32.4.3 Other intangible assets

Other intangible assets include trademarks and patents, licenses, corporate brands and capitalised, acquired customer relationships.

Intangible assets with determinable useful lives are recognised at cost less cumulative amortisation and impairment losses (see Note 32.8 "Impairment"). Subsequent expenditures are capitalized if it is probable that they will increase the future economic benefit. All other expenses are charged directly to profit or loss when incurred. Intangible assets are amortised straight-line over their estimated useful lives, starting on the date on which they are available for use. The estimated useful life for concessions, licenses and other intangible assets is 3 to 16 years, and customer relationships with determinable useful lives are amortised over a period of 5 and 15 years.

Intangible assets with indeterminable useful lives such as Corporate Brands are not amortised but subjected to an annual impairment test (see Note 32.8 “Impairment”).

32.5 Property, plant and equipment

Property, plant and equipment is measured at cost less cumulative depreciation and any impairment losses. Items of property, plant and equipment with varying useful lives are recognised individually and depreciated separately. Subsequent expenditures are capitalized when it is probable that the economic benefit will flow to the entity. All other expenses for property, plant and equipment are recognised immediately as an expense.

With the exception of land, all property, plant and equipment is depreciated to profit or loss on a straight-line basis over the following expected useful lives:

Buildings	30 - 40 years
Technical equipment and machinery	4 - 25 years
Other equipment	3 - 15 years

The method of depreciation, the useful life and the assumed residual value, if not immaterial, are reviewed each year.

32.6 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

32.7 Inventories

Inventories are recognised at the lower of cost or net realisable value. Net realisable value is the estimated average selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Internally generated products are measured at the cost of conversion and purchased products at the cost of purchase. The cost of conversion includes direct materials and direct labour costs as well as the allocable portion of overheads. Fixed production overheads are based on the normal capacity of the production facilities. Inventories are generally measured using the first-in, first-out (FIFO) formula.

32.8 Impairment

Financial assets

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs (expected credit losses).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Non-financial assets

The carrying amounts of non-financial assets are assessed for indications of impairment as of each balance sheet date, except for assets from employee benefits (see 19 "Employee benefits"), inventories (see 17 "Inventories") and deferred tax assets (see 29 "Income taxes"). If there are any such indications, the recoverable amount is determined.

The recoverable amount is determined at the same time each year for goodwill and intangible assets with an indeterminable useful life or that are not yet available for use.

The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of the value in use and fair value less costs to sell. To estimate value in use, the estimated future cash flows are discounted to present value. When performing the impairment test, the assets are divided into the smallest group of assets that generates independent cash inflows (cash-generating units).

The goodwill acquired is allocated for the purpose of impairment testing to those cash-generating units that are expected to benefit from synergies from the underlying business combination.

An impairment loss exists if the carrying amount of an asset of a cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in income. Impairment losses recognised for a cash-generating unit or a group of cash-generating units are first allocated to goodwill and then pro rata to the other assets of the unit or group.

Goodwill impairment is not reversed.

In the case of impairment losses recognised for other assets, an assessment is made at each balance sheet date as to whether there are indications that the loss may have decreased or may no longer exist. Reversals of impairment losses are made to the increased recoverable amount, which may not, however, exceed the original amortised carrying amount of the asset.

32.9 Non-current assets held for sale

Non-current assets or groups of assets, including directly allocable liabilities, are classified as "held for sale" and reported as a separate item in the balance sheet if the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and the sale must be highly probable.

Immediately before the asset is classified as "held for sale", the carrying amounts of the asset are remeasured in accordance with group-wide accounting policies. After reclassification, the assets (or disposal groups) are measured at the lower of the carrying amount and fair value less costs to sell. From such point onward the asset is no longer depreciated. Any impairment of a disposal group is first allocated to goodwill and then pro rata to the other assets and liabilities. Impairment losses from initial classification as "held for sale" are recognised in profit or loss.

32.10 Post-employment benefits and other employee benefits

The Group provides defined benefit or defined contribution pension plans for portions of the work-force in addition to the government retirement benefits. The pension plans provide age-related benefits and benefits in the event of death or invalidity.

