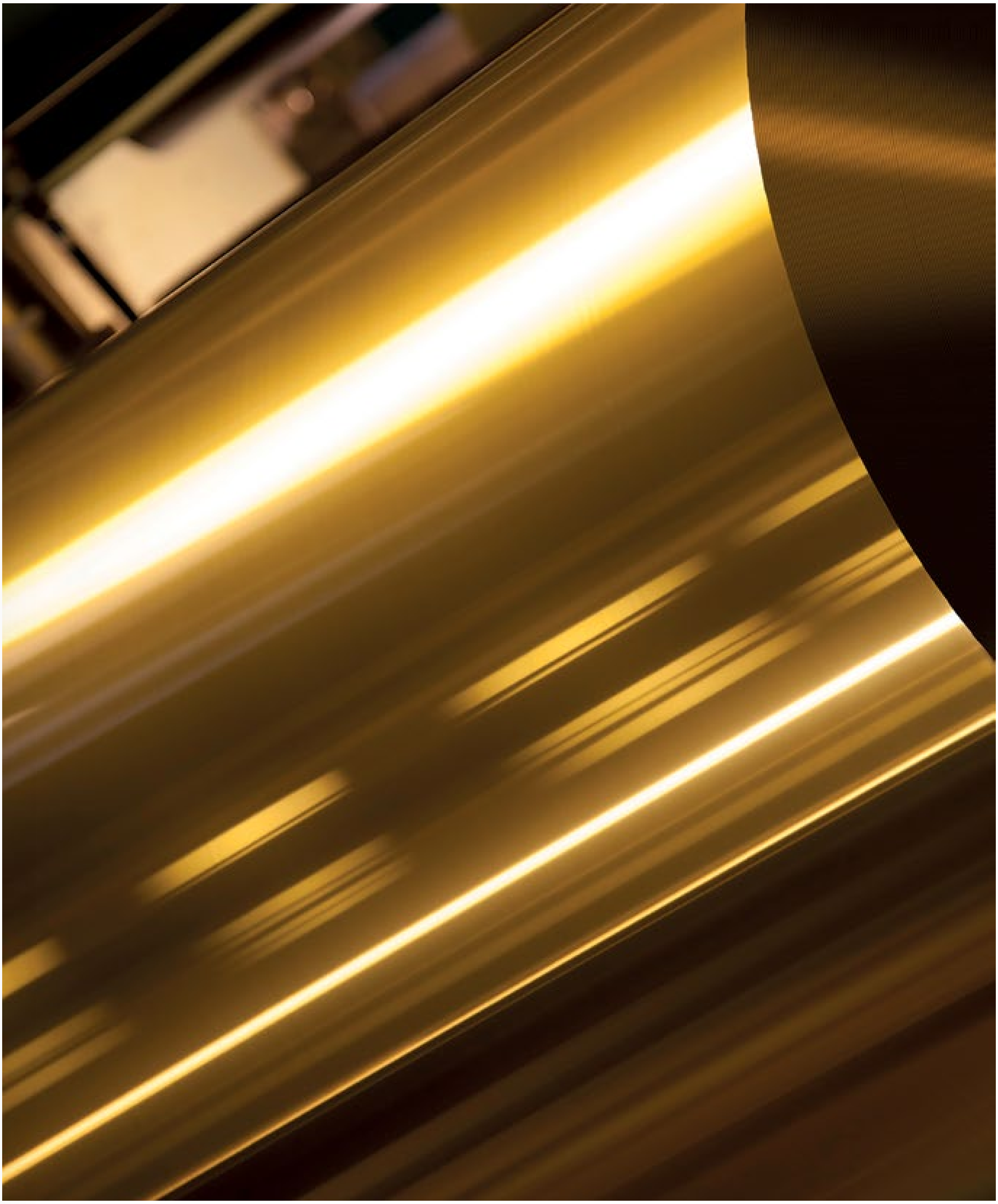

Aluflexpack AG

Annual Report

19 March 2021

"Leading brands rely on our flexible packaging and appreciate our high product quality, development competence, reliable production setup and enjoy our passionate service."

Igor Arbanas, CEO of Aluflexpack AG

Our Vision

We are the partner of choice for the development and large-scale industrial manufacturing of premium flexible packaging solutions in high demanding end-markets.

Aluflexpack AG - Key Figures

(financial figures in €m)[1]	2016	2017	2018	2019	2020
	For the twelve months ended December 31,				
Net sales	144.1	160.6	181.7	207.9	239.4
Growth in net sales (%, yoy)	8.2%	11.4%	13.1%	14.4%	15.2%
EBITDA	14.4	18.1	21.5	19.2	36.4
Adjusted EBITDA	14.4	18.1	21.6	29.5	37.4
Adjusted EBITDA margin (%)	10.0%	11.3%	11.9%	14.2%	15.6%
Operating Profit (EBIT)	1.7	4.3	6.4	0.6	17.4
Adjusted Operating Profit (Adj. EBIT)	3.3	5.9	8.0	13.8	20.0
Adjusted Operating Profit margin (%)	2.3%	3.7%	4.4%	6.6%	8.3%
Result for the period	-0.6	0.2	-1.3	-3.4	9.0
Cashflow from operating activities	8.9	14.7	11.9	15.5	26.1
Cashflow from investing activities	-12.6	-21.1	-21.2	-32.8	-32.9
Cashflow from financing activities	-1.5	8.4	24.4	60.1	-11.5
Equity Ratio (%)	19.6%	16.1%	13.2%	61.9%	61.6%
Net debt (cash)	67.0	82.1	100.5	-12.1	6.0
Total assets	132.0	156.6	196.9	278.4	282.7
ROCE	3.8%	5.9%	6.9%	9.6%	11.7%
Employees	904	1,001	1,128	1,215	1,296

1 A detailed reconciliation from reported to adjusted figures as well as an overview of the use of alternative performance measures can be found on pages 53 to 56. An overview of abbreviations used in the Annual Report is presented on pages 165 to 166.

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Letter to shareholders

Dear fellow shareholders,

Aluflexpack AG (Aluflexpack, Group) looks back upon a challenging yet successful business year in 2020. Despite the unprecedented economic and health-related challenges caused by the coronavirus pandemic, Aluflexpack again delivered a positive operational performance, and was able to continue with the successful execution of its growth strategy in the twelve months ending 31 December 2020.

An unprecedented environment

In Q1 2020, the global economic climate deteriorated drastically due to the worldwide outbreak of the Covid-19 pandemic. Business and consumer confidence indices as well as industrial production fell sharply across all major national economies in the second quarter, as countries across the globe announced lockdowns to prevent the pandemic from spreading further. After a period of easing during the summer months, European economies again faced considerable uncertainty towards the end of the year, triggered by a rise in infection rates and new lockdowns.

Being less impacted by lockdowns and restrictions, demand for on-the-shelf food and pharmaceutical products remained at a solid level in most of our product categories throughout the crisis. Our well-diversified portfolio features a high share of products designed for consumption at home, which enabled us to compensate negative effects on demand due to temporary closures of particular sales channels such as airport duty-free shops or the cutback in festivities. Compared to many competing companies within the broader field of packaging, our lack of exposure to the food service industry was certainly an advantage.

Nonetheless, 2020 proved highly challenging for our organisation. All of our employees, together with our suppliers, the transportation companies and our customers, put a lot of effort into securing the flow of goods from the raw material suppliers via our supply chain to our customers. As a result, we experienced no material interruption in our supply chains, also during peaks of uncertainty. These times put to the test our close cooperation with customers and partners along the value chain. All together, we impressively demonstrated the strength and resilience of the eco-system we have shaped and developed over the past years.

Still, general insecurity triggered by the outbreak of the pandemic led to short-term revisions of customer plans. Existing contingencies and the agility of our organisation allowed us to react promptly to all changes, and maintain a high service level. Effects resulting from hoarding patterns at the final consumer observed in March and April already mostly levelled out by June, and did not recur at the same magnitude ahead of the new round of lockdowns in H2 due to a more normalised consumption behaviour.

To ensure business continuity in this challenging environment, strict compliance with protective measures and hygiene guidelines by our employees also proved essential. Being fully operational throughout the period enabled us to not only strengthen bonds with existing customers, but also to establish new relationships. Above all, however, it also allowed us to contribute to securing food and pharmaceutical supplies for the public.

Looking at the long-term trends that drive our industry, we are confident that they remain intact. Besides population growth, rising incomes and adoption of Western consumer habits among developing countries, demand for high-quality packaging will be stimulated by increased brand and sustainability awareness as well as rising functional requirements. Based on our market insight, we expect general market growth for flexible packaging to continue at roughly four percent per annum on a global basis. However, at the same time, we believe that a focus on more attractive market niches can result in significantly higher growth. Being a strong and development-driven company, cooperating closely with leading brands on many levels, the Aluflexpack Group is in an ideal position to benefit from new business opportunities that open up in the current market environment.

Milestones in 2020

Key milestones on Aluflexpack's roadmap in 2020 included the announcement of our major on-site investment program in Croatia, and the acquisition of a flexible packaging specialist manufacturer in Poland. The € 65m investment in an on-site expansion over the next two years, together with the already planned investments, not only enables attractive growth beyond 2022, it also allows us to capture attractive opportunities going forward and to secure our leading position in fast-growing end-markets in the long term. Moreover, with the additional capacities, we can further extend our service offering to our customers whilst remaining at the forefront of product development and quality.

The acquisition of Top System, one of the market leaders in the domestic dairy lidding market in Poland, was closed in September 2020, and marks an important next step in Aluflexpack's non-organic expansion strategy. The company is exceptionally well-managed; furthermore, it ideally complements our existing production footprint and strengthens our platform in Europe with readily available additional capacities and modern production equipment in a strategically attractive location. Over the next months, we will continue to work on the integration of the company into our value chain, and gradually make use of free capacities.

In 2020, we passed major qualifications in our stand-up-pouch business, which allows us to further increase our volumes. Still, the ramp-up was slightly delayed due to effects caused by Covid-19, as travel restrictions and limited free capacities of filling machines at customer locations partly delayed test runs of new solutions.

In the period under review, we published our first sustainability report in accordance with Global Reporting Initiative Standards (GRI), setting the stage for many more to come. As a company operating in the packaging industry, supplying products to numerous leading companies across the globe, Aluflexpack is aware of its responsibility and its economic, social and environmental impact. We also identify sustainability as one of the most pronounced business drivers in our operations, and it is already a key part of our corporate strategy today. Looking ahead, we are convinced our integrated technological platform is capable of addressing the most immanent trends in our industry, and we remain committed to aligning our business processes even more strongly towards environmental aspects.

Strong operational performance

Despite the challenging environment, we are happy to again report strong business development in 2020: Our net sales increased by 15.2% to € 239.4m. Besides a well-diversified presence in attractive market segments, growth was notably supported by our reliable, agile and dedicated service, especially in current times, as well as uncompromised product quality. Adjusted for consolidation effects from the Polish subsidiary acquired in September 2020, organic growth amounted to 13.7%. Hence, Aluflexpack again managed to grow substantially faster than the overall flexible packaging market. Adjusted for non-recurring items (see reconciliation on page 54), the Aluflexpack Group achieved an adjusted EBITDA of € 37.4m. This corresponds to a margin of 15.6%. Despite the large investment program conducted in the recent past and an increase in our working capital base, our capital efficiency improved further as indicated by our adjusted EBIT margin of 8.3% and our ROCE of 11.7%.

In 2020, we continued to expand the business in most of the market segments we are active in. The development in end-markets such as Coffee & Tea (+41%), Other food (+8%) and Dairy (+13%) can be ascribed to our strong positioning in market niches, flawless service as well as consumer preference for on-the-shelf food products in the current period. In Pharma (+12%) and Pet food (+16%), we also managed to expand business based on additional volumes delivered to existing customers, new customer wins as well as the introduction of new products. The Easter and Christmas seasons, as well as general visits between people and households, were affected by the pandemic. This, combined with lockdowns of specific sales channels (e.g. duty-free shops, specialty confectionery shops), led to a sales decrease (-7%) in our Confectionery end-market compared to last year. However, during the second half of the year we have already felt a modest recovery in this market.

Continued focus on strengths

Looking ahead, we want to continue to focus on our strengths such as customer satisfaction, entrepreneurial spirit and development competence. It is our firm belief that we can create the most shareholder value, short and long term, by allocating available funds to our organic and non-organic growth projects. Hence, the Board of Directors will propose at the Annual General Meeting in May to not distribute a dividend for 2020.

Through our targeted investments, we will be adding additional capacities and further expanding our technological infrastructure. The new on-site expansion in Croatia offers substantial opportunities in terms of growth and efficiency that we want to capture. We are embarking upon this major project from a robust position: a strong and diversified customer base, a stable organisation, motivated and experienced teams and a solid balance sheet - with an equity ratio of 61.6% that gives us enough room to manoeuvre.

From today's perspective, we remain confident in the stability of our business. The Covid-19 pandemic still adds an element of uncertainty that cannot be entirely assessed from today's perspective. In light of the current market environment and based on our current visibility, we expect net sales for the fiscal year 2021 to be between € 260m and € 270m, with EBITDA before one-off effects at between € 40m and € 43m.

Thank you!

On behalf of the Board of Directors and the Management Board, we would like to take the opportunity to thank all of our employees who made such incredible efforts in this challenging year, and also to thank our shareholders for their continued trust.

Let us continue the journey together, and try to capture the opportunities that arise for our company.

Reinach, March 2021

For the Management team,

Igor Arbanas,
CEO

Johannes Steuer,
CFO

For the Board of Directors,

Martin Ohneberg,
President

Our Company

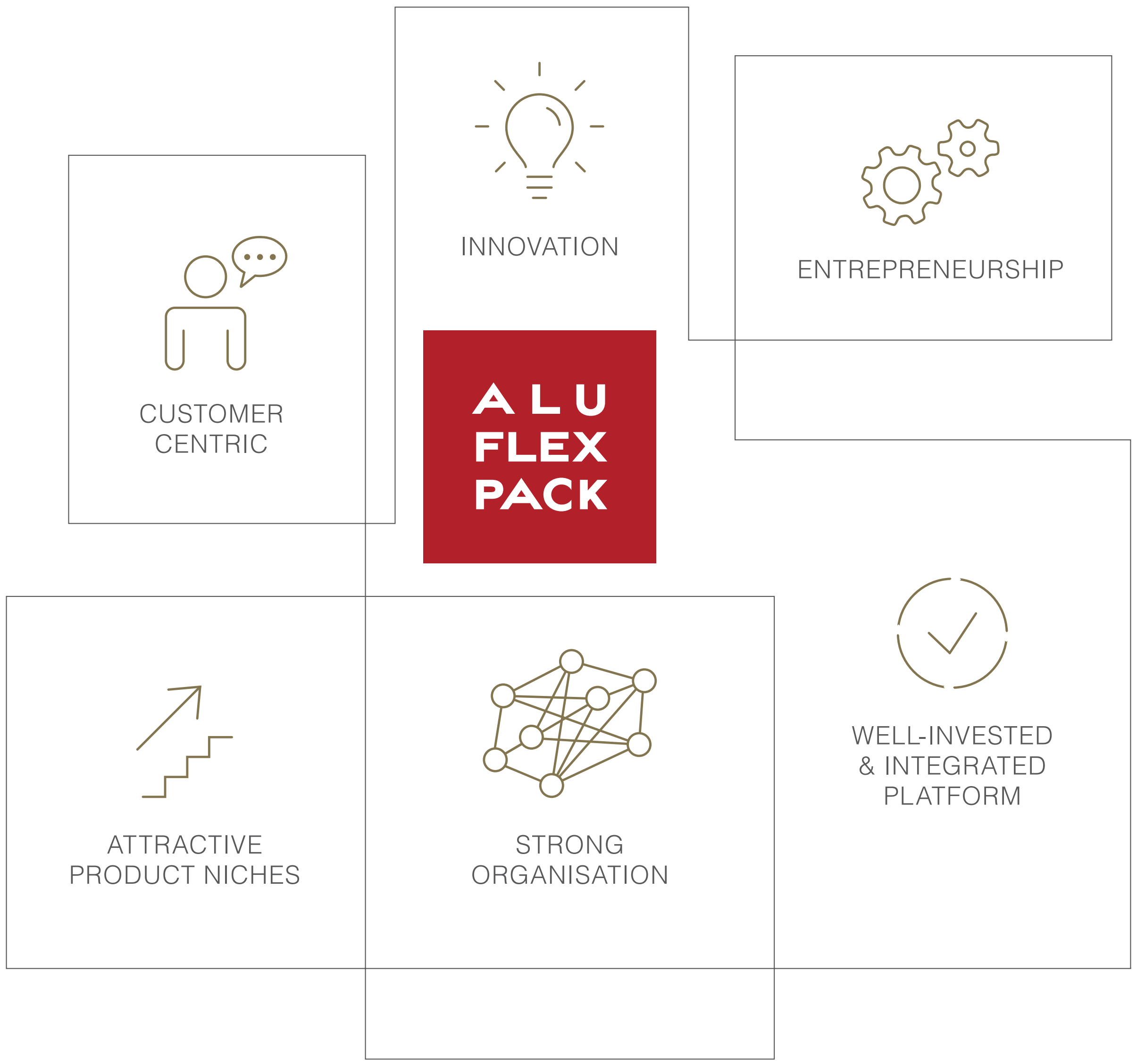
We Are

The Aluflexpack Group has been developing and manufacturing **premium flexible packaging solutions for leading global brands at an industrial scale for over 35 years.** A blend of passion, know-how, experience, responsiveness and creativity results in unique products and services for our customers.

We are converting aluminium, paper and plastic films to high quality final products.

FOIL | LID | CONTAINER | POUCH

Success factors



Well-invested & integrated platform

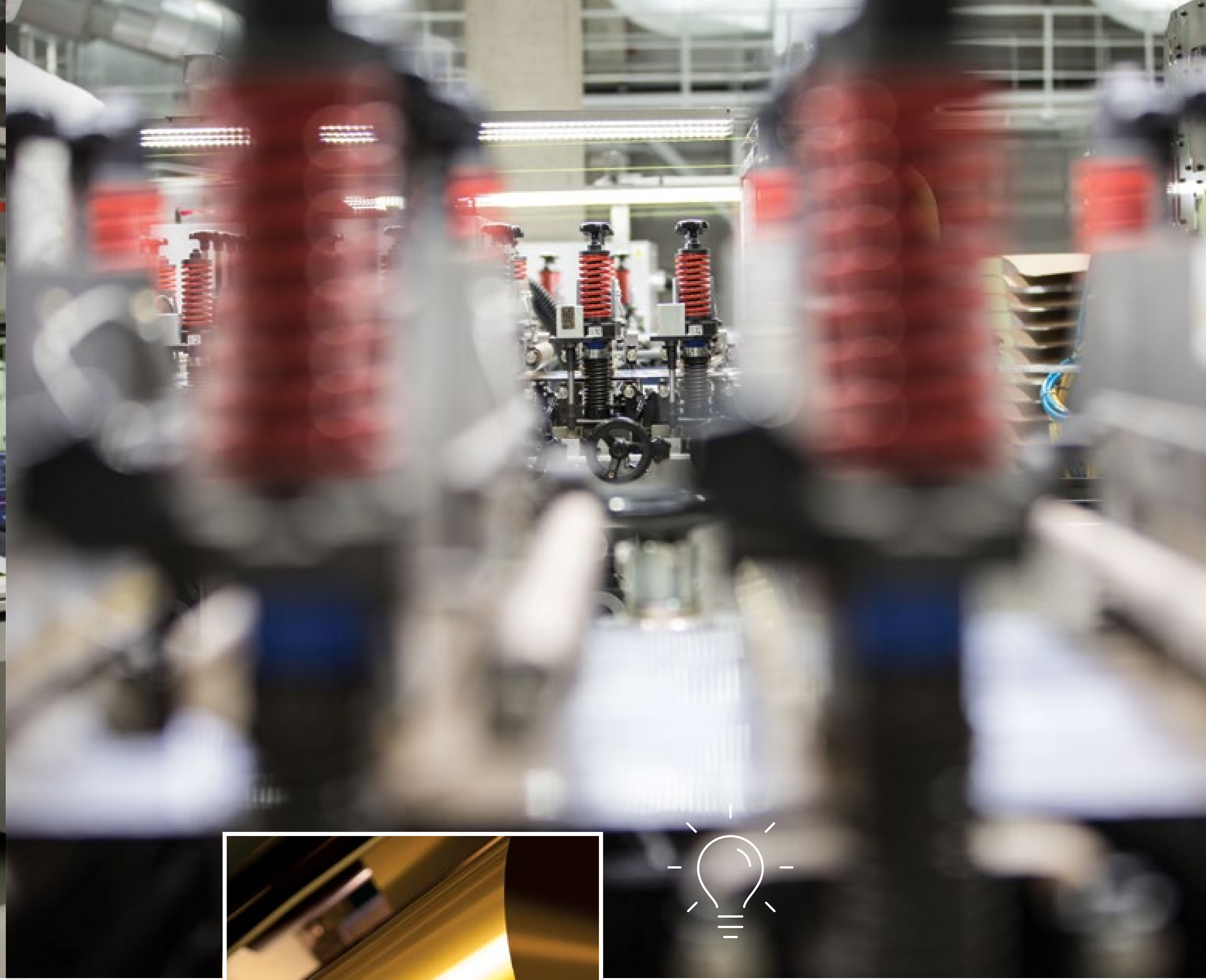
Aluflexpack operates a well-invested and integrated platform, complemented by a reliable network of trusted suppliers and partners. The Group's deeply integrated value chain serves as the basis for innovation & development, quality assurance and control as well as efficient and stable production.