32.10.1 Defined contribution plans

In the case of defined contribution plans, the expenses reported in the statement of profit or loss correspond with the contributions made by the employer.

32.10.2 Defined benefit plans

For all significant defined benefit plans, the defined benefit obligation (DBO) is determined each year by independent actuaries using the projected unit credit method. The fair value of plan assets is then deducted. The discount rate is based on the interest rate for high-quality corporate bonds having terms similar to those of the defined benefit obligations. Plan costs resulting from employee service in the current period (current service cost) are recognised in profit or loss.

Any increase in plan costs from past employee service that is attributable to new or improved plan benefits (past service cost) is recognised on a straight-line basis as an expense from post-employment or other employee benefits until the benefits concerned are vested. To the extent that the benefits are already vested immediately, the past service cost is recognised immediately.

Excess amounts of plan assets over the DBO are only recognised if they are actually available to the Group in the form of future contribution payments or reductions.

Service and interest cost are reported under personnel expenses.

32.11 Accruals

Accruals refer to future expenditures that are uncertain in terms of their amount or timing but where the uncertainty is less than in the case of provisions. Accruals include liabilities for items or services received or supplied that have neither been paid for nor invoiced or formally agreed. They also include current liabilities to employees (for instance bonuses or holiday entitlements). Accruals are carried in the amount of the expected utilisation.

32.12 Provisions

Provisions are recognised if the Group has a present obligation to a third party based on a past event, an outflow of resources to settle the obligation is probable and the amount of the obligation can be reliably estimated. Provisions are discounted where the effect is material.

Provisions where the outflow of resources is likely to occur within the next year are classified as current, and all other provisions as non-current.

32.13 Revenue and earnings recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. Customers obtain control of the products mainly upon arrival at the customer or when the goods are dispatched from the Group's warehouse. Invoices are generated and revenue is recognised at that point in time.

Invoices are usually payable within a range of 10 and 180 days (specified in the individual customer contracts).

At the end of the year, customer discounts are granted to certain customers, provided that a specific sales volume is exceeded (almost exclusively quantity discounts). Discounts are already being demarcated during the year.

Similar to the discounts, cash discounts granted are to be taken into account in the revenue recognition on an ongoing basis. Due to the insignificance, no significant implications were identified.

32.14 Net financial result

Net interest expense includes income from financial assets and cash and cash equivalents as well as expenses from liabilities to financial institutions and other financial liabilities. Interest income and expenses are recognised in profit or loss in the period in which they are incurred using the effective interest rate method.

The Group recognises borrowing costs incurred in connection with the acquisition of a qualifying asset in accordance with IAS 23.4. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Dividend income is recognised in income when the right to receive payment is established.

32.15 Income taxes

Income taxes include both current and deferred taxes on income. Income taxes are normally recognised in profit or loss unless they refer to an item that is recognised directly in the consolidated statement of comprehensive income.

Current income taxes are charged on taxable profit based on the tax rates applicable at the balance sheet date including expenses for taxes for past periods.

Under the balance sheet liability method, deferred taxes are calculated for all temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base. Deferred taxes are measured at the tax rates applicable or expected to be applicable to the Group entity in question.

Relevant tax rate in Austria is 25%, in Croatia 18%, in Poland 19%, in Liechtenstein 12,5%, in Switzerland between 15,1% and 18,50%, in France 25% and in Türkiye 23%.

Deferred taxes are not recognised for the following temporary differences: initial recognition of goodwill, initial recognition of an asset or liability associated with a transaction affecting neither taxable profit or accounting profit and temporary differences on investments in subsidiaries, provided that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets on tax losses carried forward and deductible temporary differences are only recognised to the extent it is probable that it will be possible to utilise them against future taxable profits.

33. Subsidiaries and Non-Controlling Interest

As of 31 December 2022, Aluflexpack held shares in the following companies:

Name of the company	Directly held/ Indirectly held	Location	Country	Currency	Interest	Share capital
AFP Group GmbH	Directly held	Wien	AT	EUR	100.00%	35,000
Arimpeks Aliminyum San. İç ve Dış Tic. A.Ş	Directly held	Istanbul	TR	TRY	100.00%	223,885,749
Top-System sp.z.o.o.	Directly held	Tarnowo Podgorne	PL	PLN	80.00%	1,000,000
Teko Alüminyum Sanayi Anonim Şirketi	Directly/indirectly held	Istanbul	TR	TRY	80.00%	7,000,000
Aluflexpack Novi d.o.o	Indirectly held	Umag	HR	HRK	100.00%	1,000,000
Omial Novi d.o.o.	Indirectly held	Omis	HR	HRK	97.00%	7,274,728
Aluflexpack Polska sp. z.o.o	Indirectly held	Poznan	PL	PLN	98.47%	6,006,548
Process Point Service AG	Indirectly held	Triesen	LI	CHF	92.15%	1,000,000
Eliopack s.a.s.	Indirectly held	La Ferte Bernard	FR	EUR	80.00%	1,340,000

As of 31 December 2021, Aluflexpack held shares in the following companies:

Name of the company	Directly held/ Indirectly held	Location	Country	Currency	Interest	Share capital
AFP Group GmbH	Directly held	Wien	AT	EUR	100.00%	35,000
Arimpeks Aliminyum San. İç ve Dış Tic. A.Ş	Directly held	Istanbul	TR	TRY	100.00%	2,000,000
Top-System sp.z.o.o.	Directly held	Tarnowo Podgorne	PL	PLN	80.00%	1,000,000
Aluflexpack Novi d.o.o	Indirectly held	Umag	HR	HRK	100.00%	1,000,000
Omial Novi d.o.o.	Indirectly held	Omis	HR	HRK	97.00%	7,274,728
Aluflexpack Polska sp. z.o.o	Indirectly held	Poznan	PL	PLN	98.47%	6,006,548
Process Point Service AG	Indirectly held	Triesen	LI	CHF	92.15%	1,000,000
Eliopack s.a.s.	Indirectly held	La Ferte Bernard	FR	EUR	80.00%	1,340,000

Non-Controlling Interest (NCI) is only recognized within equity for Eliopack SAS.

The following table summarises the information relating to each of the Group's subsidiaries that has NCI, before any intra-group eliminations.

	2022 Eliopack SAS	2021 Eliopack SAS
NCI percentage	20%	20%
Non current assets	20,912	21,318
Current assets	14,040	10,802
Non current liabilities	-13,633	-13,478
Current liabilities	-13,241	-12,051
Net assets	8,078	6,591
Net assets attributable to NCI	1,616	1,318
Revenue	50,187	34,707
Profit	1,488	832
OCI	0	0
Total comprehensive income	1,488	832
Profit allocated to NCI	298	166
OCI allocated to NCI	0	0

34. Events after the balance sheet date

At the beginning of 2023, an employee stock option program ("ESOP") was concluded with certain employees of the Aluflexpack Group, which gives the beneficiary the opportunity to participate in an increase in the market value of Aluflexpack AG. The beneficiaries are granted 196,244 phantom stocks, virtual shares that entitle them to a cash payment after the end of each period of service. The awards vest in installments over the vesting period that end in April 2027. The prerequisite for exercising is that the beneficiaries are in an unconditional service relationship with the Aluflexpack Group at the time of exercising.

There were no other events after the balance sheet date that had a material effect on the consolidated financial statements of Aluflexpack.



Statutory Auditor's Report

To the General Meeting of Aluflexpack AG, Reinach (AG)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Aluflexpack AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 117 to 168) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



EXISTENCE AND ACCURACY OF REVENUE



VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



EXISTENCE AND ACCURACY OF REVENUE

Key Audit Matter

The Group manufactures flexible packaging products and solutions, mainly aluminium-based, and recognises revenue when the customers obtain control of the products.

Revenue is the basis for evaluating the course of business of the Group and is thus a focus area of internal target setting and external expectations. These expectations create potential pressure on management to achieve the set targets, which leads to an increased risk in revenue recognition, in particular that revenue is overstated or not recognised in the correct period.