Customer centric

Profound knowledge about end-markets, a focus on outstanding product quality as well as reliable and committed service, result in strong bonds and long-standing partnerships with customers ranging from small local players to leading multinational companies.

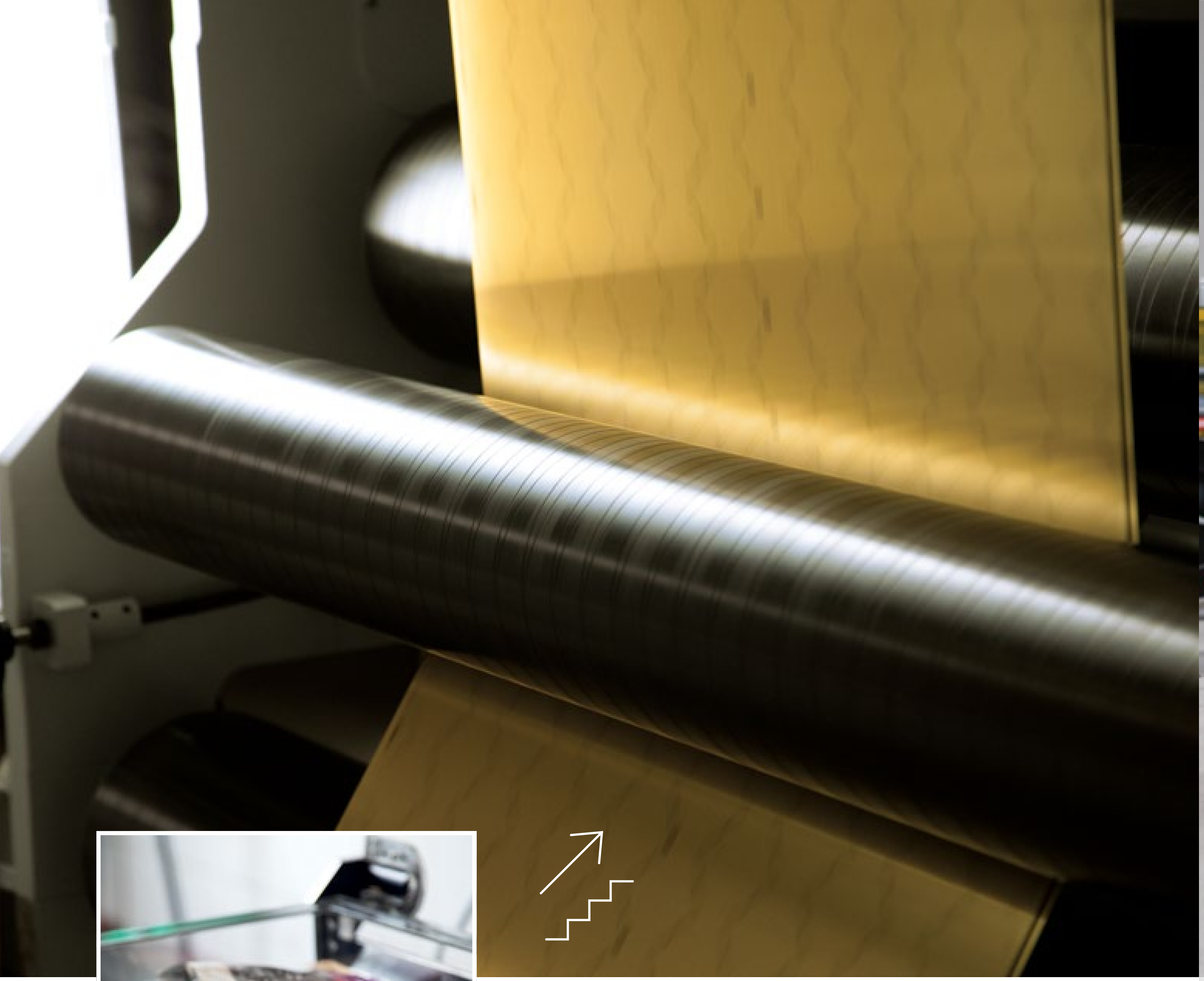
Entrepreneurship

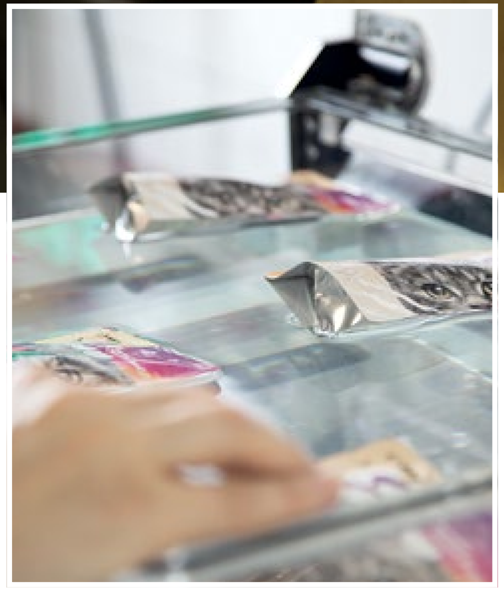
Aluflexpack's success builds upon its dedicated and experienced talent. The plant managers are acting as individual entrepreneurs, benefiting from being part of the established international hub-satellite platform.



Innovation

Over 35 years of material and process expertise, on-site R&D and Quality Control teams as well as full process control, make Aluflexpack the developer of choice for many leading companies. Together, we develop packaging that is designed to optimally protect the integrity of the content whilst using a minimum amount of material.





Attractive product niches

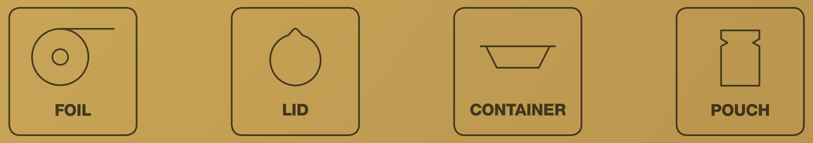
Aluflexpack has placed a strategic focus on attractive product niches in robust end-markets, providing packaging solutions for valuable and known brands of leading European and international customers.

Strong organisation

The successful execution of our strategy requires a strong organisation and motivated employees, who bring our values to life. Cross-site teams comprising renowned industry experts and young talents efficiently and effectively work together in daily business and on the next generation of products.

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 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.



8

8 production plants across Europe

7

7 end-markets: Coffee & Tea, Confectionery, Dairy, Pet food, Pharmaceuticals, Other food and Other non-food

239

€ 239m recorded revenues in 2020

>600

Over 600 customers in Europe and overseas

Leading player

in flexible packaging in Europe

4

4 product types: foil, lid, container and pouch

IPO 2019

Listing on SIX Swiss Exchange in June 2019

1,296

1,296 qualified and dedicated employees

1

ALUFLEXPACK AG HEADQUARTER

Reinach Switzerland

2

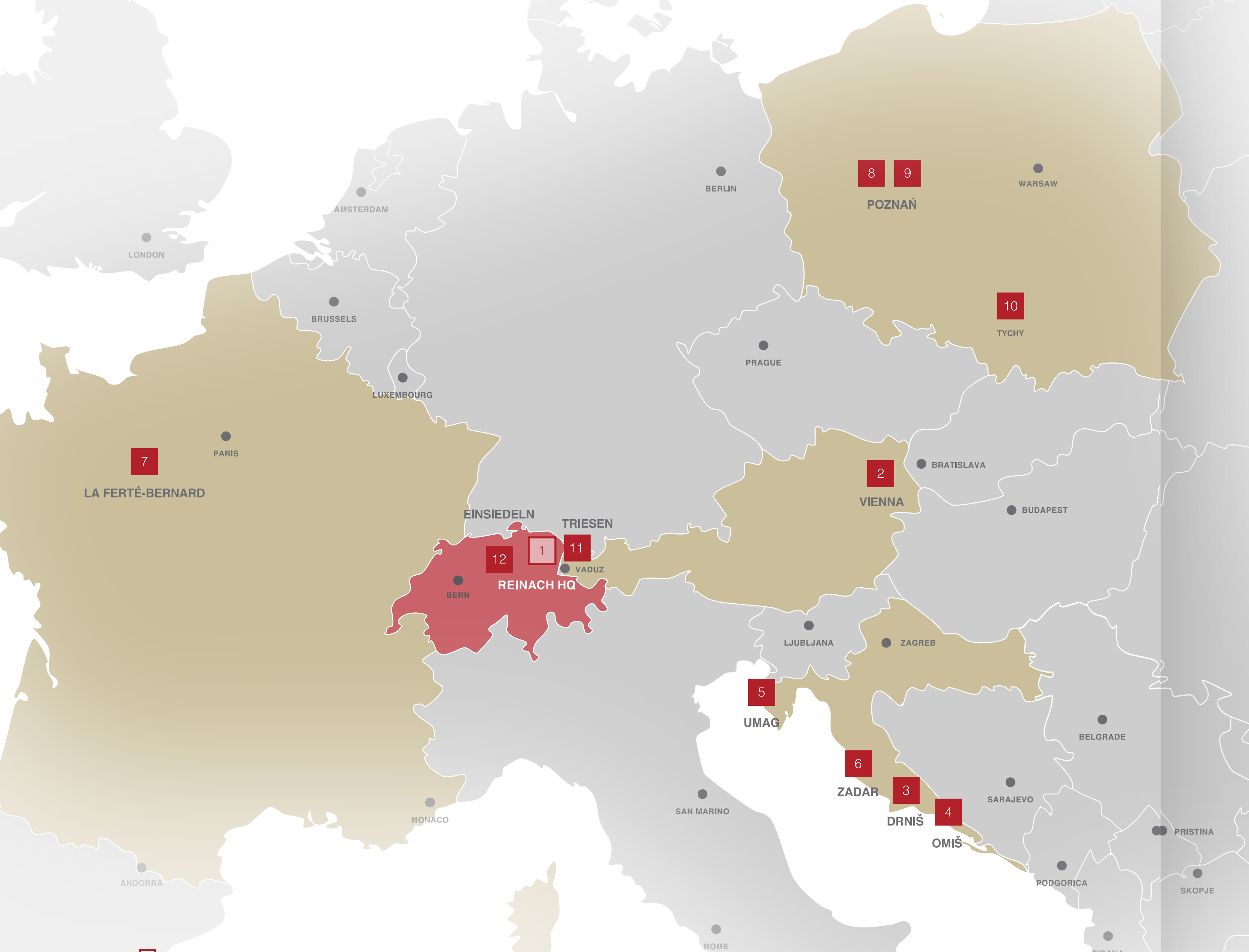
Vienna Austria

– Administrative office

3

Drniš Croatia

– Production plant
– Rotogravure printing, lacquering, laminating and coextrusion
– Coffee & Tea, Confectionery, Dairy and Pharmaceuticals



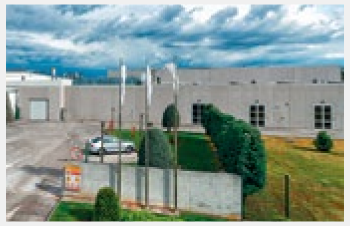
Headquarter
Production plant and Administrative office

4

Omiš Croatia

– Production plant
– Laminating, lacquering, oiling and alu-container forming
– Other food, Pet food and Pharmaceuticals

5



Umag Croatia

– Production plant
– Rotogravure printing, laminating, wax coating and pouch forming
– Confectionery, Other food and Pet food

6

Zadar Croatia

– Production plant
– Conventional printing, UV-flexo printing and punching of lids
– Coffee & Tea, Dairy and Pharmaceuticals

7

La Ferté-Bernard France

– Production plant
– Rotogravure, conventional and UV-flexo printing, laminating and forming
– Coffee & Tea, Dairy, Other food, Other non-food and Pharmaceuticals

8

New member of AFP Group

Poznań Poland

– Production plant
– Conventional printing, UV-flexo printing and punching of lids
– Dairy and Other food

9

Poznań Poland

– Sales Office

10

Tychy Poland

– Logistics hub
– All end-markets

11

Triesen Liechtenstein

– Sales Office

12

Einsiedeln Switzerland

– Production plant
– Forming and Punching
– Coffee & Tea, Other food and Pet food

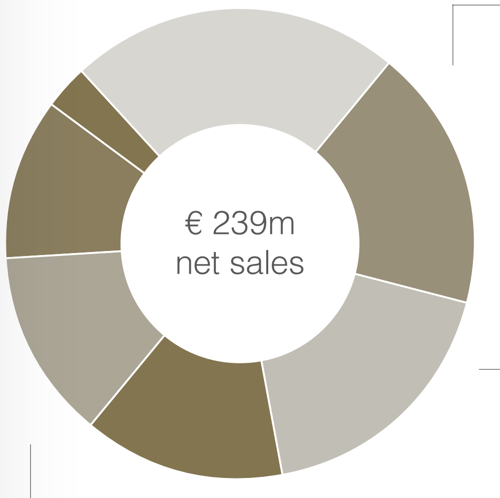
13

Istanbul Turkey

– Production plant
– Rotogravure, flexo and digital printing
– Pharmaceuticals and Confectionery

Market and product overview

The global flexible packaging market totaled over USD 250bn in 2020.[2] In this huge market, Aluflexpack focuses on certain product niches, providing high-quality flexible packaging 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- as well as plastic- and paper-based packaging solutions on an industrial scale for the Coffee & Tea, Confectionery, Dairy, Other food, Other non-food, Pet food and Pharmaceutical industry. Except for Confectionery, Aluflexpack's end-markets proved highly resilient during 2020. The product formats we are developing in these markets comprise capsules, containers, lids, pouches and other types of lacquered and/or printed foils.



Coffee & Tea
capsules
films and foils
lids
pouches

23%

Pet food
Al foil
films and foils
lids
pouches

18%

Dairy
Al foil
films and foils
lids
pouches

18%

Pharmaceuticals
Al foil
films and foils
lids
pouches

14%

Other food
Al foil
containers
films and foils
lids
pouches

13%

Confectionery
Al foil
films and foils
lids
pouches

11%

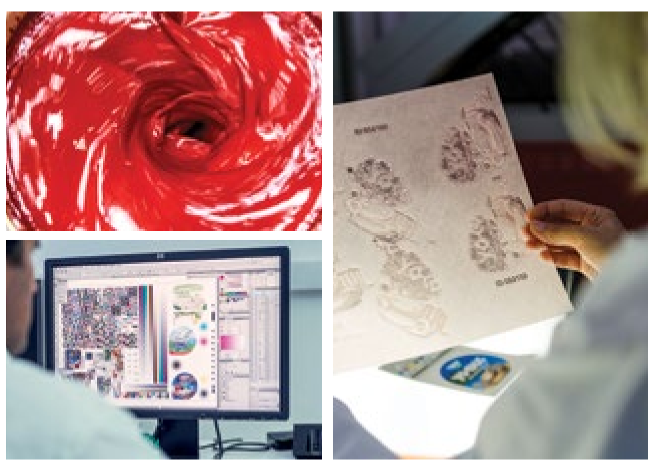
Other non-food
films and foils
pouches

3%

2 Management estimate based on publically available and internal market data.

Overview of our value chain

Aluflexpack's deep and fully integrated value chain with its end-to-end process and material control in the company's focus end-markets ensures superior service levels, highest quality standards, profound development competence and continuous innovations. Our hub-satellite setup entails having centralised converting hubs, which supply converted material to satellites, i.e. entities that focus on the printing and finishing process, and which support the customer in their respective markets. Full end-to-end control and internal contingencies created the basis for excellence in reliability and quality in a challenging year 2020.



Services

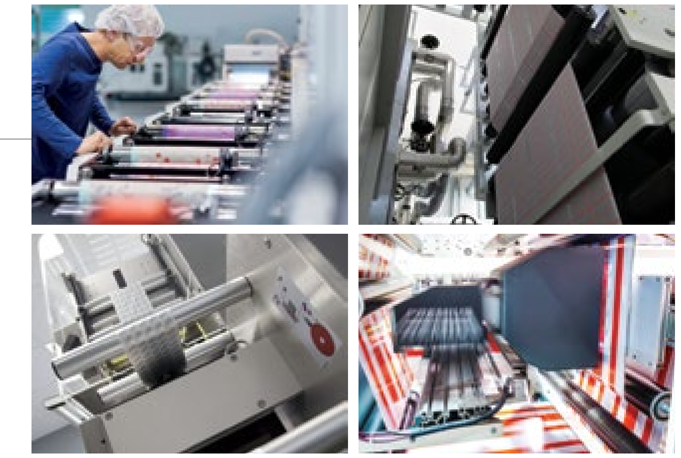
From an **idea** to the final product: we provide not only materials research, comprehensive product development, design services and pre-press work, but also efficient and appropriate business models to assure agility and the best support for day-to-day operations.

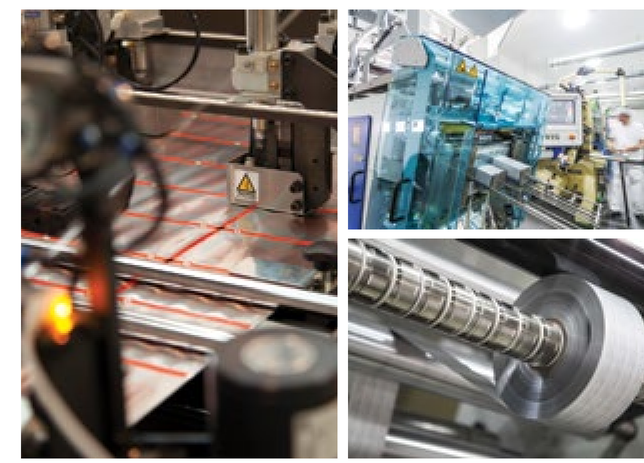
Converting

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.



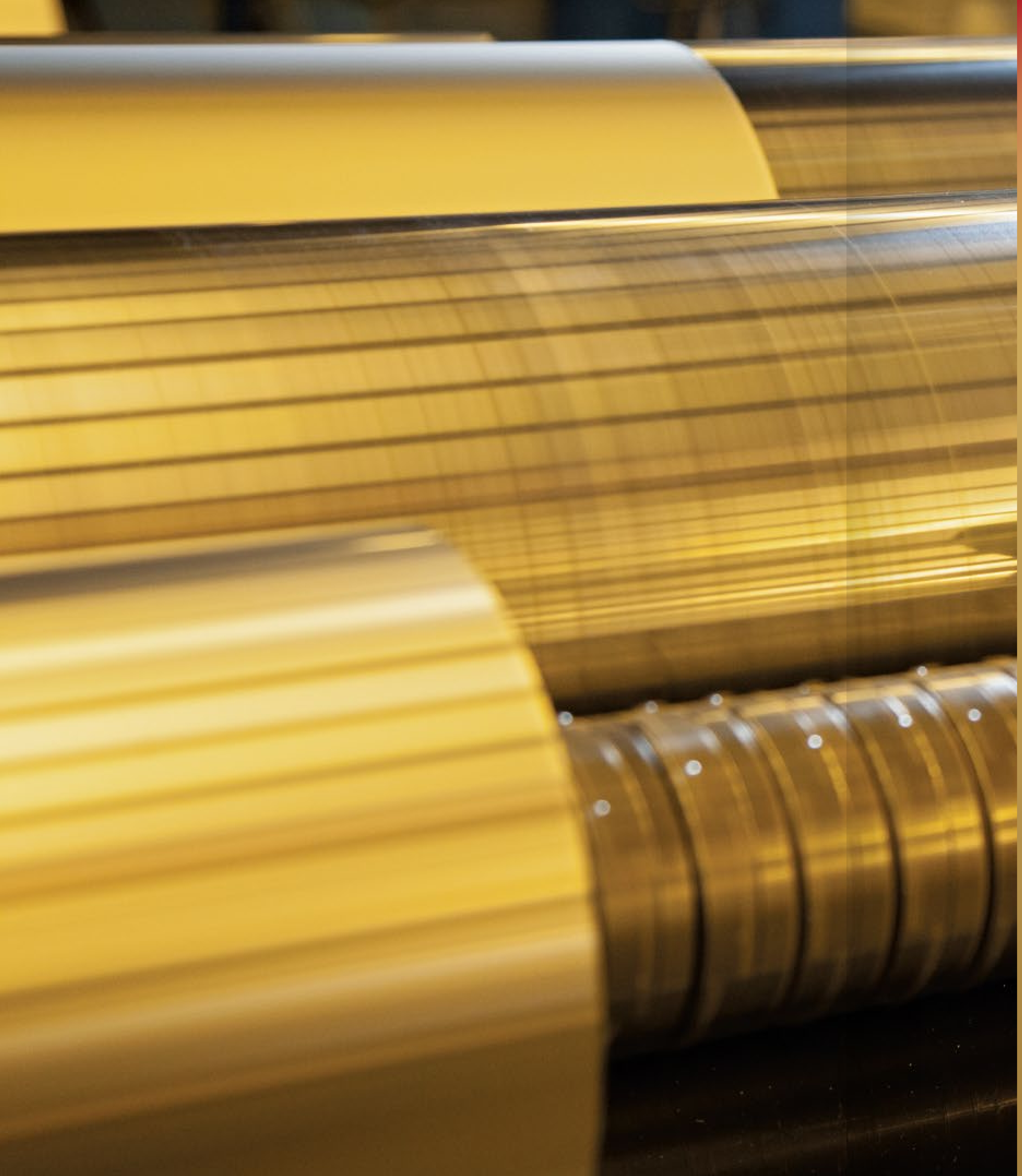


Finishing

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.



Annual Review

Financial overview

Earnings

For the twelve months ended December 31,

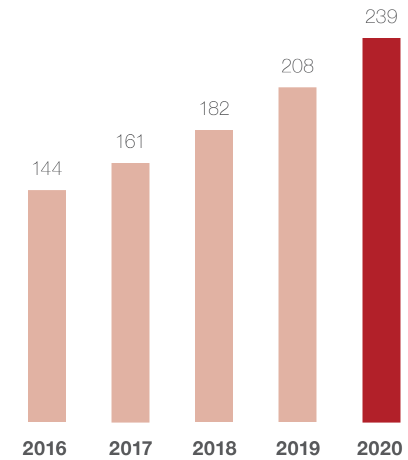
(in €m)	2020	2020 (adjustments)	2019	2019 (adjustments)
Net Sales	**239.4**		**207.9**	
Change in finished and unfinished goods	5.2		0.7	
Other operating income	8.4		14.5	
Cost of materials, supplies and services	-156.6		-138.6	
Personnel expenses	-31.8		-35.8	
Other operating expenses	-28.2		-29.5	
EBITDA	**36.4**		**19.2**	
Costs for employee phantom stock program		1.6		
Transaction costs[3]		0.4		3.5
Net income in relation to fire incident[4]		-1.0		-1.7
Other one-off personnel expenses[5]				8.5
Adjusted EBITDA		**37.4**		**29.5**
Adjusted EBITDA margin		*15.6%*		*14.2%*
Depreciation and amortisation	-19.0		-18.6	
Operating Profit (EBIT)	**17.4**		**0.6**	
Financial result	-5.2		-2.1	
Result before tax	**12.2**		**-1.5**	
Tax expense/benefit	-3.2		-2.0	
Result for the period	**9.0**		**-3.4**	
Thereof attributable to:				
Owners of the company	8.8		-3,5	
Non-controlling interests	0.2		0.1	

3 Transaction costs in 2020 include advisory costs and financial transaction taxes in relation to the acquisition of Top System closed in September 2020 in the amount € 0.4m, whereas transaction costs in 2019 in the amount of € 3.5m pertain to costs for listing on the stock exchange.
4 For both periods, the amount refers to net income from insurance reimbursements for tangible asset replacement, stock write-off and other expenses in relation to the fire incident that occurred at Eliopack in June 2019.
5 Other one-off personnel expenses in 2019 comprise € 8.1m of one-off bonus payments by the majority shareholder to the Management Board of Aluflexpack as well as € 0.4m of contractually due payments to former members of the Management Board.

Sales overview

In the business year 2020, Aluflexpack generated consolidated net sales of € 239.4m, up by 15.2% compared to previous year's net sales of € 207.9m. The increase can be attributed to an excellent customer portfolio, a general robust demand for on-the-shelf food, pharmaceutical and pet food products as well as good business development across most key end-markets of Aluflexpack. Consolidation effects of the Polish subsidiary Top System, acquired in early September 2020, were included for four months in the current reporting period. Adjusting for these consolidation effects, the Group reached an organic net sales growth rate of 13.7% in 2020.

Consolidated net sales (€m)



In 2020, Aluflexpack was able to increase its sales in most of its end-markets. Business developed particularly strong in the company's focus end-markets Coffee & Tea, Pet food and Pharma, in which sales grew by 41%, 16% and 12%, respectively. Demand in the **Coffee & Tea** end-market continued to be strong mainly due to firm demand in the single serve coffee category. Growth in **Pet food** was based on healthy demand for existing product solutions and an increase in sales of newly ramped-up stand-up-pouch capacities. However, restrictions in movement due to Covid-19 and temporary shortages in filling capacities on our customers' side led to slight postponements of qualification work for new product solutions in Aluflexpack's pet food end-market. In the **Pharmaceutical** end-market, sales were again on a robust level, primarily as a result of strong demand in emerging markets.

The -7% sales decline in the Group's **Confectionery** end-market reflects the impact of temporary closures of specific sales channels, such as duty free or specialty chocolate shops in 2020 as well as a reduced amount of festivities, on the business of Aluflexpack's clients. Sales attributable to the **Dairy** end-market increased by 13% in 2020, due to a solid expansion of the business in general and a contribution of Aluflexpack's newly acquired Polish subsidiary. The positive development in the **Other food** (+8%) and **Other non-food** (+16%) categories derives mainly from the ramp-up of new product solutions and customers in these two end-markets.

(in %)	Coffee & Tea	Confectionery	Dairy	Pharma	Pet food	Other food	Other non-food
Net sales growth (yoy)	41	-7	13	12	16	8	16
Share in Group sales	23	11	18	14	18	13	3

Cost overview

Material costs in % of net sales amounted to 61.2% on an adjusted level in the business year 2020. This marks an improvement from the previous year's level of 63.4% despite Covid-19 related temporary cost increases for certain input materials (e.g. chemicals also used for disinfectants). The decrease can be attributed to higher efficiency in production as indicated by reduced production waste levels and improved setup processes. In addition, material costs in % of net sales also benefited from a more favourable product mix in the reported period. The development of aluminium prices in 2020 did not play a role in the reduction of material costs, given Aluflexpack's strategic objective to fully hedge its Aluminium exposure either through financial swaps or pass-through mechanisms. Total costs of materials supplies and services in % of net sales on a reported level decreased from 66.7% in the previous period to 65.4% in the business year 2020.[6]

Personnel costs in % of net sales further decreased from 13.4% in 2019 to 12.9% in 2020 on an adjusted level despite the strengthening of upper management with expert positions. The reduction is indicative of the benefits from an increase in the Group's operating leverage. On a reported level, personnel expenses in % of net sales decreased from 17.2% in 2019 to 13.3%, reflecting costs for Aluflexpack's employee phantom stock option program in 2020 and effects of the technical booking of the voluntary bonus payment by Aluflexpack's majority shareholder Montana Tech Components to Aluflexpack's Management Board. According to IAS 19, Aluflexpack was obliged to reflect this payment in its profit and loss statement in 2019 against an increase in equity in the same amount.

Other operating expenses in % of net sales increased from 10.6% in the previous reporting period to 11.0% in 2020 on an adjusted level as increased expenses for commissions, insurance and provisions for bad debt outweighed reduced costs for travel arrangements and energy. On a reported level, other operating expenses in % of net sales decreased from 14.2% of net sales in 2019 to 11.8% in 2020, reflecting expenses for listing on the stock exchange in 2019 and bookings in relation to the fire incident at Eliopack in both 2019 and 2020.

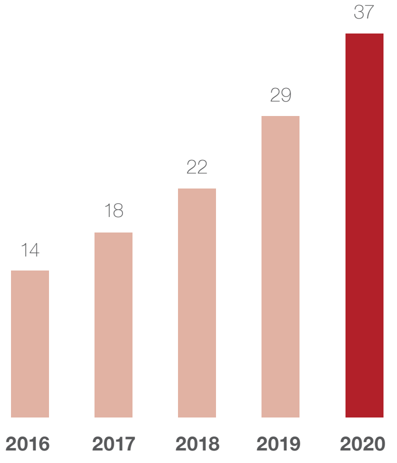
6 A detailed reconciliation between reported and adjusted figures can be found on pages 54 to 56.

Key cost ratios on adjusted level[6] (in €m)	For the twelve months ended December 31, 2020	2019
Material costs	-146.4	-131.8
in % of net sales	61.2%	63.4%
Personnel costs	-30.8	-28.0
in % of net sales	12.9%	13.4%
Other operating expenses	-26.4	-22.1
in % of net sales	11.0%	10.6%

EBITDA

Adjusted for non-recurring effects, Aluflexpack reached an EBITDA of € 37.4m in the business year 2020, up from € 29.5m in the previous period. This translates into an adjusted **EBITDA margin** of 15.6% (FY 2019: 14.2%). The increase in adjusted EBITDA is a result of a larger focus on high value-vadding products, stringent cost management, efficiency improvements and economies of scale.

EBITDA (€m)[7]



Reported Group EBITDA increased from € 19.2m to € 36.4m in the business year 2020. In addition to the positive operational drivers, the increase in reported EBITDA over the previous reporting period can be explained by the absence of significant one-off items incurred in connection with the listing on the stock exchange in 2019.

7 Adjusted for one-off items as outlined on page 54.

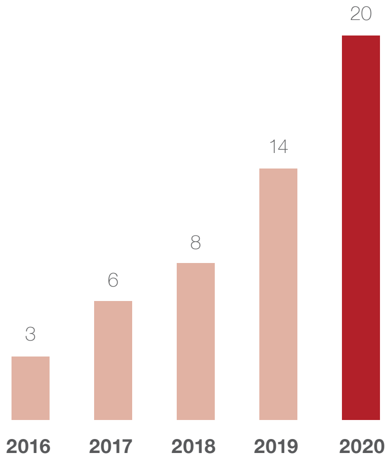
Depreciation and amortisation

Total expenses for **depreciation and amortisation** amounted to € -19.0m in 2020 and included € -1.5m of **acquisition-related amortisation**. In the previous reporting period, total expenses for depreciation and amortisation stood at € -18.6m, including € -2.0m for acquisition-related amortisation and an **impairment** in the amount of € -0.9m in connection with the fire incident at Eliopack. Due to the significant investments made in recent years to establish Aluflexpack's deeply integrated platform, depreciation continues to be elevated compared to peers operating in the packaging industry.

EBIT

Adjusted for one-off effects, Aluflexpack's EBIT amounted to € 20.0m in the business year 2020, up from € 13.8m in the previous period. Accordingly, the Group's adjusted **EBIT margin** increased from 6.6% to 8.3%. In addition to items adjusted above EBITDA, adjustments on EBIT level also include acquisition-related amortisations (both periods) as well as impairments made as a result of the fire incident at Eliopack (2019). Reported EBIT reached € 17.4m in 2020, compared to € 0.6m in the previous year, reflecting the operational and non-operational effects mentioned above.

EBIT (€ m) [8]



Financial result

Aluflexpack's **financial result** for the reporting period came in at € -5.2m, which marks a decrease in comparison to the previous year's financial result of € -2.1m. In 2020, Aluflexpack recorded **net interest expenses** including expenses for rental payments under IFRS 16 in the amount of € -1.9m (2019: € -3.7m). **Other financial income** totaled € 1.7m in 2020 and includes mainly positive mark-to-market valuation effects from financial instruments used to hedge against the Group's aluminium price exposure, notably the LME and metal premium price components. Subsequently, these positive effects are levelled out in the course of the underlying physical transaction. **Other financial expenses** amounted to € -4.9m. The item encompasses negative foreign exchange effects of local loans denominated in Euro, which are offset by an increase in equity, as well as negative effects from the valuation of outstanding put options for stakes in subsidiaries of the Group held by minority shareholders.

	For the twelve months ended December 31,	
Breakdown of the financial result (in €m)	**2020**	**2019**
Net interest expenses	-1.9	-3.7
Other financial income	1.7	3.4
Other financial expenses	-4.9	-1.8
Financial result	**-5.2**	**-2.1**

Items below the Financial result

Aluflexpack's **result before tax** accounted for € 12.2m in 2020, up from € -1.5m in the previous period. Tax expenses in the reporting period amounted to € -3.2m, compared to € -2.0m in the previous period. The increase in taxes paid compared to the preceding period is connected to an increase in the Group's aggregate taxable earnings base. Aluflexpack closed the business year 2020 with a **net profit** of € 9.0m, compared to a loss of € -3.4m in the previous period, as a result of the increased business activity and the positive operational developments in 2020 mentioned above.

Cash flows

	For the twelve months ended December 31,	
(in €m)	**2020**	**2019**
Cash and cash equivalents at the beginning of the period	**62.8**	**19.0**
Net cash provided / used in operating activities	26.1	15.5
Net cash used in investing activities	-32.9	-32.8
Net cash used from financing activities	-11.5	60.1
+/- effect of exchange rate fluctuations on cash held	-0.2	1.2
Cash and cash equivalents at the end of the period	**44.3**	**62.8**

8 Adjusted for one-off items as outlined on page 55.

Cash flows from operating activities reached € 26.1m in 2020, up from € 15.5m in the previous period. Cash generation was dampened by a negative cash impact from an increase in working capital in the amount of € -11.8m, mainly relating to an increase in inventory as Aluflexpack made the strategic decision in consultation with its clients to maintain a certain level of safety stocks for specific input materials and products as a precautionary measure against potential supply chain disruptions caused by the Covid-19 pandemic. **Net cash used in investing activities** totaled € 32.9m in the current reporting period, and hence, remained at a level similar to last year (2019: € -32.8m). This year's investments encompass payments made for acquisitions in the amount of € 12.6m as well as organic investments to the tune of € 20.5m into additional printing and finishing capacities in the Group's production sites in Croatia and France, among others. **Net cash flows from financing activities** amounted to € -11.5m (2019: € 60.1m) and include the combined effects of net repayments of loans to financial institutions as well as payments for lease liabilities.

Balance sheet

	For the twelve months ended December 31,	
(in €m)	**2020**	**2019**
ASSETS		
Non-current assets	146.8	133.3
Current assets	135.9	145.1
Total assets	**282.7**	**278.4**
EQUITY AND LIABILITIES		
Total equity	**174.3**	**172.2**
Non-current liabilities	39.3	48.2
Current liabilities	69.1	58.0
Total equity and liabilities	**282.7**	**278.4**

As of 31 December 2020, **total assets** stood at € 282.7m (31 December 2019: € 278.4 million). Total **non-current assets** amounted to € 146.8m (€ 133.3m[9]) and included property plant and equipment of € 106.7m (€ 102.2m[9]) as well as intangible assets and goodwill in the amount of € 38.6m (€ 29.9m[9]). The increased level of non-current assets is a result of the inclusion of assets from the Polish subsidiary Top System, acquired in September 2020, as well as the investment activity in the period completed.

9 Figure relates to 31 December 2020.

Within total **current assets** of € 135.9m (€ 145.1m[9]), cash and cash equivalents amounted to € 44.3m (€ 62.8m[9]). Inventories rose to € 59.6m (€ 48.7m[9]), as Aluflexpack made the strategic decision to temporarily increase the level of raw materials as well as finished and unfinished goods to guarantee to its clients service flexibility and agility amid increased uncertainty about the impact of Covid-19 on supply chains worldwide. Trade receivables increased slightly over the preceding period to € 24.0m (€ 22.8m[9]) due to the increased level of business.

Total liabilities made up € 108.4m as of 31 December 2020 (€ 106.2m[9]), of which € 69.1m classify as **current liabilities** (€ 58.0m[9]) and € 39.3m as **non-current liabilities** (€ 48.2m[9]). Aluflexpack recorded a net debt position of € 6.0m as of 31 December 2020, equating to a gearing of 3.5% and a ratio of net debt to EBITDA of 0.2x. The sound financial position is underlined by the Group's equity position: as of 31 December 2020, total equity increased to € 174.3m (€ 172.2m[9]). This corresponds to an **equity ratio** of 61.6% (61.9%[9]).

On 31 December 2020, Aluflexpack's **trade working capital** amounted to € 43.9m compared to € 32.7m on 31 December 2019. This equates to an increase in the trade working capital to sales ratio from 15.7% to 18.3%. To some extent, the increase in the working capital to sales ratio can be explained by the full inclusion of the Polish acquisition's working capital in the calculation.

Aluflexpack's **return on capital employed** (ROCE), a financial metric the Group commonly uses to evaluate organic and non-organic growth projects, increased from 9.6% in 2019 to 11.7%, reflecting the positive contribution from investments made into the platform over the previous years.

Growth of customer base

Technological transfer

Strategically attractive location

Excellent foundation for future growth

Cross-selling potential

Strengthening of position in dairy lidding market

Improved contingency planning

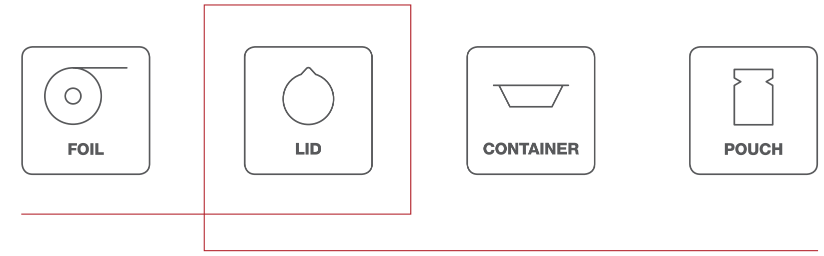
Highlight 2020: Acquisition of Top System

Another important step in Aluflexpack's expansion strategy was marked in September 2020, when the Group announced the acquisition of the Polish flexible packaging specialist Top System.[10] The company is a market leader on the domestic Polish dairy lidding market, a category with attractive growth opportunities as consumer spending on fast moving consumer goods increases in Poland. Similar to Aluflexpack's previous acquisitions in Switzerland (2013), France (2015) and Turkey (2018), Top System operated one production facility and offered attractive growth opportunities. Being part of a bigger group setup now enables the company to seize them in an effective manner. As member of the Aluflexpack Group, Top System provides vast growth potential: It strengthens Aluflexpack's platform in Europe with readily available additional capacities and modern production equipment in a strategically attractive location, enabling faster product distribution to new markets in Western and Northern Europe.

10 Signing and closing of the transaction were executed simultaneously on 09 September 2020. As part of the agreement, Aluflexpack acquired 80% of Top System, with 20% of the shares remaining under the ownership of the previous majority shareholder and managing director, who continues to run the company.

Product overview

Top System is specialised on the production of aluminium-based lids at a thickness of 35-37 µm in various shapes sealing on polystyrene and polypropylene cups. Thus, the company offers products similar to those already manufactured by Aluflexpack. The new member to the Group supplies its lids to the Polish domestic market for applications such as yogurts, cheese, instant and other dairy-based products. In addition, the company also produces PET-based lids and in-mould-labels for various applications.



Existing value chain

The existing value chain of Top System focuses on printing and finishing steps such as slitting, embossing and die-cutting of lids. In the embossing process, a raised relief is created, while during the die-cutting process, the desired final forms of the lids are sheared by using a die. These capabilities are comparable to those of Aluflexpack's plant in Zadar (Croatia) and La Ferté-Bernard (France), and with this setup, Top System can easily be integrated into Aluflexpack's existing value chain.

Strategic rationale

Top System is a well-run company in a strategically attractive location in proximity to Germany and Northern Europe. The new member to the Aluflexpack Group offers many growth opportunities. On the one hand, its available capacities can be further utilised by ramping up existing and new products, and on the other, Aluflexpack intends to roll out new technologies locally in Poland. The site in Poland also enables the Group to balance loads between several locations and to offer customers further internal contingencies. In addition, Aluflexpack's position on the European dairy lidding market is further strengthened with exposure to Polish consumers.

Integration process

In the initial phase post closing, production relevant data and know-how were exchanged to identify potential improvements. Several project teams with experts from both sides continue their work on key projects such as the most efficient integration into the Group's supply chain, load-balancing preparation and execution, cross-selling opportunities and the identification of new markets.

Responding to the pandemic - a front line perspective

Ojdana Krapljanov was in charge of Aluflexpack's Covid task force team in 2020, coordinating all internal and external measures.

I have been working for Aluflexpack and in the packaging industry since 27 years. It is a very solid, yet constantly evolving industry. But never ever had there been a situation comparable to the first weeks of the pandemic: There was increased nervousness in the supply chain, and customers (understandably) were unsure about what quantities to order and how the final consumer would react. In addition, we as an organisation had to adapt in order to protect our business and our people.

Already when the first cases emerged in Asia, Aluflexpack established a task force team containing members of several critical functions from purchasing, transportation, logistics to sales, among others. This committee met regularly (initially on a daily basis) and coordinated all Covid-19-related affairs internally and externally, building bridges from our suppliers to our customers.

For our clients, assessing end consumer demand and product preference in these unprecedented times certainly was not an easy task. Inevitably, it resulted in multiple revisions making also planning on our side difficult. However, we tried to support our customers in these difficult times by keeping a high level of flexibility. Partly, we brought in our experience and approximated customer demand by ourselves, also taking on more materials on our stock in consultation with them to secure supplies.