Our response

Amongst others, we performed the following audit procedures:

- Obtaining an understanding of significant customer contracts and revenue streams and testing selected key controls over revenue recognition;
- Comparing a sample of revenue transactions throughout the year to underlying customer orders, delivery papers and invoices;
- Assessing on a sample basis whether sales transactions on either side of the balance sheet date are recognised in the correct period by inspecting invoices, delivery papers and applicable commercial terms;
- Inspecting a sample of credit notes issued after balance sheet date and evaluating whether the related adjustments to revenue are recognised in the appropriate period;
- Comparing recorded revenue and margins to budget and prior year to identify significant or unusual deviations. We discussed such analysis with management and corroborated with additional documentation where appropriate;
- Additionally, we identified transactions that deviated from the standard processes, such as entries by management or manual entries, for further investigation and validated the existence and accuracy of this population.

For further information on revenue refer to the following:

- Notes to the Consolidated Financial Statements, 12. Segment reporting, page 137
- Notes to the Consolidated Financial Statements, Significant accounting policies, 32.13 Revenue and earnings recognition, page 166

**Key Audit Matter**

The Group reports goodwill and other intangible assets with indefinite useful life totalling EUR 37.9 million as of 31 December 2022, arising from past business combinations.

Management assesses goodwill and other intangible assets with indefinite useful life for impairment on a yearly basis using a discounted cash flow model to determine the value in use of the cash-generating units (CGUs). In case of business combinations occurring during the reporting period, management applies judgement in allocating goodwill and intangible assets to the appropriate CGUs. Performing the impairment test on the level of individual CGUs requires the use of a number of key assumptions and judgements, including estimated future cash flows, long-term growth rates, profitability levels and discount rates.

We focused on this area in light of the amounts involved and the level of judgement and estimation required.

Our response

Our audit procedures included, amongst others, conducting sensitivity analysis on key assumptions, evaluating the methodical and mathematical accuracy of the valuation model used for the impairment testing, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures.

In particular, we performed the following for CGU's sensitive to changes in key assumptions:

- Gaining an understanding and assessing the reasonableness of business plans and forecasts by back-testing historical forecasts to actual results;
- Comparing business plan data against the latest plans approved by the board of directors and forecasts approved by management;
- Challenging the robustness of the key assumptions used to determine the recoverable amount, including identification of the CGUs and respective goodwill allocation, forecast cash flows, long-term growth rates, profitability levels and discount rates based on our understanding of the commercial prospects of the related CGUs and by comparing them with publicly available data, where possible;
- Recalculating the recoverable amount and its surplus over the carrying amount to assess the headroom for selected CGUs.

We also considered the appropriateness of disclosures in the consolidated financial statements.

For further information on goodwill and other intangible assets with indefinite useful life refer to the following:

- Notes to the Consolidated Financial Statements, 13. Intangible assets, page 139
- Notes to the Consolidated Financial Statements, Significant accounting policies, 32.4 Intangible assets, page 163
- Notes to the Consolidated Financial Statements, Significant accounting policies, 32.8 Impairment, page 164



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 22 March 2023



Arimpeks Alüminyum, Türkiye, 2018

Arimpeks joined the Group in 2018 and is a leading manufacturer of blister foil for the pharmaceutical end market in Türkiye. The company also exports its products to the neighbouring countries and is a strategic stepping-stone to expand business in the MENA region.

Statutory Accounts

Balance Sheet as of 31 December (CHF)	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents		985,750.36	623,816.27
Trade receivables			
- from holders of participations		3,424.35	2,870.01
- from entities in which the entity holds a participation		74,930.74	70,297.04
Other short-term receivables			
- from third parties		135,185.60	77,519.29
		1,199,291.05	774,502.61
Non-current assets			
Financial assets	2.1	166,387,988.78	100,426,638.12
Investments	2.2	53,822,388.50	45,112,457.59
		220,210,377.28	145,539,095.71
TOTAL ASSETS		221,409,668.33	146,313,598.32
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Trade accounts payable			
- to third parties		267,618.67	336,549.58
- to holders of participations and governing bodies		0.00	47,065.42
- to entities in which the entity holds a participation		49,510.04	102,159.47
Short-term interest-bearing liabilities			
- to third parties	2.3	12,423,841.11	1,067,632.01
Other short-term liabilities			
- to third parties	2.4	545,604.21	454,578.63
- to holders of participations and governing bodies		13,786.00	14,945.00
Accrued expenses and deferred income		242,336.70	507,064.60
		13,542,696.73	2,529,994.71
Long-term liabilities			
Long-term interest-bearing liabilities			
- to third parties	2.3	72,375,000.00	0.00
Other long-term liabilities			
- to third parties	2.4	0.00	303,990.22
		72,375,000.00	303,990.22
Total liabilities		85,917,696.73	2,833,984.93
Shareholders' equity			
Share capital	2.5	17,300,000.00	17,300,000.00
Legal capital reserves			
-Reserves from capital contributions	2.6	144,058,204.14	144,058,204.14
-Other capital reserves		5,432,844.55	5,432,844.55
Accumulated losses			
Accumulated losses brought forward		-23,311,435.30	-18,330,878.44
Loss for the year		-7,987,641.79	-4,980,556.86
		135,491,971.60	143,479,613.39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		221,409,668.33	146,313,598.32