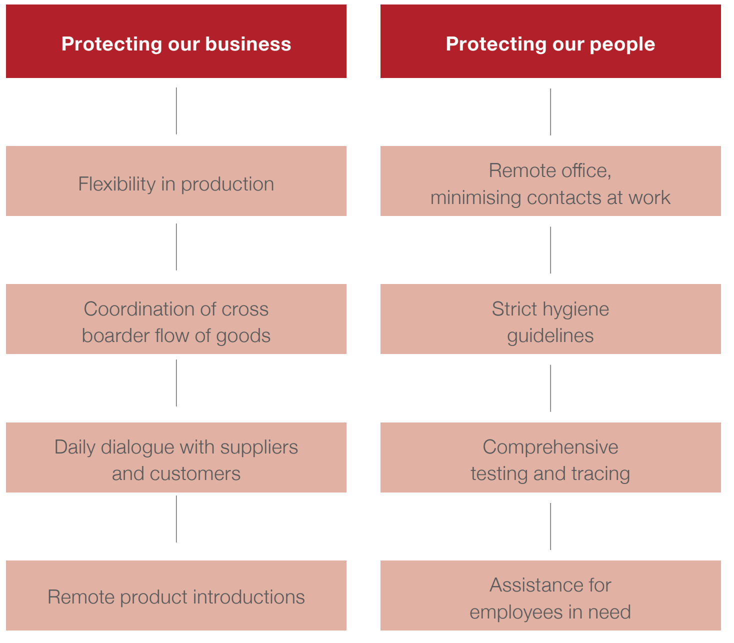
We have also been giving our suppliers a longer than usual planning horizon in order to make the planning process on their side easier. Still, we were in daily contact with them as well as governmental organisation in order to secure the cross boarder flow of material. Looking back, we have to thank all parties involved along the supply chain for their cooperation, as we experienced no major supply interruptions throughout 2020, and at no time, we were short of any input material. The fact that we were able to produce and deliver even at the peak of uncertainty proves that our suppliers and customers are best-in-class companies and that the supply chains and the ecosystem we built together over the course of the years are highly resilient.

Among the major challenges for us, certainly, was also to adapt our way of working to these new circumstances, e.g. we implemented remote work or working in shifts where possible. For tasks requiring on-site presence such as those of a machine operator, we implemented safety buffers between the machine shifts, so that the individual shifts would not meet each other upon shift changes, etc.

What is more, we took the decision to invest into comprehensive testing and tracing. In addition to temperature checks at the gates, we conducted weekly random tests among our employees and on several occasions, we tested all employees of a production site within two days. At the same time, we worked out tracing protocols in case we recorded a positive test. Despite the already high hygiene standards in our industry, we introduced additional health and hygiene measures, which were met with strict compliance among our employees, in order to limit the risk of transmissions.

Over the past twelve months, it was also good to see many of my colleagues realising that not only do they have a safe working place, but also that their job is crucial to uphold food and pharmaceutical supplies for society. I am convinced that this motivated many to perform their job despite understandable fears.

Cornerstones of Aluflexpack's Covid-19 measures



Role model for integration

In 2015, Aluflexpack acquired Eliopack, a flexible packaging manufacturer situated in the industrial zone of Ajeux in La Ferté-Bernard, France. Today, Eliopack employs c. 100 people and manufactures flexible packaging materials mainly for the pharmaceutical, personal care and human food industry. Led by a strong, entrepreneurially thinking management team, Eliopack today serves as a perfect role model for the integration of a stand-alone satellite into the Group's value chain and the technological transfer within the Aluflexpack Group: After a very brief integration phase, Aluflexpack's conversion hubs in Croatia took over the supply of pre-material to Eliopack, providing higher visibility of supply and enabling end-to-end quality control. The inclusion of Eliopack in Aluflexpack's value chain also opened doors to many customers in France, the second biggest flexible packaging market within the European Union. Subsequently, Aluflexpack introduced new technologies in France, most recently the deep drawing process, to supply French customers also locally after having previously provided them with supplies from other sites within the Aluflexpack Group. Strong bonding between Eliopack and the rest of the Aluflexpack Group also proved essential in 2019, when Eliopack became afflicted by a fire. Close cooperation with customers, effective contingency plans, alternative production routes and a tremendous effort by the local organisation assured no significant interruption of deliveries.

Jerome Bardini is managing director and co-owner of Eliopack, Aluflexpack's plant in France. After impressively overcoming all challenges that came with the fire incident in 2019, Mr. Bardini and his team have successfully managed to introduce a new technology at their site in 2020.

What products are being manufactured at Eliopack?

We are specialised in the production of blister foils, sachets, suppositories and lids mainly for the pharmaceutical but also the personal care and human food industry. We operate a state-of-the-art clean room, which we extended in 2019, perform both rotogravure and flexographic printing, laminate and die-cut in house. With our recent technological extension, we are also able to form capsules for beverage applications.

What is the impact of the Covid-19 pandemic on your business?

We generate a significant amount of sales in the Pharmaceutical end-market. Lockdowns and restrictions in movement resulted in a slightly reduced demand for pharmaceuticals as less people fell sick or visited the doctor. In the other end-markets, things are developing solidly.

How difficult was the introduction of the new production step?

The deep drawing technology and the know-how connected to it was already well established within the Group. This helped us in this technological transition and accelerated the process. We also receive pre-material from sources within the Group. Hence, we have full control over the material and value chain, and are able to guarantee a high quality product for our customers. Early in the year 2020, we installed the machines and subsequently passed all tests, also with the support of our colleagues within the Group, who more than once lent a helping hand.

This is well deserved after what happened in 2019!

Thanks. The fire incident in June 2019 was a real shock at first: The fire broke out outside of the production building in the washing area close to the ink department. The frustrating thing was that it was caused by a broken cable and there were no wrongdoings on our side. Subsequently, parts of the electrical infrastructure were affected and the fire caused damage to assets in or in proximity to our ink department, among others also to parts of the roof of the production building. In the weeks thereafter we did everything in our hands to find workarounds for our customers and maintain deliveries as good as possible. I need to thank all of our customers, partners, the insurance company and all involved for their continued trust and the fantastic support.

Sustainability

Sustainability is a key part of the corporate strategy and business model of Aluflexpack. As a producer of flexible packaging, supplying products to numerous leading companies across the globe in various industrial segments, Aluflexpack is aware of its responsibility and its economic, social and environmental impact. We associate sustainability with the application of our products that target the protection of food and medicine in a sustainable manner, and with the target of reducing negative effects of our own business processes.

Optimising the product packaging system

Every day, Alufexpack's flexible packaging solutions are in direct contact with food, medicine or personal care goods - with the primary purpose of protecting these goods in the best possible manner to preserve nutritional value, taste and quality for consumers and to prevent goods from being wasted. In our product development, we aim at creating new solutions in order to replace packaging produced with environmentally intensive materials or decrease the use of such materials by downgauging of packaging to achieve the same barrier and functionalities with thinner layers as well as less base or auxiliary materials. In that regard, one of the advantages of flexible packaging is that it is very lightweight, and ideally suited to pack products of any size and shape in an effective manner, resulting in high product-to-pack-ratios. This means that flexible packaging requires very little material to pack comparably higher quantities of product content. Hence, it often offers ideal propositions for sustainable packaging solutions.[11]

Aluminium-based flexible packaging

Aluflexpack is specialised on the development and industrial manufacturing of aluminium-based flexible packaging solutions. Besides being lightweight, one of aluminium's notable advantages is that it acts as an absolute barrier against oxygen, moisture and light. In the end of life phase, aluminium offers valuable features as it is fully recyclable without losing its qualities. Moreover, using recycled aluminium in the process reduces the amount of energy used by up to 95% compared to primary aluminium. Hence, the physical properties of aluminium foil make it a great solution in matching today's sustainability challenges and fully align it to the current "reduce, reuse, recycle" trend.[12]

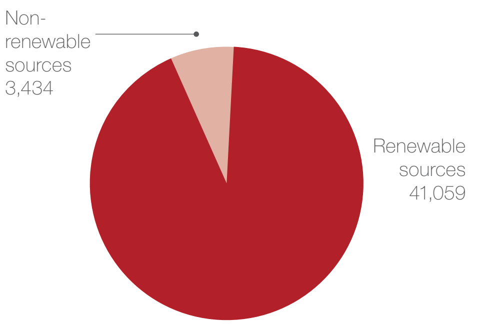
Managing our footprint

Aluflexpack is constantly working on reducing its overall environmental impact and gas emissions through investments in recuperation and filtering systems as well as

11 https://www.flexpack-europe.org/en/sustainability_start_2018/flexible-packaging-accounts-for-only-10-of-all-packaging-materials-used-for-food-in-europe-but-packs-m.html.
12 https://european-aluminium.eu/media/1712/ea_recycling-brochure-2016.pdf, et al.

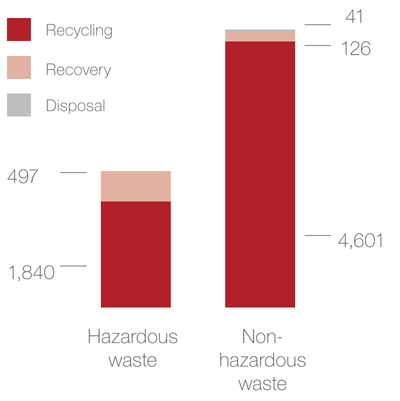
other industrial processes. Environmental topics are also well reflected in the many standards and certificates that members of the Group have been awarded such as ISO 14001 (Environmental Management System), EcoVadis and SMETA, among others. These cover items such as monitoring of water quality, waste management, responsible sourcing, environmental protection and life cycle analysis. In order to measure and present ESG-related matters and developments to its stakeholders, Aluflexpack published its first sustainability report in accordance with the core version of the Global Reporting Initiative Standards (GRI) in 2020. The data used in the compilation of the sustainability report and presented below pertains to the business year 2019.[13]

Electrical energy consumption in MWH[14]



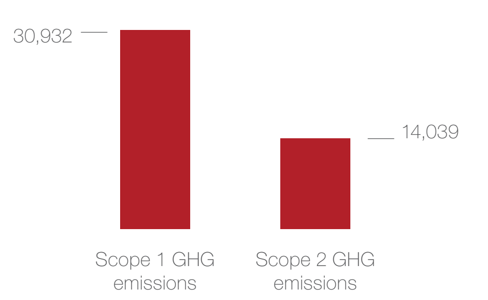
In order to increase the energy efficiency of its business operations, Aluflexpack strives to optimise energy consumption levels and offset its environmental impact by using renewable energy wherever possible. In 2019, Alufexpack's operations used c. 44,500 MWH of electrical energy. 92% of the electricity consumed came from renewable energy sources, and 8 % from non-renewable sources.

Waste performance in tons[14]



Managing waste that is part of our operations is crucial in minimising our environmental impacts and their residual effects. In 2019, 100% of hazardous waste and 96% of non-hazardous waste was recycled or recovered by Aluflexpack. The majority of our waste is aluminium scrap, which is sold in its entirety, and hence fully recycled and reused.

Green house gas (GHG) emission measurement in tons of CO_{2e}[14]



Emissions and their management are an integral part of Aluflexpack's environmental management strategy. In 2019, gross direct scope 1 green house gas (GHG) emissions amounted to 30,932 tons of CO_{2e}. Gross location-based indirect green house gas emissions from energy use amounted to 14,039 tons of CO_{2e} in 2019.

13 The metrics for 2020 were not yet available as at the timing of the public dissemination of the Annual Report 2020, but will be disclosed in Aluflexpack's Sustainability Report 2020. More detailed information on Aluflexpack's resource and emission management can be obtained from Aluflexpack's Sustainability Report 2019: https://www.aluflexpack.com/de/downloads/.
14 Figures presented relate to 2019.

Human resources

In 2020, the Aluflexpack Group again reached new heights on its growth journey. The positive operational result was achieved together with 1,296 employees, who carry our expertise and form the backbone of our company. Aluflexpack strives not only for sustainable operational and financial development and long-term customer bonds, but also for long-term relationships with its employees. The successful execution of our strategy requires motivated employees who bring our values to life. This was especially true in the context of all the challenges of the year 2020: Our employees' good spirit, motivation, discipline and strict compliance to health and safety measures were critical in order to remain fully operational throughout the pandemic and maintain a high level of service.

It is Aluflexpack's belief that being a responsible employer is a prerequisite for achieving success as a business on an ongoing basis. Aluflexpack commits to this by providing an environment in which people can develop professionally to fulfill their personal aspirations in line with the Group's business needs. We also aim at establishing an environment in which our employees can perform their work in a safe manner without risking their personal wellbeing.

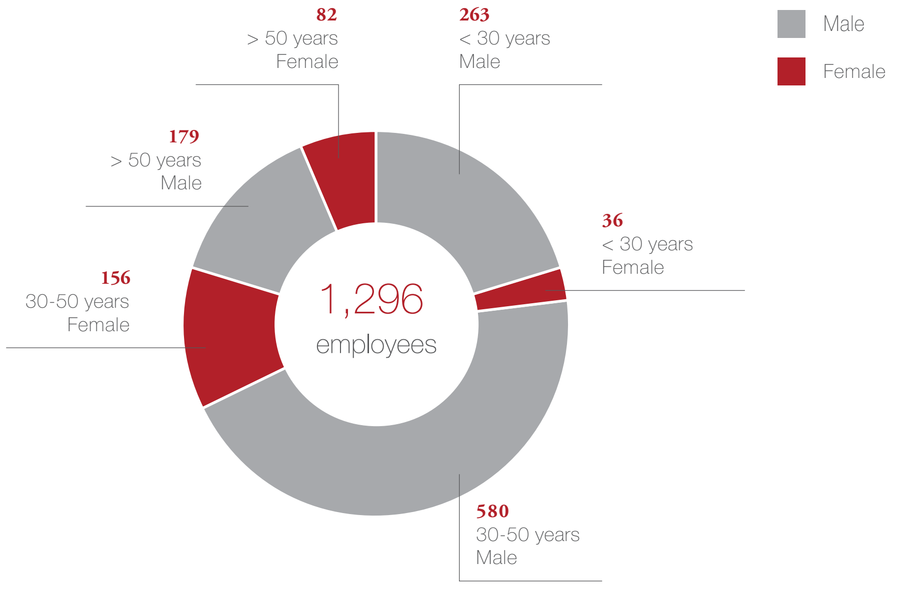
To further strengthen our employees' identification with the company's development, an employee phantom stock program has been put in place in Q1 2020. Further information on the program is presented on page 89 of the Annual Report 2020.

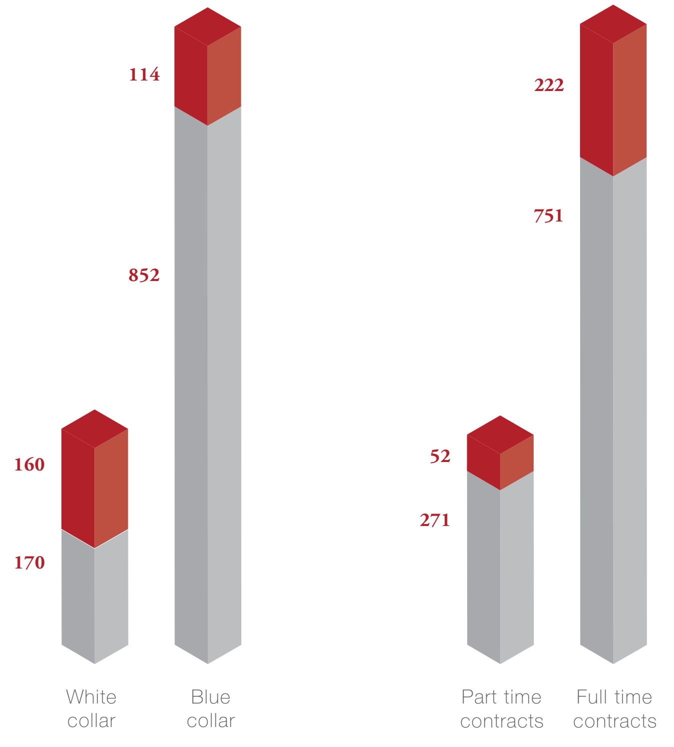
Our Human Resources in numbers

At the end of the business year 2020, Aluflexpack employed 1,296 people, up from 1,215 people at the end of 2019, which equates to an increase of 6%. The increased headcount reflects the inclusion of the employees from Top System, which was acquired by Aluflexpack in September 2020. There are more men than women employed at Aluflexpack, mainly due to legal and physical constraints in the production areas. As of the end of 2020, 49% of white collar workers were female (up from 47% in 2019), whereas 9% of blue collar positions were occupied by women. Over the past years, the number of women working for the Group has been increasing steadily.

Looking at the age split, 23% of Aluflexpack's employees were under 30 years old as of 31 December 2020, 57% aged between 30 and 50 years and 20% over 50 years. The age spread between the youngest and the oldest employee was 49 years. At year-end 2020, 75% of our 1,296 employees were working on a full time basis, 25% on a part time basis.

Our people

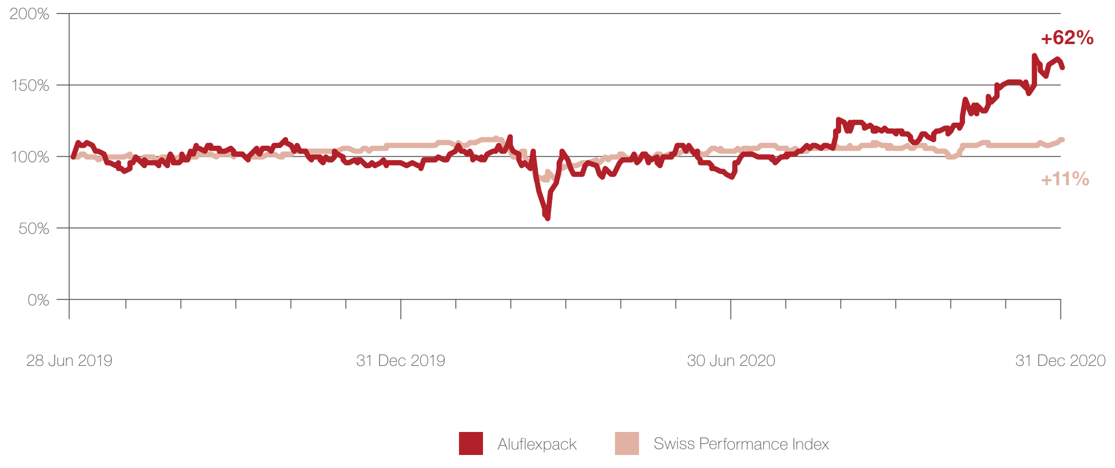




Aluflexpack on the capital markets

Aluflexpack's stock closed the first full calendar year after the initial public offering in June 2019 at CHF 34.1, which corresponds to an increase of 71.4% compared to the closing price of CHF 19.9 on 30 December 2019. Over the course of 2020, global equity markets were dominated by the outbreak of the coronavirus pandemic around the globe and policymakers' response to it. The introduction of lockdown restrictions in Q1 resulted in a substantial contraction in the global economy. However, the subsequent lifting of these measures led to a sharp rebound during the summer, although most major economies still recorded economic activity below pre-pandemic levels. The unprecedented disruption also caused unprecedented responses, with governments around the world spending trillions on relief and economic support measures, and central banks across the globe injecting liquidity into markets, which, together with hopes for a functioning vaccine, laid the foundation for a rally in the cyclical leg of the stock market in the fourth quarter, whereas the broader Swiss stock market was trading more according to its defensive bias in 2020. Shareholders of Aluflexpack, on the other hand, benefitted from the company's positive operational development over the course of the year: since listing on SIX Swiss exchange, Aluflexpack's share price increased by 62%.

Aluflexpack's share price performance (28 Jun 2019 = 100%)



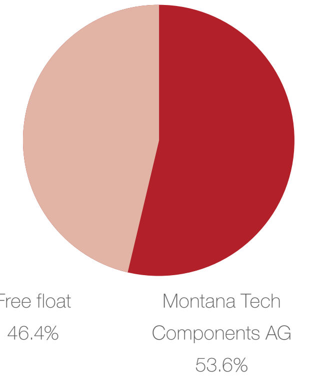
Share price performance in 2020

Aluflexpack shares closed the year up 71.4% compared to the previous year's closing price of CHF 19.9. The share price hit its low of CHF 12.0 on 19 March 2020 in the midst of increased fear among global investors about the consequences of the coronavirus pandemic. On 20 March 2020, Aluflexpack published its full year results for the financial year 2020, and confirmed its sales guidance given in February. Subsequently, the share price recovered swiftly to levels close to the emission price of CHF 21.0. On 6 November 2020 and 14 December 2020, the Management Board of Aluflexpack twice increased the outlook for the financial year 2020, reflecting the positive business development at the end of the year. On 15 December 2020, the share price climbed to its high for the year of CHF 35.8. As of 31 December 2020, Aluflexpack's market capitalisation stood at CHF 590m, compared to CHF 344m as of 31 December 2019.

At year-end 2020, Aluflexpack's shareholder structure was of an international nature. 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.[15] Shares are held primarily by investors with a long-term horizon. 53.6% continued to be in the ownership of the majority shareholder Montana Tech Components AG as of 31 December 2020. The daily trading volume of Aluflexpack shares averaged CHF 356k in 2020.

At a glance		2020	2019
Number of shares outstanding[16]	in m	17.3	17.3
Market capitalisation[16]	in CHFm	589.9	344.3
Free float[16]	in %	46.4	46.4
Average daily traded volume	in CHFk	355.6	240.1[17]
Year's high at close	in CHF	35.8	24.2
Year's low at close	in CHF	12.0	18.75
Year end at close	in CHF	34.1	19.9

Shareholder Structure



15 Shareholdings of members of the Management Board and the Board of Directors are disclosed on page 160 in the statutory financial statements of Aluflexpack AG, which are an integral part of the Annual Report.

16 As of 31 December.

17 Average daily trading volume based on the months of August to December (103 trading days)

Analyst coverage

At the end of 2020, Aluflexpack was covered by four financial analysts who regularly publish research reports on Aluflexpack. As of 31 December 2020, three analysts covering the stock held a "buy" recommendation and one a "hold" recommendation. The average target price valuation stood at CHF 34.9 at the end of 2020. In order to further improve visibility on the capital markets, Aluflexpack intends to extend coverage among global securities analysts.

Investor Relations

Ensuring active and open dialogue with the capital market 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 2020, the Management Board and the Investor Relations department attended 17 roadshows and conferences. Due to the Covid-19 pandemic, most of them were held virtually.

Supplemental financial information

Use of alternative performance measures

Aluflexpack is managed in accordance with internally defined financial and non-financial key figures in the interest of achieving a sustainable increase in value. The following key financial figures are used for the purpose of value-oriented management and in the context of the Annual Report 2020:

- **Adjusted EBIT** refers to operating profit before interest and taxes adjusted for one-off effects and acquisition related amortisations as outlined on pages 54 to 56.

- **Adjusted EBITDA** refers to operating profit before interest, taxes, depreciation and amortisation adjusted for one-off effects as outlined on pages 54 to 56.

- **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 include costs for temporary personnel.

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

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

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

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

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

- **Operating Cash Flow** is defined as net cash from operating activities.

- **Organic Growth** was used as an alternative performance measure in the context the relative growth in net sales in the business year 2020. In this context, organic growth was calculated by comparing full year 2019 sales with 2020 sales excluding the contribution made by Aluflexpack's newly acquired Polish subsidiary Top System, which was consolidated as of 1 September 2020.
- **ROCE** stands for return on capital employed and refers to adjusted EBIT divided by capital employed, which is defined as average equity plus average net debt for a given period.
- **Trade Working Capital** comprises trade receivables and inventories less trade payables and advances received from customers reflecting end-of-period values.

Reconciliation from IFRS reported figures to adjusted figures

Adjusted EBITDA (in €m)	For the twelve months ended December 31, 2020	2019
EBITDA - IFRS reported	**36.4**	**19.2**
Costs for employee phantom stock program	1.6	
Transaction costs[18]	0.4	3.5
Net income in relation to fire incident[19]	-1.0	-1.7
Other one-off personnel expenses[20]		8.5
Adjusted EBITDA	**37.4**	**29.5**
EBTIDA margin in % - IFRS reported	**15.2%**	**9.2%**
EBITDA margin in % - adjusted	**15.6%**	**14.2%**

18 Transaction costs in 2020 include advisory costs and financial transaction taxes in relation to the acquisition of Top System closed in September 2020 in the amount € 0.4m, whereas transaction costs in 2019 in the amount of € 3.5m pertain to costs for listing on the stock exchange.
19 For both periods, the amount refers to net income from insurance reimbursements for tangible asset replacement, stock write-off and other expenses in relation to the fire incident that occurred at Eliopack in June 2019.
20 Other one-off personnel expenses in 2019 comprise € 8.1m of one-off bonus payments by the majority shareholder to the Management Board of Aluflexpack as well as € 0.4m of contractually due payments to former members of the Management Board.

Adjusted EBIT (in €m)	For the twelve months ended December 31, 2020	2019
Operating Profit (EBIT) - IFRS Reported	**17.4**	**0.6**
Costs for employee phantom stock program	1.6	
Transaction costs[18]	0.4	3.5
Net income in relation to fire incident[19]	-1.0	-1.7
Other one-off personnel expenses[20]		8.5
Acquisition related amortisations	1.5	2.0
Impairment in relation to fire incident		0.9
Operating Profit (EBIT) - adjusted	**20.0**	**13.8**
EBIT margin in % - IFRS reported	**7.3%**	**0.3%**
EBIT margin in % - adjusted	**8.3%**	**6.6%**

Adjusted Material Costs (in €m)	For the twelve months ended December 31, 2020	2019
Cost of materials, supplies and services - IFRS reported	**-156.6**	**-138.7**
Change in finished and unfinished goods	5.2	0.7
Temporary personnel included in total cost of materials, supplies and services	0.6	0.6
Income from the disposal of recycled products	4.7	4.7
Adjustments in relation to the fire incident	-0.3	0.6
Income from related insurance payments		0.2
Adjusted Material Costs	**-146.4**	**-131.8**

Adjusted Personnel Costs (in €m)	For the twelve months ended December 31, 2020	2019
Personnel expenses - IFRS reported	**-31.8**	**-35.8**
Temporary personnel costs	-0.6	-0.6
Costs for employee phantom stock program	1.6	
Other one-off personnel expenses[21]		8.5
Adjusted Personal Expenses	**-30.8**	**-28.0**

Adjusted Other Operating Expenses (in €m)	For the twelve months ended December 31, 2020	2019
Other operating expenses - IFRS reported	**-28.2**	**-29.5**
Transaction costs[22]	0.4	3.5
Other operating expenses in relation to fire incident	1.4	4.0
Adjusted Other Operating Expenses	**-26.4**	**-22.1**

21 Other one-off personnel expenses in 2019 comprise € 8.1m of one-off bonus payments by the majority shareholder to the Management Board of Aluflexpack as well as € 0.4m of contractually due payments to former members of the Management Board.

22 Transaction costs in 2020 include advisory costs and financial transaction taxes in relation to the acquisition of Top System closed in September 2020 in the amount € 0.4m, whereas transaction costs in 2019 in the amount of € 3.5m pertain to costs for listing on the stock exchange.

Corporate Governance Report

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 Association[23] and the Rules of Organisation 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.

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. (80% ownership) and Poznan-based Top System sp. z o. o. (80% ownership), and directly or indirectly holds all eight production sites and all other companies within the Group. Aluflexpack AG is listed on 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 ended 31 December 2020 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 on SIX Swiss Exchange since 28 June 2019 (symbol: AFP, valor: 45322689, ISIN: CH0453226893). The market capitalisation of Aluflexpack amounted to CHF 590m as of 31 December 2020. No other listed companies are included in the consolidation of Aluflexpack AG. There are no cross-shareholdings with companies outside of the Group.

23 Weblink to Aluflexpack’s Article of Association: https://ir.aluflexpack.com/wp-content uploads/2019/11/Articles_of_Incorporation.pdf.

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 2020:

Significant shareholder (beneficial owner)	% of voting rights	Number of shares
Montana Tech Components AG (Michael Tojner)	53.59%	9,271,000
The Capital Group Companies, Inc. (Capital Research and Management Company)[24]	4.99%	863,454
FIL Limited	4.70%	813,508
Credit Suisse Funds AG	4.35%	753,295
Legal & General Group Plc. [25]	3.32%	575,718
Xoris GmbH	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 2020. The number of shares shown as well as the holding percentages are based on the last disclosure of shareholdings communicated by the shareholder 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.

For the individual reports published during the year under review, please refer to the webpage of the Disclosure Office of SIX Swiss Exchange:

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

Other Items

As of 31 December 2020, Aluflexpack held no treasury shares. There are no cross-shareholdings exceeding 5% in any company outside the Group.

24 According to the disclosure notification published on 26 January 2021, The Capital Group Companies, Inc. has increased its shareholding in Aluflexpack to 5.17%.

25 According to the disclosure notification published on 26 January 2021, Legal & General Group Plc. has decreased its shareholding in Aluflexpack to 2.95%. Group consisting of: Legal & General Assurance Society (London), Legal & General Assurance (Pension Management) Limited (London), Legal & General Investment Management Limited (London) as the beneficial owners and Legal & General Group (London), Legal & General (Unit Trust Managers) Limited (London) and Legal & General Investment Management Limited (London) as the direct shareholders.

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 2020. 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 June 2021. 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.

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 disclosure 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.

Convertible bonds and options

As of 31 December 2020, no outstanding convertible bond or options on Aluflexpack's equity security were recorded on the balance sheet. Members of the management of the Group other than the members of the Management Board and certain key employees of the Company and its affiliated companies are entitled to participate in a long-term stock option program. Under this program ("Employee Phantom Stock Program)", Aluflexpack intends to grant to the participants options, free of charge, to acquire fictive shares in the Company in the aggregate amount of 173,182 shares over four years. Further information on the Employee Phantom Stock Program can be found in the Compensation Report on page 89 which is an integral part of the Annual Report 2020.

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 2020, 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 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 2020	Board membership	Since	To be reelected
Martin Ohneberg	President of the Board of Directors	2019	2021
Luis Bühler	Member of the Board of Directors	2019	2021
Christian Hosp	Member of the Board of Directors	2018	2021
Markus Vischer	Member of the Board of Directors	2019	2021
Bernd Winter	Member of the Board of Directors	2019	2021

Martin Ohneberg
(born 1971), Austrian citizen

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 supervisory board of Verbund AG. Moreover, Mr. Ohneberg is President of the Industrial Association of Vorarlberg (Austria), and a member of the Board of the Federation of Austrian Industry.

Alois Bühler
(born 1948), Swiss citizen

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 Combibloc, Inc. In 1986, Mr. Bühler joined The Power Group (United States) as senior vice president Group Strategy and Development. From 2002 to 2005, he served as managing director of Alupack 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
(born 1969), Austrian citizen

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
(born 1960), Swiss citizen

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, London University (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 in several companies, including as a member of the board of the majority shareholder of Aluflexpack, Montana Tech Components AG, as well as Montana Aerospace AG.

Bernd Winter
(born 1973), Austrian citizen

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 and ATINU Immobilien AG.

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 until the end of the next Annual General Meeting, and can be re-elected. The President of the Board of Directors is also elected by the Annual General Meeting for a period ending at the next Annual General Meeting. 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 2020, 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.

Internal Organisation

The Board of Directors exercises management, supervision and control over the conduct of the Company's business. The Board of Directors currently consists of five members. 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). In 2020, the Board of Directors held two physical meetings and, due to imposed restrictions in movement as a result of the Covid-19 pandemic, five virtual meetings. Four meetings were attended by all members of the Board of Directors, and three meetings were attended by four members. At all meetings, members of the Management Board have been called in. 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:

- the 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;
- the 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;
- the 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;
- the passing of resolutions concerning the subsequent payment of capital with respect to not fully paid-in shares;

- the 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
- the 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.

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 and as of 31 December 2020 consisted of Bernd Winter, Martin Ohneberg and Markus Vischer.

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. In particular, the duties and responsibilities of the Audit and Compliance Committee include:

- to review and assess the effectiveness of the external and internal auditors, in particular their independence;
- to 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;
- to review the auditors' reports and to discuss their contents with the auditors;
- to 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;
- to approve the remuneration and terms of engagement of the external auditor;
- to assess internal controls and the risk assessment established by the management and the proposed measures to reduce risks;
- to assess the state of compliance with statutory, internal and organisational regulations and corporate governance within the Company;
- to review and approve the Company's compliance program, including preventive measures of the Company, supervision of material compliance questions and ongoing investigations, comparison exercises with compliance programs of other companies (if applicable) and review of relevant legal developments;
- to 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;

- to 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;
- to consider any other matters as may be requested by the Board of Directors; and
- to review its own performance and effectiveness and recommend any necessary changes to the Board.

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. In 2020, the committee met six times. All committee members attended all meetings. Members of the Management Board (all meetings) and representatives of the group auditor (two meetings) have been called in to the meeting in 2020. 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 General Meeting for a period 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 and as of 31 December 2020, consisted of Christian Hosp, Martin Ohneberg and Bernd Winter. The duties and responsibilities of the Nomination and Compensation Committee include:

- to 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;
- to nominate candidates to fill vacancies on the Board of Directors or the position of CEO;
- to appoint candidates for the Management Board in response to proposals by the CEO;
- to make recommendations to the Board of Directors on the composition of the Board of Directors and to identify appropriate candidates;
- to make determinations regarding the independence of members of the Board of Directors;
- to recommend to the Board of Directors whether to reappoint a director at the end of their term of office;

- to recommend to the Board of Directors the terms of employment of the CEO and members of the Management Board;
- to 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 to 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;
- to review matters related to the general compensation rules for employees as well as the Company's human resource practices;
- to submit proposals to the Board of Directors on the amounts of fixed compensation to be paid to members of the Board of Directors;
- to 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;
- to submit proposals to the Board of Directors on the amounts of fixed and variable compensation to be paid to the CEO;
- to 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;-
- to submit the proposed compensation report to the Board of Directors;
- to make recommendations to the Board of Directors on granting options or other securities, including employee share schemes, to employees of all levels;
- to consider any other matters as may be requested by the Board of Directors;
- to take all other actions required of it by the law, Articles of Association or Regulations; and
- to review its own performance and effectiveness, and recommend any necessary changes to the Board of Directors.

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 2020, the committee met three times. All members attended all meetings. No external specialists were called in in 2020. Absent any conflict of interests concerns, other members of the Board of Directors may request to inspect the minutes.

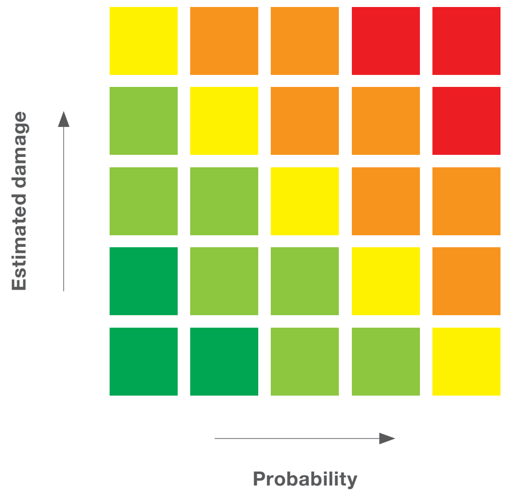
Information and control systems

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 including information on the income statement and qualitative comments on the business development. 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 take 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 2020, some planned internal audits could not be performed due to effects of the Covid-19 pandemic. The not realised audits scheduled for 2020 are expected to be performed in 2021 in addition to the originally scheduled internal audits. 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 findings are then reported to the Board of Directors. 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, which was updated in 2020, 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 and input material risk, among others. Financial risks mentioned comprised foreign currency, hedging, 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.

Based on the findings of Aluflexpack's risk management processes in 2020, 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 2020, the Management Board consisted of the following members:

Members of the Management Board on 31 December 2020	Board membership	Since
Igor Arbanas	Chief Executive Officer (CEO)	2012
Johannes Steurer	Chief Financial Officer (CFO)	2012

Igor Arbanas
(born 1965), Austrian citizen

Mr. Arbanas studied electrical engineering and computing at the Technical University Zagreb and holds the degree of a chartered engineer (Dipl. Ing.). He also holds a "Master of Science in Electrical Engineering" degree from the Technical University Zagreb and a "European Laser Engineer" degree from the Technical University Vienna. Mr. Arbanas started his career in 1995 as a group leader research & development at Boehringer Ingelheim and a consultant and manager at KPMG Consulting in Austria. From 2002 to 2009, he served as the CEO of Tricon Consulting GmbH, Austria, and between 2011 and 2012 Mr. Arbanas was interim CEO of Trotec Laser UK. He joined the Group as CEO in September 2012. Mr. Arbanas is also acting as CEO of AFP Group GmbH and Aluflexpack Novi d.o.o. as well as member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş.

Johannes Steurer
(born 1983), Austrian citizen

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 is also 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 has been serving 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. Mr. Steurer joined the Group as CFO in November 2012. Mr. Steurer is also acting as CFO of AFP Group GmbH and Aluflexpack Novi d.o.o. as well as member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş.

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.

Compensation, shareholding and loans

The content and process for determining remuneration and equity participation programs 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 which is an integral part of the Annual Report.

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 Aluflexpack, 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 General Meeting elects an independent proxy holder each year. The term of office is concluded 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 2020's Annual General Meeting, the law firm Keller KLG served as independent proxy. The firm was reelected to serve as independent proxy for 2021'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 1.0m, or representing at least 10% of the total share capital outstanding 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 2021 concerning the financial year 2020, shareholders who have been entered into the share register by 30 April 2021, may exercise their right to vote at the Annual General Meeting on 10 May 2021.

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.

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 AG, Bogenstrasse 7, CH-9000 St. Gallen. KPMG AG has audited the financial statements of Aluflexpack AG since its foundation on 31 July 2018. KPMG AG 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 AG. At the ordinary Annual General Meeting 2021, KPMG AG will be recommended for reelection as statutory auditor.

The table below summarises the fees paid to auditors in 2020:

in €k	Statutory auditors	Other auditors
Auditing services, total	284	60
Additional services, total	73	2
o/w tax consulting	64	2
o/w other advisory services	9	0

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 2020, the 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://ir.aluflexpack.com/publications-3/?lang=en. 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://ir.aluflexpack.com/ir-contact/?lang=en.

The financial calendar of Aluflexpack AG in the year 2021 is outlined below:

Date	Announcement
05 Feb 2021	FY 2020 Preliminary Sales Statement
19 Mar 2021	Publication of results for the full year ending 31 December 2020
30 Apr 2021	Closure of share register at 17:00
07 May 2021	Q1 Sales Statement
10 May 2021	Annual General Meeting
23 Aug 2021	Publication of results for the half year ending 30 June 2021
05 Nov 2021	Q3 Sales Statement

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

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Head of Investor Relations and M&A
Alte Aarauerstrasse 11, 5734 Reinach, Switzerland
+436648581124
lukas.kothbauer@aluflexpack.com

Compensation Report

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 2020. 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 96.

Remuneration framework

Principles

The remuneration policy for all employees of Aluflexpack, and in particular for the members of the Management Board, focuses on rewarding employees for their contribution to the successful development of Aluflexpack and at aligning shareholders' and employees' interests in a sustainable manner. Moreover, the policy aims at motivating employees, retaining qualified and talented professionals and promoting an entrepreneurial way of thinking. This may be achieved through a balanced weighting of base salary, short-term incentives and long-term incentives.

Reward performance
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.

Reward value creation
Members of the Management Board are shareholders in the Company. This encourages a long-term view and aligns interests with shareholders. In addition, the extended management participates in a phantom stock option program.[26]

Retain talent
Remuneration levels are designed to attract, retain and develop the best talent.

26 Shareholdings of members of the Management Board are disclosed on page 160 in the statutory accounts of Aluflexpack, which are an integral part of the Annual Report. Information on the employee phantom stock plan is disclosed on p. 89 of the Compensation Report.

Transparency
All of Aluflexpack's remuneration programs are aimed to be transparent and fair. The framework is also set forth in Articles 29–35 of Aluflexpack's Articles of Association.[27]

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

The maximum aggregate amount of compensation of each the Board of Directors and the Management Board is approved annually by the Annual Generally Meeting of the shareholders, as provided for in Article 15 of Aluflexpack's Articles of Association.[27]

	Board of Directors	Management Board
Fixed compensation	Fixed fee awarded in cash or in shares	Base salary on the basis 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, insurance

27 Link to Aluflexpack's Articles of Association: https://ir.aluflexpack.com/wp-content/uploads/2019/11 Statuten.pdf

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.[28] 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. No signing bonus and termination benefits are paid to members of the Board of Directors. 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 and ends at Aluflexpack's 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.[29]

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 compensation 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 amount 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.[28] 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 General Meeting.

All remuneration 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.[29]

For additional consideration payable to new or promoted 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.[29]

Short-term performance based remuneration - approach in 2020

The actual amount of short-term performance-based variable remuneration ("bonus") depends on the achievement of targets set by the Board of Directors for the one-year performance period (calendar year). The amount of the individual short-term performance-based remuneration for 100% target achievement ("target bonus") is set by the Board of Directors separately for each member of the Management Board. In 2020, the maximum variable amounts ranged between 20% and 30% of the base salary, in 2019 the maximum variable amounts ranged between 20% and 32% of the base salary. Targets are determined and reviewed on an annual basis for each member of the Management Board, taking into account such member's position, responsibilities and tasks. At the end of the one-year performance period, the degree of target achievement for the individual goals, which may lie between zero and a maximum of 100%, shall be determined by the Nomination and Compensation Committee. The effective bonus is calculated by multiplying the degree of target achievement by the target bonus.

Deegree of target achievement	x	target bonus	=	short term variable compensation

For all members of the Management Board, 50% of the degree of target achievement is dependent on the achievement of quantitative financial goals for Aluflexpack and 50% on the achievement of qualitative individual targets. The final determination of the achievement of the qualitative individual goals is based on the discretion of the Board of Directors.

28 The Board of Directors may submit to the General Meeting motions for approval regarding the maximum compensation elements for other time periods and/or regarding additional amounts for special compensation elements as well as other conditional motions.

29 Link to Aluflexpack's Articles of Association: https://ir.aluflexpack.com/wp-content/uploads/2019/11 Statuten.pdf

Since the financial year 2020, the calculation of quantitative criteria of the target bonus is based on three equally weighted criteria, all in line with the Group's one year growth target: 1) Achievement of a target level of adjusted EBITDA. 2) Achievement of a target adjusted EBITDA margin. 3) Achievement of a target Return on Capital Employed (ROCE).[30] The scheme for qualitative criteria remains unchanged.