Income statement (CHF)	Notes	2022	2021
Dividend income		802,859.63	366,535.26
Financial income	2.7	9,457,494.13	5,069,521.12
Other operating income		384,153.71	656,160.25
Total income		10,644,507.47	6,092,216.63
Personnel expenses	2.4	-401,815.10	-1,353,112.69
Other operating expenses	2.8	-1,147,697.94	-1,196,044.05
Financial expenses	2.9	-17,081,617.27	-8,522,694.80
Direct taxes		-1,018.95	-921.95
Total expenses		-18,632,149.26	-11,072,773.49
Loss for the year		-7,987,641.79	-4,980,556.86

Notes:

1. Principles

1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves. Aluflexpack AG was founded on July 31, 2018 in Switzerland, the company address is Alte Aarauerstrasse 11, Reinach, Switzerland. Aluflexpack AG is registered in the commercial register with the number CHE-379.203.800.

1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are valued at the exchange rate on the reporting date, whereby unrealized losses are recorded but unrealized profits are not recognized (impairment principle).

1.3 No cash flow statement, additional information in the notes and management report

As Aluflexpack AG prepares consolidated financial statements in accordance with a recognized accounting standard (IFRS), it has omitted additional information in the notes to the annual financial statements, the cash flow statement and the management report in accordance with the statutory provisions in these financial statements.

2. Disclosure on balance sheet and income statement items

2.1 Financial assets

(in CHF)	2022	2021
Loans granted to subsidiaries	166,387,988.78	100,426,638.12

2.2 Investments

a) Direct investments 2022	Domicile	Country	Currency	Voting and capital rights in %	Capital
Company					
AFP Group GmbH	Vienna	AT	EUR	100.00	35,000
Arimpeks Alüminyum Sanayi Ic Ve Dis Ticaret Anonim Sirketi	Istanbul	TR	TRY	100.00	223,885,749
Top-System sp.z.o.o.	Tarnowo Podgorne	PL	PLN	80.00	1,000,000
TEKO Alüminyum Sanayi Anonim Sirketi	Istanbul	TR	TRY	1.00	7,000,000

b) Direct investments 2021	Domicile	Country	Currency	Voting and capital rights in %	Capital
Company					
AFP Group GmbH	Vienna	AT	EUR	100.00	35,000
Arimpeks Alüminyum Sanayi Ic Ve Dis Ticaret Anonim Sirketi	Istanbul	TR	TRY	100.00	2,000,000
Top-System sp.z.o.o.	Tarnowo Podgorne	PL	PLN	80.00	1,000,000

c) Significant indirect investments 2022	Domicile	Country	Currency	Voting and capital rights in %	Capital
Company					
Aluflexpack Novi d.o.o.	Umag	HR	HRK	100.00	1,000,000
Omial Novi d.o.o.	Omis	HR	HRK	97.00	7,274,728
Process Point Service AG	Triesen	LI	CHF	92.15	1,000,000
Aluflexpack Polska sp. z.o.o	Poznan	PL	PLN	98.47	6,006,548
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	80.00	1,340,000
TEKO Alüminyum Sanayi Anonim Sirketi	Istanbul	TR	TRY	79.00	7,000,000

d) Significant indirect investments 2021	Domicile	Country	Currency	Voting and capital rights in %	Capital
Company					
Aluflexpack Novi d.o.o.	Umag	HR	HRK	100.00	1,000,000
Omial Novi d.o.o.	Omis	HR	HRK	97.00	7,274,728
Process Point Service AG	Triesen	LI	CHF	92.15	1,000,000
Aluflexpack Polska sp. z.o.o	Poznan	PL	PLN	98.47	6,006,548
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	80.00	1,340,000