<table>
<tr><th colspan="4">100%
short-term performance-based variable remuneration 2020 ("bonus")</th></tr>
<tr><td colspan="3">50%
quantitative elements</td><td>50%
qualitative elements</td></tr>
<tr><td>33%
adj EBITDA</td><td>33%
adj EBITDA margin</td><td>33%
ROCE</td><td>100%
individual goals</td></tr>
</table>

Long-term performance based remuneration – approach in 2020

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. After the settlement of the management phantom stock agreement in 2018 and 2019, no other long-term variable compensation was implemented. The settlement of the management phantom stock agreement resulted in payments by the majority shareholder to members of the Management Board, which were partly invested by the members of the Management Board into shares of Aluflexpack at the offering price at the initial public offering in 2019.

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 69 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 2020, the Nomination and Compensation Committee consisted of Christian Hosp (President), Martin Ohneberg (Member) and Bernd Winter (Member).

30 The stated financial figures and key performance indicators are in line with the Company's definition presented on p. 53 of the Annual Report.

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 2020, the Nomination and Compensation Committee met three 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 2020, the Nomination and Compensation Committee reported its findings to the Board of Directors on two occasions.

Overview on competences

The below table summarises 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, "E" refers to execution of the final decision.

	General Meeting	Board of Directors	Nomination and Compensation Committee	CEO
Maximum compensation of the Board of Directors	D	P / E		
Maximum compensation of the Management Board	D	P / E		
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

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.

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 CFO.

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.

Employee Phantom Stock Program

Members of the 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 program finalised in Q1 2020. Under this plan, Aluflexpack intends to grant to the participants options, free of charge, to acquire virtual shares in the Company at a discount in the aggregate amount of 173,182 shares over four years. To enable all intended employees to participate in the program, 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 will be 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 Program, Aluflexpack has entered into separate phantom stock agreements with each beneficiary. The rights granted under the Employee Phantom Stock Program are not transferrable. Aluflexpack discloses the financial impact of the employee stock option plan in its reporting filings. The impact for the financial year 2020 is disclosed in the notes to the financial statement of this year's Annual Report on page 135.

Compensation paid in 2020

Board of Directors

The amount of remuneration of the members of the Board of Directors is a fixed amount only. In the year 2020, the compensation was awarded in cash only and amounted to CHF 87k.[31] The amounts stated in the table are all gross. CHF amounts were translated using an average EUR/CHF exchange rate of 1.0705.

2020 (audited)	Board membership	Fixed remuneration in cash in € k / CHF k	Social security and pension contributions in € k / CHF k	Total € k / CHF k
Martin Ohneberg	President of the Board of Directors, Member of the Nomination and Compensation Committee and Audit and Compliance Committee	20/21	0/0	20/21
Alois Bühler	Member of the Board of Directors	15/16	0/0	15/16
Christian Hosp	Member of the Board of Directors, President of the Nomination and Compensation Committee	15/16	2/2	17/18
Markus Vischer	Member of the Board of Directors and the Audit and Compliance Committee	15/16	0/0	15/16
Bernd Winter	Member of the Board of Directors, the Nomination and Compensation Committee and President of the Audit and Compliance Committee	15/16	0/0	15/16
Total Remuneration: Board of Directors		80/85	2/2	82/87

In advance of the public listing of Aluflexpack, which took place on 28 June 2019, the Board of Directors was extended to five members and complemented by Alois Bühler, Markus Vischer and Bernd Winter who all began their mandate on the Board on 27 June 2019. Martin Ohneberg was installed as President of the Board of Directors on 19 March 2019. Christian Hosp was elected as Vice President. In the year 2019, the total compensation was awarded in cash only and amounted to CHF 36k by using an average EUR/CHF exchange rate of 1.1124 for translation. Given the new composition of the Board of Directors in advance of the public listing, the compensation for 2019 is shown as of the first day of trading until the end of the fiscal year 2019. The amounts stated are all gross.

31 The aggregate amount stated was translated using an average EUR/CHF exchange rate of 1.0705.

COMPENSATION REPORT

2019, as of IPO dated 28 June 2019 (audited)	Board membership	Fixed remuneration in cash in € k	Social security and pension contributions in € k / CHF k	Total € k / CHF k
Martin Ohneberg[32]	President of the Board of Directors, Member of the Nomination and Compensation Committee and Audit and Compliance Committee	0/0	0/0	0/0
Alois Bühler[32]	Member of the Board of Directors	8/9	0/0	8/9
Christian Hosp[32]	Member of the Board of Directors and Nomination and Compensation Committee	8/9	1/1	9/10
Markus Vischer[32]	Member of the Board of Directors and Audit and Compliance Committee	8/9	0/0	8/9
Bernd Winter[32]	Member of the Board of Directors, the Nomination and Compensation Committee and President of the Audit and Compliance Committee	8/9	0/0	8/9
Total Remuneration: Board of Directors		31/34	1/1	32/36

32 For the period starting 28 June 2019, the date the shares of Aluflexpack were listed, and the Ordinance against Excessive Compensation became applicable to Aluflexpack on 31 December 2019.

The aggregate base remuneration including social security contributions increased from 2019 to 2020 due to the fact that the Board of Directors was extended to five members ahead of the initial public offering. Furthermore, the President of the Board of Directors, Martin Ohneberg did not receive compensation in 2019.

Management Board

As of 31 December 2020, the Management Board consisted of Igor Arbanas (CEO) and Johannes Steurer (CFO). In 2020, members of the Management Board received the remuneration detailed in the table below in cash. The amounts stated are all gross and include social security and pension contributions required by law. Besides the payment outlined below, members of the Management Board received no other payments.

2020 (audited)	Base remuneration € k / CHF k	Variable remuneration € k / CHF k	Social security and pension contributions € k / CHF k	Other contributions (company car, insurance) € k / CHF k	Total € k / CHF k
Total remuneration: Management Board	718/769	261/279	61/65	33/35	1,073/1,148
Highest remuneration: Igor Arbanas, CEO	339/363	102/109	23/24	12/13	475/509

The total remuneration in 2020 includes € 314k paid out to the former COO Jörg Wingefeld who joined the Management Board in January 2019 and left the Company on 25 October 2019.

In the year 2019, the Management Board consisted of Igor Arbanas (CEO), Johannes Steurer (CFO) and Jörg Wingefeld (COO) who joined the Management Board in January 2019 and left the Company on 25 October 2019. In 2019, members of the Management Board received the remuneration detailed in the table below in cash. The amounts stated are all gross and include social security and pension contributions required by law. Beside payments outlined below, members of the Management Board received no other payments.

2019 (audited)	Base remuneration € k / CHF k	Variable remuneration € k / CHF k	Payments majority shareholders € k / CHF k[33]	Social security and pension contributions € k / CHF k	Other contributions (company car) € k / CHF k	Total € k / CHF k
Total remuneration: Management Board	693/771	193/214	7,454/8,291	174/193	25/28	8,538/9,498
Highest remuneration: Igor Arbanas, CEO	308/343	92/103	4,246/4,723	87/97	12/13	4,744/5,278

The aggregate base remuneration increased slightly (in €) from 2019 to 2020 to reflect the increased responsibility of members of the Management Board. The total variable amount including payments from the majority shareholder decreased from 2019 to 2020 because of the settlement of the phantom stock agreement between the Management Board and the Majority Shareholder in 2019.

Apart from the remuneration of the former COO, no other remuneration was paid out to former members of the Management Board or the Board of Directors. In 2020, 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.

Required employee social security contributions under the relevant country's applicable law are included in the base compensation.

33 In connection with their employment, the CEO and the CFO entered into phantom stock agreements with the majority shareholder, Montana Tech Components AG. Under this phantom stock program, the CEO and the CFO as beneficiaries were granted phantom stocks representing virtual participations in Aluflexpack shares in order to treat them economically (but not legally) as if they were shareholders, with an aggregate virtual participation in Aluflexpack's share capital of 4.5%. To settle the arrangement, the CEO and the CFO received a non-refundable payment from Montana Tech Components in the aggregate amount of c. € 7.5m in 2019. In addition, with that payment, the existing Phantom stock agreement of the CEO and the CFO was terminated. No other phantom stock agreements were implemented thereafter. Neither Aluflexpack nor any of its subsidiaries are required to reimburse the majority shareholder for this expense. Further information can be found on page 84 in the Annual Report for the financial year 2019, https://ir.aluflexpack.com wp-content/uploads/2020/03 Jahresbericht-2019-1.pdf

Miscellaneous

Shareholdings

Shareholdings of members of the Management Board and the Board of Directors are disclosed on page 160 in the statutory accounts of Aluflexpack, which are an integral part of the Annual Report.

Outlook

In order to align Aluflexpack's remuneration policy closer to its long-term strategic objectives, the Nomination and Compensation Committee currently revises the existing compensation system for members of the Management Board and the Board of Directors within the parameters of the law and the Articles of Association. It is the Nomination and Compensation Committee's intention that the revised remuneration system, which as of the day of the publication of this report has neither been finalised nor submitted for approval to the Board of Directors, will have a stronger focus on the achievement of long-term strategic objectives and a corresponding long-term incentive plan. In addition, it is intended that the new system also includes ESG targets in addition to financial and individual targets.

Report of the Statutory Auditor

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

We have audited the accompanying remuneration report of Aluflexpack AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections and tables referred to as audited on pages 82 to 95 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Aluflexpack AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor in Charge	Roman Künzle Licensed Audit Expert

St. Gallen, 18 March 2021

KPMG AG, Bogenstrasse 7, PO Box, CH-9001 St. Gallen

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Consolidated statement of financial position

(€k)	Notes	31/12/2020	31/12/2019
ASSETS			
Intangible assets and goodwill	13	38,595	29,932
Property, plant and equipment	14	106,660	102,197
Other receivables and assets	16	1,183	154
Deferred tax assets	29	378	1,038
Non-current assets		**146,816**	**133,321**
Inventories	17	59,581	48,721
Trade receivables	9	23,984	22,830
Income tax receivables		33	0
Other receivables and assets	16	7,975	10,695
Cash and cash equivalents	18	44,327	62,823
Current assets		**135,900**	**145,069**
TOTAL ASSETS		**282,716**	**278,390**
EQUITY AND LIABILITIES			
Capital stock	20	15,553	15,553
Capital reserves	20	135,887	135,887
Retained earnings		21,672	19,802
Equity attributable to owners of the Company		**173,112**	**171,242**
Non controlling interests		1,156	946
TOTAL EQUITY		**174,268**	**172,188**
Bank loans and borrowings	21	16,503	22,916
Other financial liabilities	21	15,979	18,377
Deferred tax liabilities	29	4,444	4,536
Employee benefits	19	2,036	1,715
Other liabilities	23	374	645
Non-current liabilities		**39,336**	**48,189**
Bank loans and borrowings	21	7,070	6,080
Other financial liabilities	21	10,809	3,392
Current tax liabilities	29	2,520	1,288
Provisions		50	117
Employee benefits	19	2,370	1,453
Trade payables and advances received from customers	9	39,701	38,881
Accruals	22	2,409	2,765
Other liabilities	23	4,183	4,037
Current liabilities		**69,112**	**58,013**
TOTAL LIABILITIES		**108,448**	**106,202**
TOTAL EQUITY AND LIABILITIES		**282,716**	**278,390**

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

(€k)	Notes	2020	2019
Gross Sales		**244,646**	**211,132**
Sales deductions		-5,205	-3,201
Net Sales	12	**239,441**	**207,931**
Change in finished and unfinished goods		5,168	720
Other operating income	26	8,361	14,480
Cost of materials, supplies and services		-156,586	-138,647
Personnel expenses	24/25	-31,844	-35,796
Other operating expenses	27	-28,176	-29,507
EBITDA		**36,364**	**19,181**
Depreciation and amortisation	13/14	-18,977	-18,565
Operating Profit		**17,387**	**616**
Interest income		214	66
Interest expenses		-2,160	-3,730
Other financial income	28	1,652	3,358
Other financial expenses	28	-4,860	-1,775
Financial result		**-5,154**	**-2,081**
Result before tax		**12,234**	**-1,464**
Tax expense/benefit	29	-3,248	-1,963
Result for the year		**8,986**	**-3,427**
Thereof attributable to:			
Owners of the company		8,776	-3,490
Non controlling interests		210	63

Earnings per share in €	20.3		
Basic earnings per share		0.5	-0.4
Diluted earnings per share		0.5	-0.4

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

Other comprehensive income

(€k)		2020	2019
Result for the year		**8,986**	**-3,427**
Items that are not reclassified to profit or loss			
Remeasurements of the defined benefit liability (asset)	19	296	-355
Related taxes		-43	42
		253	**-313**
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange differences		-7,159	605
		-7,159	**605**
Other comprehensive income for the year		**-6,906**	**292**
Total comprehensive income for the year		**2,080**	**-3,135**
Thereof attributable to:			
Owners of the Company		1,870	-3,198
Non controlling interests		210	63

Consolidated statement of cash flows

(€k)	Notes	2020	2019
Result before tax		**12,234**	**-1,464**
+/- Financial results excluding other financial income/expense		1,946	3,663
+/- Other non-cash expenses and income		4,076	-3,928
+ Costs of initial public offering	20	0	2,751
+ Depreciation and amortisation	13/14	18,977	18,565
-/+ increase and decrease in inventories		-11,106	694
-/+ Increase and decrease in trade receivables		-1,483	-215
-/+ Increase and decrease in other receivables and assets		1,450	-5,244
+/- Increase and decrease in trade payables		807	3,298
+/- Increase and decrease in accruals		-328	446
+/- Increase and decrease in other liabilities		-170	-2,907
+/- Increase and decrease in provisions		-68	91
+/- Increase and decrease in liablities for employee benefits		1,304	769
-/+ Income taxes paid		-1,581	-1,069
Net cash from operating activities		**26,058**	**15,450**
- Payments made for purchases of PPE and intangible assets		-20,500	-32,907
- Payments for acquisition of subsidiaries	10	-12,589	0
+ Interest received		214	66
Net cash used in investing activities		**-32,875**	**-32,840**
+ Proceeds from issuance of share capital	20	0	148,038
- Payments for the costs of initial public offering	20	0	-9,505
+ Contribution in kind	20/24	0	8,123
- Payments of lease liabilities		-4,109	-4,232
+ Issuances of financial liabilities (3rd parties)	21	291	5,246
- Repayments of financial liabilities (3rd parties)	21	-5,935	-17,333
- Repayments of financial liabilities (MTC group companies)	21/30	0	-67,755
- Interest paid		-1,726	-2,519
Net cash from financing activities		**-11,479**	**60,064**
Net change in cash and cash equivalents		**-18,296**	**42,673**
+/- Effect of exchange rate fluctuations on cash held		**-198**	**1,174**
+ Cash and cash equivalents at the beginning of the period		**62,823**	**18,976**
Cash and cash equivalents at the end of the period		**44,327**	**62,823**

CONSOLIDATED
FINANCIAL STATEMENT

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, 2020		**15,553**	**135,887**	**1,515**	**18,287**	**19,802**	**171,241**	**946**	**172,188**
Total comprehensive income for the period									
Result for the period					8,776		8,776	210	8,986
Other comprehensive income for the period, net of tax				-7,159	253		-6,906	-	-6,906
Total				**-7,159**	**9,029**		**1,870**	**210**	**2,080**
Balance as of December 31, 2020		**15,553**	**135,887**	**-5,644**	**27,316**	**21,672**	**173,112**	**1,156**	**174,268**

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, 2019		**86**	**1,958**	**910**	**22,090**	**23,000**	**25,043**	**883**	**25,927**
Transactions with owners of the company									
Issue of ordinary shares	20	15,467	132,571				148,038		148,038
Transaction costs from the IPO	20		-6,765				-6,765		-6,765
Contribution in kind	20/24		8,123				8,123		8,123
Total comprehensive income for the period									
Result for the period					-3,490		-3,490	63	-3,427
Other comprehensive income for the period, net of tax				605	-313		292		292
Total				**605**	**-3,803**		**-3,198**	**63**	**-3,135**
Balance as of December 31, 2019		**15,553**	**135,887**	**1,515**	**18,287**	**19,802**	**171,241**	**946**	**172,188**

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

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

The reporting date for Aluflexpack, all subsidiaries and for the consolidated financial statements is 31 December 2020.

2. Significant changes in the current reporting period

On 9 September 2020, an 80% interest in Top-System sp.z.o.o. ("Top System"), was directly acquired by Aluflexpack AG (see also note 10).

In the prior year, the Company completed a successful initial public offering on 28 June 2019 and is now listed on the SIX Swiss Exchange. The shares of Aluflexpack AG are traded under the Swiss Securities Number (Valor) 45322689, the International Securities Identification Number (ISIN) CH0453226893 and the ticker symbol AFP. Prior to the Offering, there was no public market for the shares. With the issuance of 7,300,000 new shares and the offer price of CHF 21,00 per share the Company was able to receive gross proceeds of CHF 153,300k (€ 138,038k) (see also note 20).

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 7.

These financial statements were authorised for issue by the Board of Directors on 18 March 2021. 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, ex-cept 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 recognised 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 10.2.1 "Business combinations").

Useful life on non-current assets

Property, plant and equipment, and acquired intangible assets are recognised at acquisition costs and are depreciated/amortised 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/amortised over the remaining shorter useful life, resulting in higher annual depreciation/amortisation 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 Group has initially adopted Definition of a Business (Amendments to IFRS 3) from 1 January 2020. A number of other new standards are also effective from 1 January 2020, but they do not have a material effect on the Group's financial statements.

The Group applied Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

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* IFRS 17 Insurance Contracts*	1 January 2023	2023
Revisions and amendments of Standards and Interpretations		
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020	2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021	2021
Annual Improvements to IFRS Standards 2018-2020 -various standards	1 January 2022	2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023	2023

* Amendments to IFRS 17 issued in June 2020 defer the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. Early application of IFRS 17 is permitted only for companies that also apply IFRS 9 and IFRS 15.

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.

		Carrying amount				
(€k)	2020	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments	1,354	1,354				1,354
Financial assets measured at fair value	**1,354**	**1,354**	**0**	**0**	**0**	**1,354**
Trade receivables	23,984			23,984		23,984
Cash and cash equivalents	44,327			44,327		44,327
Corporate debt securities	5			5		5
Other receivables and assets	1,912			1,912		1,912
Financial assets not measured at fair value	**70,228**	**0**	**0**	**70,228**	**0**	**70,228**
Other financial liabilities	-13,518		-13,518			-13,518
Financial liabilities measured at fair value	**-13,518**	**0**	**-13,518**	**0**	**0**	**-13,518**
Bank loans and borrowings	-23,573				-23,573	-23,573
Lease liabilities (IFRS 16)	-13,270				-13,270	-13,270
Trade payables	-39,683				-39,683	-39,683
Accruals	-2,409				-2,409	-2,409
Other liabilities	-1,890				-1,890	-1,890
Financial liabilities not measured at fair value	**-80,825**	**0**	**0**	**0**	**-80,825**	**-80,825**

Carrying amount

(€k)	2019	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments	40	40				40
Financial assets measured at fair value	**40**	**40**	**0**	**0**	**0**	**40**
Trade receivables	22,830			22,830		22,830
Cash and cash equivalents	62,823			62,823		62,823
Corporate debt securities	5			5		5
Other receivables and assets	5,348			5,348		5,348
Financial assets not measured at fair value	**91,006**	**0**	**0**	**91,006**	**0**	**91,006**
Other financial liabilities	-5,957		-5,957			-5,957
Derivative financial instruments	-175	-175				-175
Financial liabilities measured at fair value	**-6,132**	**-175**	**-5,957**	**0**	**0**	**-6,132**
Bank loans and borrowings	-28,996				-28,996	-28,996
Lease liabilities (IFRS 16)	-15,812				-15,812	-15,812
Trade payables	-38,861				-38,861	-38,861
Accruals	-2,765				-2,765	-2,765
Other liabilities	-2,385				-2,385	-2,385
Financial liabilities not measured at fair value	**-88,819**	**0**	**0**	**0**	**-88,819**	**-88,819**

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)	2020	2019
Cash & cash equivalents	44,327	62,823
Trade Receivables	23,984	22,830
Other receivables and assets*	3,271	5,348
Total for the Group	**71,582**	**91,001**

*not included other tax claims of € 3,156k (2019: € 3,333k) and prepaid expenses of € 2,731k (2019: € 2,168k)

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.

The applicable criteria for credit assessment are set forth in the agreements with credit insurers and in internal guidelines. Due to a significant increase in a customer's risk of default, an allowance of 50% for the existing receivables from the customer was built (€ 1,750k).

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)	31/12/2020	31/12/2019
Trade reveivables (gross)	25,773	22,928
Allowances	-1,789	-98
Trade receivables - net	**23,984**	**22,830**

The following shows the development of impairment losses:

(€k)	2020
Opening Balance	98
Addition	1,750
Reversals	-43
Exchange rate differences	-16
Total for the Group	**1,789**

The following table discloses the information on overdue trade receivables:

(€k)	31/12/2020 Carrying amount (gross)	31/12/2020 Impairment loss	31/12/2020 Net	31/12/2019 Carrying amount (gross)	31/12/2019 Impairment loss	31/12/2019 Net
Not due	21,420	-492	20,928	18,551	-98	18,453
0 to 10 days overdue	1,770	-87	1,683	1,662	0	1,662
11 to 30 days overdue	1,229	-239	990	1,128	0	1,128
31 to 60 days overdue	530	-274	256	728	0	728
61 to 180 days overdue	759	-697	62	740	0	740
181 to 360 days overdue	43	0	43	113	0	113
More than 360 days overdue	22	0	22	6	0	6
Total for the Group	**25,773**	**-1,789**	**23,984**	**22,928**	**-98**	**22,830**

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 2020

(€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	23,573	24,426			7,383	17,043	
Other financial liabilities	13,518	13,518			7,285	6,233	
Lease liabilities (IFRS 16)	13,270	14,554			3,958	10,170	426
Trade payables*	39,683	39,683	7,129	32,526	28		
Accruals	2,409	2,409			2,409		
Other liabilities**	1,890	1,890	1	1,027	488	374	
Total non-derivative financial liabilities	**94,343**	**96,480**	**7,130**	**33,553**	**21,551**	**33,820**	**426**

* not including current advances received from customers € 18k (trade payables more than 1 year --> other non current liabilities)
** not including deferred income € 70k, liabilities from taxes and social security € 2,597k

(€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*	-1,354	-1,354			-287	-1,067	
Total for the Group	**-1,354**	**-1,354**	**0**	**0**	**-287**	**-1,067**	**0**

* Cash Inflow

31 December 2019

(€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	28,996	31,058			6,703	24,355	
Other financial liabilities	5,957	5,957				5,957	
Lease liabilities (IFRS 16)	15,812	19,191			3,848	12,600	2,743
Trade payables*	38,861	38,861	7,354	31,375	132		
Accruals	2,765	2,765			2,765		
Other liabilities**	2,385	2,385	784	421	1,024	156	
Total non-derivative financial liabilities	**94,776**	**100,217**	**8,138**	**31,796**	**14,472**	**43,068**	**2,743**

* not including current advances received from customers € 20k (trade payables more than 1 year --> other non current liabilities)
** not including deferred income € 514k, liabilities from taxes and social security € 1,606k, derivative financial instruments € 175k

(€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*	135	135		38	58	39	
Total for the Group	**135**	**135**	**0**	**38**	**58**	**39**	**0**

* Cash Outflow

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.

	Carrying Amount	
(€k)	2020	2019
Financial instruments - fixed interest rate		
Cash and cash equivalents	9	7
Financial liabilities*	28,019	23,126
Financial instruments - variable interest rate		
Cash and cash equivalents	44,318	62,816
Financial liabilities*	22,342	27,639

* including bank loans and borrowings, loan liabilities from affiliated companies 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 an increase of the consolidated net profit or loss before non-controlling interests by € 180k (2019: a decrease of € 288k). A decrease in interest rates of one percentage point would lead to a decrease of the consolidated net profit or loss before non-controlling interests by € 180k (2019: increase of € 288k). 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 2020

	Currency	Notional amount (in 1,000 units of original currency)	Fair value (in €k)	thereof through OCI	Maturity
Commodity swap	EUR	1,776	164	0	up to 1 year
Commodity swap	EUR	10,341	560	0	1 - 5 years
Commodity swap	EUR	2,421	123	0	up to 1 year
Commodity swap	EUR	11,983	507	0	1 - 5 years
Total for the Group			**1,354**	**0**	

31 December 2019

	Currency	Notional amount (in 1,000 units of original currency)	Fair value (in €k)	thereof through OCI	Maturity
Commodity swap	EUR	1,317	-24	0	up to 1 year
Commodity swap	EUR	10,292	40	0	1 - 5 years
Commodity swap	EUR	3,207	-72	0	up to 1 year
Commodity swap	EUR	19,473	-79	0	1 - 5 years
Total for the Group			**-135**	**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.

	31/12/2020		31/12/2019	
(€k)	EUR/CHF	EUR/HRK	EUR/CHF	EUR/HRK
Cash and cash equivalents	24,927	9,380	51,230	7,003
Accounts receivables	2,875	12,292	4,461	10,595
IC-loans receivable	84,940	0	70,016	0
IC-receivables	94	6,709	928	6,257
Financial debts	0	28,848	0	27,745
Accounts payable	88	26,344	351	21,855
IC-loans payable	0	56,108	0	47,274
IC-payables	583	222	508	530
Net exposure	**112,166**	**-83,141**	**125,776**	**-73,549**

Sensitivity analysis

Provided that currencies related to current and non-current financial receivables and financial liabilities as of 31 December 2020 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	
Currency	Volatility	2020
CHF / EUR	+/- 4.3%	+/- 3,988
HRK / EUR	+/- 1.8%	+/- 1,256

(€k)	Impact on profit for the year and equity	
Currency	Volatility	2019
CHF / EUR	+/- 3.7%	+/- 4,104
HRK / EUR	+/- 0.8%	+/- 511

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 2020 amounts to 62% (2019: 62%).

10. Significant changes to the scope of consolidation

10.1 Significant changes in 2020

The number of consolidated companies shows the following development during the last two years:

	2020		2019	
Development/number of consolidated companies	full-consolidation	equity-consolidation	full-consolidation	equity-consolidation
as of 1 January	**8**	**0**	**9**	**0**
first consolidation in the reporting year				
start-up	0	0	0	0
acquisition	1	0	0	0
deconsolidated in the reporting year	0	0	1	0
as of 31 December	**9**	**0**	**8**	**0**

(see also Note 2 "Significant changes in the current reporting period").

10.1.1 Business combinations

Acquisition of subsidiary

On 9 September 2020, an 80% interest in Top-System sp.z.o.o. ("Top System"), a leading flexible packaging company in the dairy industry in Poland, was directly acquired by Aluflexpack AG. Top System is one of the market leaders in the domestic dairy lidding market in Poland. The transaction will further strengthen Aluflexpack's position as one of the leading European suppliers of premium flexible packaging solutions and will make a valuable contribution to the Group's growth in the coming years.

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

For the four months period ended 31 December 2020, Top System contributed revenue of € 2,954k and operating profit of € 279k to the Group's result. If the acquisition had occurred on 1 January 2020, management estimates that consolidated net sales would have been € 246m and consolidated operating profit for the period would be € 18m. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

Consideration transferred

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

Cash	13,214
Deferred consideration	5,022
Total consideration transferred	**18,236**

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	2,367
Intangible assets	6,133
Inventories	994
Trade and other receivables	1,097
Cash and cash equivalents	625
Non-current liabilities	-387
Deferred tax liabilities	-1,173
Current liabilities	-227
Trade and other payables	-1,104
Total identifiable net assets acquired	**8,325**

Goodwill

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

Total consideration transferred (for 100%)	18,236
Less fair value of identifiable net assets	8,325
Goodwill	**9,911**

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

Cash	13,214
Less acquired cash	625
Total cash outflow	**12,589**

10.2 Significant changes in 2019

The liquidation of Aluflexpack Deutschland GmbH was completed in October 2019.

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 for investments in property, plant and equipment € 20,092k (2019: € 32,418k) and intangible assets € 408k (2019: € 489k) and payments made for the acquisition of subsidiaries € 12,589k.

The cash flow from financing activities shows especially the repayments of granted loans by European Bank for Reconstruction and Development and OTP Banka (see Note 21 "Financial liabilities").

In 2019, additionally the proceeds received from the issuance of share capital, payments for the costs of initial public offering, issuances and repayments of granted loans by European Bank for Reconstruction and Development and OTP Banka (see Note 21 "Financial liabilities") and the repayments of financial liabilities to related companies (see Note 30 "Related parties").

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 (Turkey)
- Production plant Tarnowo Podgorne (Poland)

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

	2020		2019	
(€k)	Net Sales	Non-current assets	Net Sales	Non-current assets
Switzerland	12,344	18	3,674	
Croatia	14,032	84,780	14,556	83,207
Germany	35,287		33,193	
Italy	14,309		14,139	
Poland	12,528	17,948	9,577	157
Liechtenstein	16,216	10,540	14,937	11,704
Denmark	293		477	
Czech Republic	2,747		2,782	
France	73,154	15,965	63,741	13,996
Austria	1,134	153	1,513	154
Netherlands	10,043		9,284	
Turkey	17,775	15,851	13,507	22,911
Russia	1,373		1,459	
Other Europe	19,239		17,201	
America	4,567		5,161	
China	3,121		1,586	
Other Asia	986		873	
Africa, Australia and New Zealand	293		271	
Total Group	**239,441**	**145,255**	**207,931**	**132,129**

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

	2020		2019	
(€k)	Net sales w/o IC	Trade receivables	Net sales w/o IC	Trade receivables
thereof product sales	238,576	23,981	207,074	22,829
thereof service sales	865	3	857	1
Total Group	**239,441**	**23,984**	**207,931**	**22,830**

For the 12 months ended 31 December 2020, transactions with one external customer accounted for more than 20% (2019: one external customer, more than 15% but less than 20%).

No information is provided about remaining performance obligations at 31 December 2020 or at 31 December 2019 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, 2019	**10,187**	**23,471**	**4,814**	**1,088**	**39,560**
FX differences	261	732	196	-6	1,183
Additions		140		349	489
Disposals				-6	-6
Transfer		-274		274	0
Balance as of December 31, 2019	**10,448**	**24,069**	**5,010**	**1,699**	**41,226**
FX differences	-1,544	-4,083	-845	-25	-6,497
Change in consolidation scope	9,911	6,133			16,044
Additions		378		30	408
Disposals				-54	-54
Transfer		-83		83	0
Balance as of December 31, 2020	**18,815**	**26,414**	**4,165**	**1,733**	**51,127**
ACCUMULATED AMORTISATION and IMPAIRMENT LOSSES					
Balance as of January 01, 2019	**0**	**8,107**	**1**	**867**	**8,975**
FX differences		108	-14	-4	90
Additions		1,787	281	167	2,235
Disposals				-6	-6
Balance as of December 31, 2019	**0**	**10,002**	**268**	**1,024**	**11,294**
FX differences		-409	-92	-16	-517
Additions		1,424	177	205	1,806
Disposals				-51	-51
Balance as of December 31, 2020	**0**	**11,017**	**353**	**1,162**	**12,532**
CARRYING AMOUNT					
Carrying amount January 01, 2019	10,187	15,364	4,813	221	**30,585**
Carrying amount December 31, 2019	10,448	14,067	4,742	675	**29,932**
Carrying amount December 31, 2020	18,815	15,397	3,812	571	**38,595**

The goodwill reflects the acquisition of 85% of the capital stock and voting rights of Process Point Service AG on October 1, 2013, the acquisition of 80% of the capital stock and voting rights of French Eliopack-Group in 2015, the acquisition of 80% of the shares and voting interest in Arimpeks on 26 September 2018 and the acquisition of 80% of the shares and voting interest in Top System on 9 September 2020.

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:

2020 (€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	2,588				1,815
Eliopack Group	2,928				
AFP Novi			321		
Arimpeks	3,627	9,221	69	1,997	
Top System	9,672	5,786			
Total	**18,815**	**15,007**	**390**	**1,997**	**1,815**

2019 (€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	2,576				1,807
Eliopack Group	2,928	246	93		
AFP Novi			128		
Arimpeks	4,944	13,558	42	2,935	
Total	**10,448**	**13,804**	**263**	**2,935**	**1,807**

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 2020 and 2019 are based on the following assumptions:

2020	Post-tax WACC	Pre-tax WACC	Growth rate after detailled planning period
Omial Group	10.09%	11.64%	1.10%
Eliopack Group	8.88%	11.62%	1.40%
Arimpeks	15.31%	18.77%	1.40%
Top System	8.23%	9.79%	1.40%

2019	Post-tax WACC	Pre-tax WACC	Growth rate after detailled planning period
Omial Group	9.58%	11.08%	1.10%
Eliopack Group	8.72%	10.96%	1.40%
Arimpeks	11.18%	15.04%	3.00%

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-porting period. In addition, the goodwill items were tested by means of sensitivity analyses with the following results:

The goodwill impairment test for Omial-, Eliopack Group, Arimpeks 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 23.44%, 26.41%, 15.72% resp. 10.68% (instead of 10.09%, 8.88%, 15.31% resp. 8.23%) or a negative growth rate in the terminal value of 24.97%, 51.28%, positive 0.60% resp. 1.83%.

14. Property, plant and equipment

31 December 2020 (€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, 2019	**1,397**	**4,507**	**11,534**	**87,225**	**7,707**	**10,840**	**2,717**	**33,787**	**159,714**
FX differences	-23	-115	-291	-1,161	6	-353	-43	-395	-2,375
Change in consolidation scope	90	1,292		280	575	85	45		2,367
Additions		228	17	5,925	184	3,113	595	10,877	20,939
Disposals			-9	-1,584		-134	-41		-1,768
Transfer		11,461		24,153		1,338	-19	-36,933	0
Balance as of December 31, 2020	**1,464**	**17,373**	**11,251**	**114,838**	**8,472**	**14,889**	**3,254**	**7,336**	**178,877**
ACCUMULATED DEPRECIATION									
Balance as of December 31, 2019	**0**	**1,461**	**2,076**	**46,509**	**2,707**	**3,895**	**590**	**279**	**57,517**
FX differences		-20	-50	-561	-3	-84	-12	1	-729
Additions		313	2,068	11,403	609	1,910	738		17,041
Additions Impairment				130					130
Disposals			-6	-1,585		-129	-21		-1,741
Transfer						11	-11		0
Balance as of December 31, 2020	**0**	**1,754**	**4,088**	**55,896**	**3,313**	**5,603**	**1,284**	**280**	**72,218**
CARRYING AMOUNT									
Carrying amount December 31, 2019	1,397	3,046	9,458	40,716	5,000	6,945	2,127	33,508	**102,197**
Carrying amount December 31, 2020	1,464	15,619	7,163	58,943	5,159	9,286	1,970	7,056	**106,660**

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

Contractual commitments for the acquisition of property, plant and equipment amount to € 2,599k (2019: € 2,332k).

31 December 2019 (€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, 2018	**1,402**	**4,516**	**0**	**85,116**	**0**	**6,786**	**0**	**15,826**	**113,646**
FX differences	-5	-16	6	-79	125	-65	-7	-82	-123
Balance at 1 January 2019 - initial recognition IFRS 16			11,528		10		1,505		13,043
Change in consolidation scope									0
Additions		7		7,490	1,605	2,330	1,199	24,908	37,539
Disposals				-3,854		-459			-4,313
Transfer				-1,448	5,967	2,282	20	-6,820	0
Other adjustment						-34		-45	-79
Balance as of December 31, 2019	**1,397**	**4,507**	**11,534**	**87,225**	**7,707**	**10,840**	**2,717**	**33,787**	**159,714**
ACCUMULATED DEPRECIATION									
Balance as of December 31, 2018	**0**	**1,144**	**0**	**41,122**	**0**	**2,589**	**0**	**283**	**45,138**
FX differences		-4	11	-14	21	32	-1	11	56
Additions		217	2,065	10,511	443	1,532	586	-15	15,339
Additions Impairment		104		769		118			991
Disposals				-3,550		-457			-4,007
Transfer				-2,329	2,243	81	5		0
Balance as of December 31, 2019	**0**	**1,461**	**2,076**	**46,509**	**2,707**	**3,895**	**590**	**279**	**57,517**
CARRYING AMOUNT									
Carrying amount December 31, 2018	1,402	3,372	0	43,994	0	4,197	0	15,543	**68,508**
Carrying amount December 31, 2019	1,397	3,046	9,458	40,716	5,000	6,945	2,127	33,508	**102,197**

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

15. Leases

15.1 ROU assets

(€k)	2020	2019
Balance as of January 01	**16,585**	**13,043**
Transfer	-8	3,739
Depreciation	-3,415	-3,094
Additions	796	2,804
Change in consolidation scope	620	0
Disposals	-23	0
FX differences	-263	93
Balance as of December 31	**14,292**	**16,585**

15.2 Amounts included in the income statement

(€k)	2020	2019
Interest expense lease liabilities	-440	-495
Short-term lease expenses	-66	-133
Expenses from leases for low-value assets, excluding short-term leases for low-value assets	-732	-557
Total values recorded in the income statement	**-1,238**	**-1,185**

15.3 Total cash outflow for leases

(€k)	2020	2019
Total cash outflow for leases	**-5,347**	**-5,417**

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)	31/12/2020	31/12/2019
Derivative finan. instruments	1,068	39
Other receivables and assets	115	115
Total	**1,183**	**154**

(€k)	31/12/2020	31/12/2019
Derivative financial instruments	286	1
Other receivables and assets	1,796	5,190
Prepaid expenses / deferred charges	2,731	2,167
Other tax receivables	3,156	3,332
Securities with a duration of 3-12 months	5	5
Total	**7,975**	**10,695**

In 2019, the Company recognised a receivable for the insurance compensation in the amount of €k 3,354. The insurance compensation is shown in "Other receivables and assets" (see also Note 26 "Other operating income").

17. Inventories

Inventories are distributed amongst the individual items as follows:

(€k)	31/12/2020	31/12/2019
Raw materials and supplies	21,702	16,271
Tools and replacement parts	1,405	1,136
Unfinished goods and services	18,439	15,776
Finished goods, merchandise and payments in advance	18,035	15,538
Inventories	**59,581**	**48,721**
valuation adjustment realised in the profit and loss statement	6	579

In 2019, the valuation adjustments result from the fire at Eliopack (see also Note 16 "Other receivables and assets" and Note 26 "Other operating income").

18. Cash and cash equivalents

Cash and cash equivalents are distributed as follows:

(€k)	31/12/2020	31/12/2019
Cash	9	7
Bank deposits	44,318	62,816
Total	**44,327**	**62,823**

19. Employee benefits

(€k)	31/12/2020	31/12/2019
Net defined benefit liability	944	1,189
Severance payments	390	342
Anniversary bonuses	182	184
Employee bonuses	708	488
Other accruals for personnel	1,607	16
Entitlement to holiday, overtime, compensatory time	576	628
Redundancy payments	0	321
Total liabilities for employee benefits	**4,407**	**3,168**
thereof current	2,370	1,453
thereof non-current	2,036	1,715

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 for the employees of Aluflexpack AG in Switzerland at Tellco pkPRO.

(€k)	31/12/2020	31/12/2019
Present Value of Defined Benefit Obligation	3,501	3,673
Fair Value of Plan Assets	-2,557	-2,484
Net liability (+) / Net asset (-) in balance	**944**	**1,189**
thereof Switzerland	577	763
thereof Liechtenstein	367	426

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 ei-ther 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 2019 and 2020 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	
(€k)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Fair Value / Present Value at 1 January	1,189	766	-2,484	-2,062	3,673	2,828
Included in profit or loss						
Current service cost	269	158			269	158
Past service cost						
Interest cost (income)	1	6	-6	-17	7	23
Plan amendments	-28	-15			-28	-15
	242	**149**	**-6**	**-17**	**248**	**166**
Included in OCI						
(i) Remeasurement loss (gain):						
Actuarial loss (gain) arising from:	-314	457			-314	457
- experience adjustment	-236	70			-236	70
- demographic assumptions						
- financial assumptions	-78	387			-78	387
Return on plan assets excluding interest income	-26	-106	-26	-106		
(ii) Effect of movements in exchange rates:	6	27	-10	-88	16	115
	-334	**378**	**-36**	**-194**	**-298**	**572**
Other						
Changes in consolidation scope						
Contributions paid by the employer						
Employers contributions	-163	-115	-163	-115		
Employee contributions			-155	-115	155	115
Benefis paid			277	8	-277	-8
Administration expense	10	11	10	11		
	-153	**-104**	**-31**	**-211**	**-122**	**107**
Balance at 31 December	**944**	**1,189**	**-2,557**	**-2,484**	**3,501**	**3,673**
funded via provision						
funded via plan assets	944	1,189			3,501	3,673
- Thereof Switzerland	577	763	-1,346	-1,337	1,923	2,100
- Thereof Liechtenstein	367	426	-1,211	-1,147	1,578	1,573

The Group expects to pay € 206k in contribution to its defined benefit plans in 2021.

Plan assets

The market value of assets and the split into the asset categories of LLB Liechtenstein Pension Fund Foundation is based on the coverage ratio per 31 December 2019 and the performance available provided by the pension fund as of 30 November 2020 projected to 31 December 2020 using the Pictet LLP 2015-25 for the month of December.

The market value of assets and the split into the asset categories of the pension fund PKG is based on the information provided by the pension fund as of 30 November 2020. This was projected to 31 December 2020 based on the expected contribution for the month of December and an expected return equal to the Pictet LLP 2015-25 for December 2020.

The market value of assets of the Tellco pk-PRO is based on the information provided by the pension fund as of 30 November 2020 projected to 31 December 2020 using the Pictet LLP 2015-25 for the month of December. The split into the asset categories is based on the last available information as per 30 September 2020.

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

(€k)	2020	2019
Equities		
- quoted market prices	630	600
Bonds		
- quoted market prices	1,099	1,053
Real estate		
- quoted market prices	156	303
- other than quoted market prices	95	0
Alternative investments		
- quoted market prices	164	87
Qualified insurance policies	345	353
Others	7	0
Cash	60	88
Balance at 31 December	**2,557**	**2,484**

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:

	31/12/2020	31/12/2019
Discount rate (in %)	0.25%	0.20%
Salary increase (in %)	0.50%	1.00%
Pension indexation (in %)	0.00%	0.00%
Inflation rate (in %)	0.50%	1.00%
Fluctuation employees (in %)	8.74%	9.72%
Mortality/Disability Rates	BVG2015	BVG2015
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 31 December 2020, the weighted-average duration of the defined benefit obligation was 20.6 years (2019: 21.4 years).