2.3 Short and long-term interest-bearing liabilities

In April 2022, Aluflexpack AG entered into a syndicated loan agreement with a banking syndicate for a total amount of EUR 100m, of which EUR 70m as an amortisation facility and EUR 30m as a revolving facility. As of December 31, 2022, the entire amount had been drawn from the amortisation facility (long-term interest-bearing liabilities CHF 72,4m) and EUR 12m from the revolving facility (short-term interest-bearing liabilities CHF 11,9m). The amortisation loans granted under the amortisation facility (EUR 70m) are to be repaid by Aluflexpack AG within one to five years (maturity date March 31, 2027). The syndicated loan was/is used for the acquisition of Teko, other capital expenditures and general corporate financing.

2.4 Share-based payment arrangements (cash-settled)

At the end of December 2019 / beginning of January 2020, a phantom stock agreement was concluded with certain employees of the Aluflexpack AG Group, which basically gives the beneficiary the opportunity to participate in an increase in the market value of Aluflexpack AG. The beneficiaries are granted phantom stocks, virtual shares. The underlying vesting period is 4 years and the prerequisite for exercising is that the beneficiaries are in an unconditional service relationship with the Aluflexpack AG Group at the time of exercising. The related employee benefit income amounts to CHF 211k (2021: expenses CHF 387k). The short-term liabilities to third parties are CHF 546k.

The total number of granted phantom stocks amounts to 173.182, 8.593 of these were exercised in 2020 and 68.349 in 2021, and 2.644 phantom stocks expired in 2021. The value of the residual 93.596 phantom stocks is CHF 80k as of December 31, 2022 (2021: CHF 674k).

No phantom stocks were granted to members of the Management Board or the Board of Directors.

2.5 Share capital

As of December 31, 2022, the share capital amounted to CHF 17,300,000 and was divided into 17.300.000 registered shares with a nominal value of CHF 1 each. The company has authorized capital of CHF 7,000,000 and conditional capital of CHF 1,200,000, of which CHF 500,000 are reserved for employee shares and CHF 700,000 for financing purposes.

2.6 Legal capital reserves

The statutory capital reserves include reserves from capital contributions from the contribution in kind of the investment in AFP Group GmbH into Aluflexpack AG on September 25, 2018. The Swiss Federal Tax Administration (ESTV) has confirmed the reported reserves from capital contributions as of December 31, 2018 in the amount of CHF 2,270,048.69 within the meaning of Art. 5 Para. 1 to VStG.

In the course of the IPO in June 2019, the premium from the capital increase (CHF 1,221k) and the premium on the issues of shares (CHF 146,000k) were allocated to reserves from capital contributions. Emission taxes in the amount of CHF 1,582k, commissions in the amount of CHF 3,832k and fees in the amount of CHF 19k were deducted from the reserves from capital contributions and allocated to other capital reserves. The Swiss Federal Tax Administration (ESTV) has confirmed the reported reserves from capital contributions as of December 31, 2019 in the amount of CHF 144,058,204.14 within the meaning of Art. 5 Para. 1 to VStG.

2.7 Financial Income

Other financial income amounts to CHF 9,457k (previous year: CHF 5,070k) and includes interest income from bank deposits, interest income from loans to subsidiaries and foreign exchange rate gains of CHF 8,018k (previous year: CHF 4,046k).

2.8 Other operating expenses

	2022	2021
Administrative expenses	616,024.72	389,956.75
Consulting expenses	531,673.22	806,087.30
	1,147,697.94	1,196,044.05

2.9 Financial expenses

	2022	2021
Bank interest, expenses and fees	1,358,374.80	92,550.50
Foreign exchange losses	15,680,178.46	8,379,672.21
Other financial expenses	43,064.01	50,472.09
	17,081,617.27	8,522,694.80

3. Other Information

3.1 Full-time equivalents

The annual average number of full-time equivalents did not exceed 10 in the reporting year (previous year: < 10).

3.2 Contingent liabilities, collateral securities on behalf of third parties

In accordance with the agreement of September 9, 2020 between Aluflexpack AG and an existing Top System shareholder, the non-controlling shareholder is granted a put option that grants the right to sell the 20% stake in Top System to Aluflexpack AG. In addition, Aluflexpack AG is granted a call option to purchase the remaining 20% of the shares in Top System. This contingent liability was valued at CHF 6,860k as of December 31, 2022 (31 December 2021: CHF 3,985k).

In accordance with the agreement of May 12, 2022 between Aluflexpack AG and existing Teko shareholder, the non-controlling shareholder is granted a put option that grants the right to sell the 20% stake in Teko to Aluflexpack AG. In addition, Aluflexpack AG is granted a call option to purchase the remaining 20% of the shares in Teko. This contingent liability was valued at CHF 11,261k as of December 31, 2022.

The collateral securities provided by the company amounts to CHF 9,847k (previous year: CHF 10,331k). These are letters of comfort in favor of subsidiaries.

Aluflexpack AG has issued letters of comfort to secure payment obligations in favor of the following group companies:

- Aluflexpack Novi d.o.o. p.m.

3.3 Significant shareholders

The following shareholders held more than 5 percent of voting rights as of December 31:

Shareholder	Percentage of voting rights as of December 31, 2022	Percentage of voting rights as of December 31, 2021
Montana Tech Components AG	53.6%	53.6%
Capital Research and Management Company	5.17%	5.17%

3.4 Participation of the group management and the board of directors including their related parties


Board of director	Number of shares as of December 31, 2022	Number of shares as of December 31, 2021
Martin Ohneberg, president board of directors	533,167	533,167
Group management	Number of shares as of December 31, 2022	Number of shares as of December 31, 2021
Johannes Steurer, CEO	52,375	52,375
Lukas Kothbauer, CFO	10,000	n/a
Igor Arbanas, CEO (until December 21, 2021)	n/a	52,375

In May 2021, a long-term performance share plan for the members of the Management Board was approved and launched by the Board of Directors. The plan is settled at equity and is maintained at the level of AFP Group GmbH. The granting of performance shares and payment in real shares of Aluflexpack AG is subject to the approval of the General Meeting of Aluflexpack AG. For the first performance period starting 1 January 2021 and ending 31 December 2024, a total of 6,735 performance shares were granted to members of the Management Board (representing a target achievement of 100%). The performance shares have a term of 4 years. The vesting period begins on 1 May 2021 with a vesting date on 31 December 2024. For the second performance period starting 1 January 2022 and ending 31 December 2025, a total of 8,908 performance shares were granted to members of the Management Board (representing a target achievement of 100%). The performance shares have a term of 4 years. The vesting period begins on 1 April 2022 with a vesting date on 31 December 2025. Performance targets and respective weightings were set as follows: 40% relative Total Shareholder Return, 40% Return on Capital Employed and 20% Environmental, Social and Governance targets. The degree of achievement of the performance targets, and hence, the final number of performance shares, is determined by the Nomination and Compensation Committee after the conclusion of a four-year performance period. The performance shares cannot be sold, pledged, transferred, assigned or inherited. There are no conversion or option rights in favor of members of the the Board of Directors.

There are no conversion or option rights in favor of members of the the Board of Directors.

3.5 Significant events after the balance sheet date

There are no other significant events after the balance sheet date that have an impact on the book values of the assets or liabilities shown or that have to be disclosed here.



Top-System, Poland, 2020

Top-System, located in Tarnowo Podgórze, specialises in the production and printing of aluminium and PET lids as well as in mold labels (IML) for the dairy industry. Together with Aluflexpack Polska, it strengthens our position in Central and Eastern Europe, and is strategically well located to tap into new markets in Western and Northern Europe.

Statutory Auditor's Report

To the General Meeting of Aluflexpack AG, Reinach (AG)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aluflexpack AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 175 to 181) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters



VALUATION OF FINANCIAL ASSETS AND INVESTMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



VALUATION OF FINANCIAL ASSETS AND INVESTMENTS

Key Audit Matter

As of 31 December 2022, the financial statements of Aluflexpack AG contains investments and loans in subsidiaries (“investments”) in the total amount of CHF 220.2 million. The company annually reviews investments in subsidiaries for impairment indicators and performs a detailed impairment assessment if necessary.

The impairment assessment of investments requires the use of a number of key assumptions and judgements, in particular in relation to estimated future cash flows, future growth rates, profitability levels and discount rates, and is therefore a key area that our audit was focused on.

Our response

We assessed management’s identification of potential impairment indicators based on our own analysis of financial information of the investments and our business understanding.

With regard to investments for which a detailed impairment assessment was performed, our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the valuation model used for the impairment testing, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures.

In particular, we performed the following:

- Gaining an understanding and assessing the reasonableness of business plans and forecasts by back-testing historical forecasts to actual results;
- Comparing business plan data against the latest plans approved by the board of directors and forecasts approved by management;
- Challenging the robustness of the key assumptions used to determine the recoverable amount, forecast cash flows, long-term growth rates, profitability levels and the discount rates based on our understanding of the commercial prospects of the related investments and by comparing them with publicly available data, where possible;
- Conducting a sensitivity analysis on key assumptions;
- Recalculating the recoverable amount and its surplus over the carrying amount to assess the headroom for selected investments.

For further information on valuation of financial assets and investments refer to the following:

- Disclosure on balance sheet and income statement items, 2.1 Financial assets, page 178
- Disclosure on balance sheet and income statement items, 2.2 Investments, page 178



Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to read 'D. Haas', written in a cursive style.

Daniel Haas
Licensed Audit Expert
Auditor in Charge

A handwritten signature in black ink, appearing to read 'R. Künzle', written in a cursive style.

Roman Künzle
Licensed Audit Expert

St. Gallen, 22 March 2023



Teko Alüminyum, Türkiye, 2022

Located in Çorlu, Türkiye, Teko became part of the Group in 2022 and is specialised in converting and printing flexible packaging for the dairy, confectionery and beverage end markets. The acquisition strengthens the Group's position in Türkiye and complements its existing production footprint.

List of abbreviations used

Numerical abbreviations

k	thousands of a unit
m	millions of a unit
bn	billions of a unit

Currency abbreviations

€	Euros; the abbreviation "EUR" is also sometimes used in Aluflexpack's consolidated financial statement
CHF	Swiss Franc
HRK	Croatian Kuna
PLN	Polish Złoty
TRY	Turkish Lira

Other abbreviations

AG	Aktiengesellschaft
AGM	Annual General Meeting
AI	Artificial intelligence
Capex	Capital expenditure
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CGU	Cash generating unit
CO ₂ e	Carbon dioxide equivalent
COVID-19	Coronavirus Disease 2019
DBO	Defined benefit obligation
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation, amortisation
ESG	Environmental Social and Governance
FESE	Federation of European Securities Exchange
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FX	Foreign exchange

Other abbreviations (continued)

FY	Full year
GHG	Greenhouse gas
HY	Half year
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IPO	Initial public offering
ISO	International Organisation for Standardisation
KPI	Key performance indicator
LME	London Metal Exchange
LPG	Liquefied petroleum gas
MENA	Middle East and North Africa
MWH	Megawatthours
NCI	Non-controlling interest
OCI	Other comprehensive income
PPE	Property, plant and equipment
PSU	Performance Share Units
PV	Photovoltaic
Q	Quarter
R&D	Research and development
ROCE	Return on Capital Employed
ROU	Right-of-use
SBTi	Scientific Based Targets Initiative
SE	Special effects
SPI	Swiss Performance Index
SOG	Share Ownership Guidelines
TSR	Total Shareholder Return
UV	Ultraviolet
VAT	Value added tax
WACC	Weighted average cost of capital
yoy	year-on-year

Disclaimer

Some of the information contained in this annual report may be forward-looking in nature. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, meaning that actual results may differ materially from those in this annual report as a result of various factors. Aluflexpack AG is not obliged to publicly update or revise any forward-looking statements.

Published and edited by

Aluflexpack AG, Reinach, Switzerland

23 March 2023

Design

Studio Sonda

© **Aluflexpack AG 2023**

Contact:

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

This annual report can be downloaded at

www.aluflexpack.com