Sensitivity Analysis

A change in the above-mentioned actuarial assumptions used to determine the DBO as at 31/12/2020 / 31/12/2019 would increase or reduce the corresponding DBO (and ceteris paribus also the net pension liability) of the company as follows:

(€k)	31/12/2020 - Reduction / + Increase in DBO	31/12/2019 - Reduction / + Increase in DBO
Discount rate -0.25%	171	191
Discount rate +0.25%	-158	-175
Salary increase -0.25%	-25	-32
Salary increase +0.25%	25	33

Provisions for redundancy (balance sheet)

At the end of October 2019, the employment relationship with Mr. Wingefeld (COO) was terminated while observing the agreed notice period of 12 months. The employment relationship ended on 31 October 2020. A provision of € 320k was therefore posted for the expected expenses in 2020 (see also Note 24 “Personnel expenses”).

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 € 1,607k (see also Note 25 “Share-based payment arrangements”).

20. Equity

20.1 Capital stock

The company Aluflexpack AG was incorporated on 31 July 2018 with 100,000 shares and a fully paid-in share capital of CHF 100,000 (€ 86k).

As of 27 June 2019, the extraordinary shareholder’s meeting decided to increase the Company’s share capital from CHF 100,000 to CHF 17,300,000 (€ 15,553k) by issuing 17,200,000 registered shares of the Company with a nominal value of CHF 1,00 (in total € 15,467k) each against contribution in cash.

In the first tranche 9,900,000 registered shares of the Company with a nominal value of CHF 1,00 were issued and subscribed by the controlling shareholder (Montana Tech Components AG) for a total amount of € 10,000k. In the second tranche 7,300,000 registered shares of the Company with a nominal value of CHF 1,00 were issued as part of the initial public offering for CHF 21 per share in cash, totaling CHF 153,300k (€ 138,038k).

In 2019, transaction costs for the initial public offering incurred in the amount of CHF 10,573k (€ 9,505k). Thereof CHF 7,513k (€ 6,765k) are recognised directly in equity within the capital reserve and the remaining costs of CHF 3,060k (€ 2,751k) are included in “Other operating expenses”.

As of 31 December 2020, the total authorised and issued number of ordinary shares comprises 17,300,000 shares with a nominal value of CHF 1,00 each. The split of the capital stock is shown in the table below.

Capital stock	December 31, 2020	December 31, 2019
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 2020.

20.2 Capital reserves

In the first half of 2019, the capital reserves increased due to contribution in kind in Aluflexpack AG by € 8,123k (see also Note 24).

CHF 1,221k (€ 1,098k) were allocated to the capital reserve from the first tranche of the increase of the share capital and CHF 146,000k (€ 131,473k) were allocated to the capital reserve from the proceeds of the initial public offering.

20.3 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 2020.

The number of shares increased as follows in 2020:

	December 31, 2020	December 31, 2019
Total number of shares	17,300,000	17,300,000
Weighted average of ordinary shares in circulation	17,300,000	8,912,055
Result of the period attributable to the Owners of the company in €k	8,776	-3,490
Basic earnings per share in €	0.5	-0.4
Diluted earnings per share in €	0.5	-0.4

20.4 Nature and purpose of reserves

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

20.5 Dividends

The Company has not paid any dividends in the periods presented.

21. Financial liabilities

21.1 Changes in liabilities arising from financing activities

(€k)	31/12/2019	Currency translation	Reclassi-fication	Repayment	Proceeds	Acquisition	Interest accrued/ other changes	Changes in Fair value	31/12/2020
Non-current financial liabilities									
Bank loans and borrowings	22,916	127	-6,284		-256				**16,503**
Other financial liabilities*	5,947	-54	-4,596	5,022			-119	25	**6,225**
Current financial liabilities									
Bank loans and borrowings	6,080	-10	6,284		-5,679	291	103		**7,070**
Other financial liabilities*		-682	4,596					3,371	**7,285**
Total	**34,944**	**-619**	**0**	**5,022**	**-5,935**	**291**	**-16**	**3,395**	**37,083**

* not including lease liabilities according to IFRS 16 € 13,270k (2019: € 15,812k) and accrued interest payable (3rd party) € 8k (2019: € 9k)

(€k)	31/12/2018	Currency translation	Reclassi-fication	Repayment	Proceeds	Acquisition	Interest accrued/ other changes	Changes in Fair value	31/12/2019
Non-current financial liabilities									
Bank loans and borrowings	23,527	-2	-5,440		-392	5,185	37		**22,916**
Loans from affiliated companies	43,979				-43,979				**0**
Other financial liabilities*	7,589	124	3				-152	-1,618	**5,947**
Current financial liabilities liabilities									
Bank loans and borrowings	17,581	-61	5,440		-16,942	62			**6,080**
Loans from affiliated companies	23,776				-23,776				**0**
Other financial liabilities*									**0**
Total	**116,453**	**62**	**3**	**0**	**-85,088**	**5,246**	**-114**	**-1,618**	**34,944**

* not including lease liabilities according to IFRS 16 € 15,812k (2018 capital lease obligations: € 3,259k) and accrued interest payable (3rd party) € 9k (2018: € 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 2020
Loan	EUR	15/12/2023	variabel	1.8%	7,327	4,232
Loan	EUR	15/12/2025	variabel	1.5%	12,278	6,287
Loan	EUR	15/12/2025	variabel	1.5%	12,278	6,287
Loan	EUR	15/12/2023	variabel	1.8%	7,698	5,536
Loan	EUR	> 1 year	fix	1.5%	570	205
Loan	EUR	> 1 year	fix	3.0%	340	81
Loan	EUR	> 1 year	fix	1.1%	500	90
Loan	EUR	< 1 year	fix	1.2%	250	250
Loan	EUR	< 1 year	fix	1.2%	200	200
Loan	EUR	< 1 year	fix	4.0%	400	211
Loan	EUR	< 1 year	fix	4.0%	200	193
Total liabilities to financial institutions						**23,573**
Thereof non-current liabilities to financial institutions						16,503
Thereof current liabilities to financial institutions						7,070

(€k)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2019
Loan	EUR	15/06/2020	variabel	3.0%	1,546	210
Loan	EUR	15/06/2020	fix	3.0%	773	105
Loan	EUR	15/12/2023	variabel	1.8%	7,438	5,861
Loan	EUR	15/12/2025	variabel	1.5%	12,463	6,896
Loan	EUR	15/12/2025	variabel	1.5%	12,463	6,896
Loan	EUR	15/06/2020	variabel	3.0%	140	140
Loan	EUR	15/06/2020	variabel	3.0%	70	70
Loan	EUR	31/12/2023	variabel	1.8%	7,566	7,566
Loan	EUR	> 1 year	fix	1.5%	870	297
Loan	EUR	> 1 year	fix	3.0%	340	115
Loan	EUR	> 1 year	fix	1.1%	820	397
Loan	EUR	> 1 year	fix	1.2%	250	152
Loan	EUR	< 1 year	fix	1.2%	200	200
Loan	EUR	< 1 year	fix	4.0%	400	31
Loan	EUR	< 1 year	fix	4.0%	200	59
Total liabilities to financial institutions						**28,996**
Thereof non-current liabilities to financial institutions						22,916
Thereof current liabilities to financial institutions						6,080

For the loans, early repayments are made in accordance with the contract.

The European Bank for Reconstruction and Development and Splitska Banka granted Aluflexpack a loan in the amount of € 30,000k in October 2013, which was successively drawn down in tranches in 2013 and 2014.

The European Bank for Reconstruction and Development granted Aluflexpack to extend the existing loan in the amount of up to € 20,000k in July 2016. The loans were used for refinancing and investing activities.

Splitska Banka granted Aluflexpack to extend an existing Working Capital loan in the amount of up to € 10,000k in September 2017.

On 16 August 2018, Aluflexpack Novi, as borrower, entered into two parallel investment and work-ing capital loans with Splitska Banka and EBRD, each as lender, in an amount of € 12,500k each (amounting to a total principal amount of € 25,000k).

All loans are guaranteed by Montana Tech Components AG.

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). For the loan exists a guarantee of Montana Tech Components AG, Switzerland.

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 2020.

21.3 Other financial liabilities and loan liabilities to affiliated companies

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

(€k)	31/12/2020	31/12/2019
Lease liabilities (according to IFRS 16)	13,270	15,812
Other financial liabilities	13,518	5,957
Other financial liabilities	**26,788**	**21,769**
Thereof current	10,809	3,392
Thereof non-current	15,979	18,377

As mentioned in the prospectus of the Initial Public Offering, the company used a part of the net proceeds of the Offering and repaid all loans from affiliated companies in early July 2019.

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 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. The liability is recognised at the present value of the exercise price of the option which amounts to € 7,285k (2019: € 4,647k).

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 share-holder that conveys the right to sell their 20% interest in Top System to Aluflexpack AG. In addi-tion, 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 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. The liability is recognised at the present value of the exercise price of the option which amounts to € 4,925k.

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 € 1,300k (2019: € 1,300k).

22. Accruals

Accruals comprise the following significant items:

(€k)	31/12/2020	31/12/2019
Audit, tax advisory and legal advisory	136	596
Outstanding invoices	473	183
Customer bonuses, rebates and discounts	1,560	1,957
Other accruals	240	29
Accruals	**2,409**	**2,765**

23. Other liabilities

The split of other liabilities is as follows:

(€k)	31/12/2020	31/12/2019
Deferred income	70	104
Other tax payables	1,855	1,515
Derivative financial instruments	0	175
Other	2,632	2,887
Other liabilities	**4,557**	**4,681**
thereof current	4,183	4,037
thereof non-current	374	645

24. Personnel expenses

Personnel expenses contain the following items:

(€k)	2020	2019
Wages and salaries	27,647	25,178
Severance and redundancy	295	579
Compulsory social security expenses	1,674	1,450
Pension expenses	251	154
Stock option plans (share based payments)	1,622	0
Other personnel expenses	355	8,435
Total	**31,844**	**35,796**

In 2019 Montana Tech Components AG, the main shareholder of Aluflexpack AG, made a one-off bonus payment in the amount of € 8,110k (€ 8,123k if the day's current rate CHF/EUR is used) to key management personnel of Aluflexpack for work performed for Aluflexpack AG. Neither Aluflexpack nor any of its subsidiaries are required to reimburse Montana Tech Components AG for this expense. The aforementioned payment is included in personnel expenses and considered a contribution by shareholder (see also note 20.2 concerning share premium) in 2019.

At the end of October 2019, the employment relationship with Mr. Wingefeld (COO) was terminated while observing the agreed notice period of 12 months. The employment relationship ended on 31 October 2020. Therefore, € 370k were booked in redundancy expenses in 2019.

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

At the end of 2020, the Aluflexpack Group had 1,296 employees (2019: 1,215).

25. Share-based payment arrangements (cash-settled)

Employee stock option program (MSOP)

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 € 1,607k.

The total intrinsic value of liabilities for vested benefits at the end of the reporting period is € 556k.

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

						31/12/2020	
Phantom stocks	**Phantom stocks 1 January**	**Expired (-)**	**Exercised (-)**	**Granted (+)**	**Not exercised (-)**	**Total phantom stocks**	**Thereof exercisable**
Number of outstanding phantom stocks			-8,593	173,182		164,589	34,703
Weighted average exercise price			19.14			19.14	

The phantom stock outstanding as of 31 December 2020 had an exercise price of CHF 16.80 and an average weighted remaining contractual life of around 3 years.

The weighted average share price on the exercise date of the phantom stock exercised in 2020 was CHF 19.14.

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 31 December 2020 were as follows:

	31/12/2020
Fair value (CHF)	17.25
Share price (CHF)	34.10
Exercise price (CHF)	16.80
Volatility (%)	27.52
Expected life (years)	4
Risk-free interest rate (based on government bonds, %)	-0.82

Due to the fact that Aluflexpack AG has been listed for 1.5 years, the expected volatility has been based on an evaluation of the historical volatility of entities in the same industry for the last 4.5 years.

Expense recognised in profit or loss

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

26. Other operating income

Other operating expenses comprise the following items:

(€k)	2020	2019
Own work capitalised	51	0
Income from disposal of recycling products	4,656	4,684
Income from insurance	2,239	7,347
Rental income	0	12
Grants and public benefits	288	947
Other	1,127	1,490
Other operating income	**8,361**	**14,480**

As of 25 June 2019, the Company informed, that on the late afternoon of 24 June 2019, a fire occurred at the manufacturing facility of its subsidiary Eliopack in the industrial zone of Ajeux in La Ferté-Bernard, France. No human injuries or casualties have occurred. Depreciations on inventories amounting to € 579k, impairments on technical equipment and machinery amounting to € 887k and other fire-related expenses amounting to € 3,953k were taken into account in the annual financial statements 2019. The damages are fully covered by the insurance company. The Company recognised insurance compensation in the amount of € 2,132k (2019: € 7,090k). The insurance compensation is shown in “Other operating income”.

27. Other operating expenses

Other operating expenses comprise the following items:

(€k)	2020	2019
Energy costs	7,769	7,036
Maintenance from third parties	2,357	2,010
Freight-out costs and customs duties	6,427	5,624
Accrual of provisions for bad debt	1,755	8
Commissions	229	135
Legal advice, audit and consulting fees	1,601	1,341
Rental and leasing expenses	797	690
Travel expenses	326	642
Phone and postal charges, IT supplies	591	577
Insurance	784	615
Marketing, advertising and entertainment expenses	347	496
Directors' remuneration	82	39
Taxes other than income taxes	702	519
Other operating expenses	4,409	9,775
Total other operating expenses	**28,176**	**29,507**

Other fire-related expenses amounting to € 1,443k (2019: € 3,953k) were taken into account in the annual financial statements. These expenses are shown under Other operating expenses (see also Note 26 “Other operating income”). In 2019, IPO costs in the amount of € 2,751k are shown under Other operating expenses.

Regarding the accrual of provision for bad debt see Note 9.2 “Financial risk management”.

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)	2020	2019
Foreign currency exchange gains	161	0
Other	1,491	3,358
Other financial income	**1,652**	**3,358**
(€k)		
Foreign currency exchange losses	1,305	1,586
Other	3,555	181
Loss from disposal of IC investment	0	8
Other financial expenses	**4,860**	**1,775**

In 2020, other financial income in the amount of € 1,491k relates to the valuation of derivative positions. In 2019, other financial income in the amount of € 1,740k relates to the valuation of derivative positions and € 1,618k relates to the remeasurement of the put option Arimpeks.

In 2020, other financial expenses in the amount of € 3,395k relates to the remeasurement of the put option Arimpeks and Top System (excluding effects of currency translation).

29. Income taxes

Amounts recognised in profit or loss

(€k)	2020	2019
Current year tax expense	-2,965	-1,700
Deferred tax expense/income	-284	-264
Tax expense for the year	**-3,248**	**-1,963**

Reconciliation of effective tax rate:

(€k)	2020	2019
Result before tax	12,234	-1,464
Income tax rate of the entity	17.6%	11.4%
Tax using the Group's weighted average applicable tax rate	-2,153	167
Effect of tax rates in foreign jurisdictions	-210	-726
Changes in estimates related to prior years	-444	-377
Current year losses for which no deferred tax asset is recognised	-446	-1,225
Utilisation of unrecognised tax losses brought forward	22	0
Non-tax deductible expenses	-30	-5
Other	12	202
Income tax	**-3,248**	**-1,963**

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)	2020	2019
Net balance at 1 January	-3,498	-3,110
Recognised in profit or loss	-284	-264
Acquired in business combinations	-1,173	0
Other	889	-124
Net balance at 31 December	**-4,066**	**-3,498**

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

(€k)	31/12/2020	31/12/2019
within 5 years	339	0
within 6 years	13,706	338
within 7 years	2,925	13,640
no expiration	6,946	7,320
Total tax loss carryforwards as of end of period	**23,916**	**21,298**

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 recognised to the amount that sufficient taxable temporary differences exist.

As of 31 December 2020, deferred tax assets in the amount of € 378 were recognised based on the aforementioned assessments (2019: € 1,038k). 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 liabilties	31/12/2020 net	Deferred tax assets	Deferred tax liabilties	31/12/2019 net
Intangible assets	17	3,803	-3,786	18	3,936	-3,918
Property, plant and equipment	147	437	-290	66	392	-326
Other non current receivables and assets	75	192	-117	0	7	-7
Inventories	55	327	-272	0	268	-268
Trade receivables	9	130	-121	1	363	-362
Other current receivables and assets	12	52	-40	16	0	16
Non-current financial liabilities	288	0	288	367	0	367
Other non-current liabilities	0	0	0	14	0	14
Liabilities for employee benefits	238	0	238	212	0	212
Current financial liabilities	148	0	148	103	0	103
Trade payables	11	0	11	1	3	-2
Other current liabilities	5	268	-263	16	241	-225
Tax loss carried forward	138	0	138	898	0	898
Offset	-765	-765	0	-674	-674	0
Total deferred tax assets / liabilities	**378**	**4,444**	**-4,066**	**1,038**	**4,536**	**-3,498**

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 transactions and outstanding amounts with related parties were included in the following items in 2020 and 2019:

2020	Transaction volume		Outstanding amount	
Transaction type (in €k)	**Revenue**	**Expense**	**Receivables**	**Payables**
Transactions with persons and companies related to the main shareholder	0	1,263		44
Transactions with affiliated companies	40	304	3	12
Operating activity	**40**	**1,567**	**3**	**56**
Balance as of 31 December 2019				**0**
Interest	64			
Transactions with affiliated companies	**64**	**0**	**0**	**0**
Financing activity	**64**	**0**		**0**
Total	**104**	**1,567**	**3**	**56**

2019	Transaction volume		Outstanding amount	
Transaction type (in €k)	**Revenue**	**Expense**	**Receivables**	**Payables**
Transactions with persons and companies related to the main shareholder	0	1,186		20
Transactions with affiliated companies	238	3,208	0	69
Operating activity	**238**	**4,394**	**0**	**89**
Balance as of 31 December 2018				**67,755**
Loans granted				
Repayments				-67,755
Interest		1,136		
Transactions with affiliated companies		**1,136**		**0**
Financing activity		**1,136**		**0**
Total	**238**	**5,530**	**0**	**89**

* Regarding sale and leaseback transactions with WertInvest Nekretnine d.o.o. see Note 14 (“Property, plant and equipment”)

30.2 Remuneration paid to the Group Management

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

(€k)	2020	2019
Short-term employee benefits	1,073	8,538
Remuneration to Management members of AFP	**1,073**	**8,538**

Regarding the decrease of short-term employee benefits compared to 2019, please see Note 24 “Personnel expenses”.

Group Management consists of DI Igor Arbanas (CEO) and Mag. Johannes Steurer (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 deconsolidated on the date on which such control creases 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 rec-ognised 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 recognised 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 recognised 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	
Currency	31/12/2020	31/12/2019	2020	2019
HRK (Croatian Kuna)	7.5519	7.4395	7.5384	7.4180
PLN (Polish Zloty)	4.5597	4.2568	4.4430	4.2976
CHF (Swiss Franc)	1.0802	1.0854	1.0705	1.1124
TRY (Turkish Lira)	9.1131	6.6843	8.0547	6.3578

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 capitalised 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 capitalised 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 remearsurements 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 15.11% and 18.60%, in France 28% and in Turkey 22%.

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 2019, 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	80.00%	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	100.00%	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 2019, 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	80.00%	2,000,000
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	100.00%	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-Controllig Interest (NCI) is only recognised 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.

	2020 Eliopack SAS	2019 Eliopack SAS
NCI percentage	20%	20%
Non current assets	16,226	14,286
Current assets	10,606	9,631
Non current liabilties	-10,211	-6,202
Current liabilities	-10,862	-12,995
Net assets	5,759	4,720
Net assets attributable to NCI	1,152	944
Revenue	27,291	22,514
Profit	1,051	314
OCI	0	0
Total comprehensive income	1,051	314
Profit allocated to NCI	210	63
OCI allocated to NCI	0	0

34. Events after the balance sheet date

From today's perspective, we remain confident in the stability of our business. The Covid-19 pandemic still adds an element of uncertainty that cannot be entirely assessed from today's perspective.

There were no other events after the balance sheet date that had a material effect on the consolidated financial statements of Aluflexpack.

KPMG

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 2020 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 98 to 148) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, 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 Auditing Standards. 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 and 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.

KPMG

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 117

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.13 Revenue and earnings recognition, page 146

KPMG

Valuation of Goodwill and Other Intangible Assets with indefinite useful life

Key Audit Matter

The Group reports goodwill and other intangible assets with indefinite useful life totalling EUR 20.6 million as of 31 December 2020, 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, 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 intangible assets, challenging the adequacy of the indefinite useful life assumption used by management by assessing relevant factors, events and changes in circumstances;

— 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 and intangible asset 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;

— Conducting a sensitivity analysis on key assumptions;

— 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 119

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.4 Intangible assets, page 143

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.8 Impairment, page 144

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report 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 in the annual report 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.

Responsibility of the Board of Directors 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 the Swiss Auditing Standard 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.

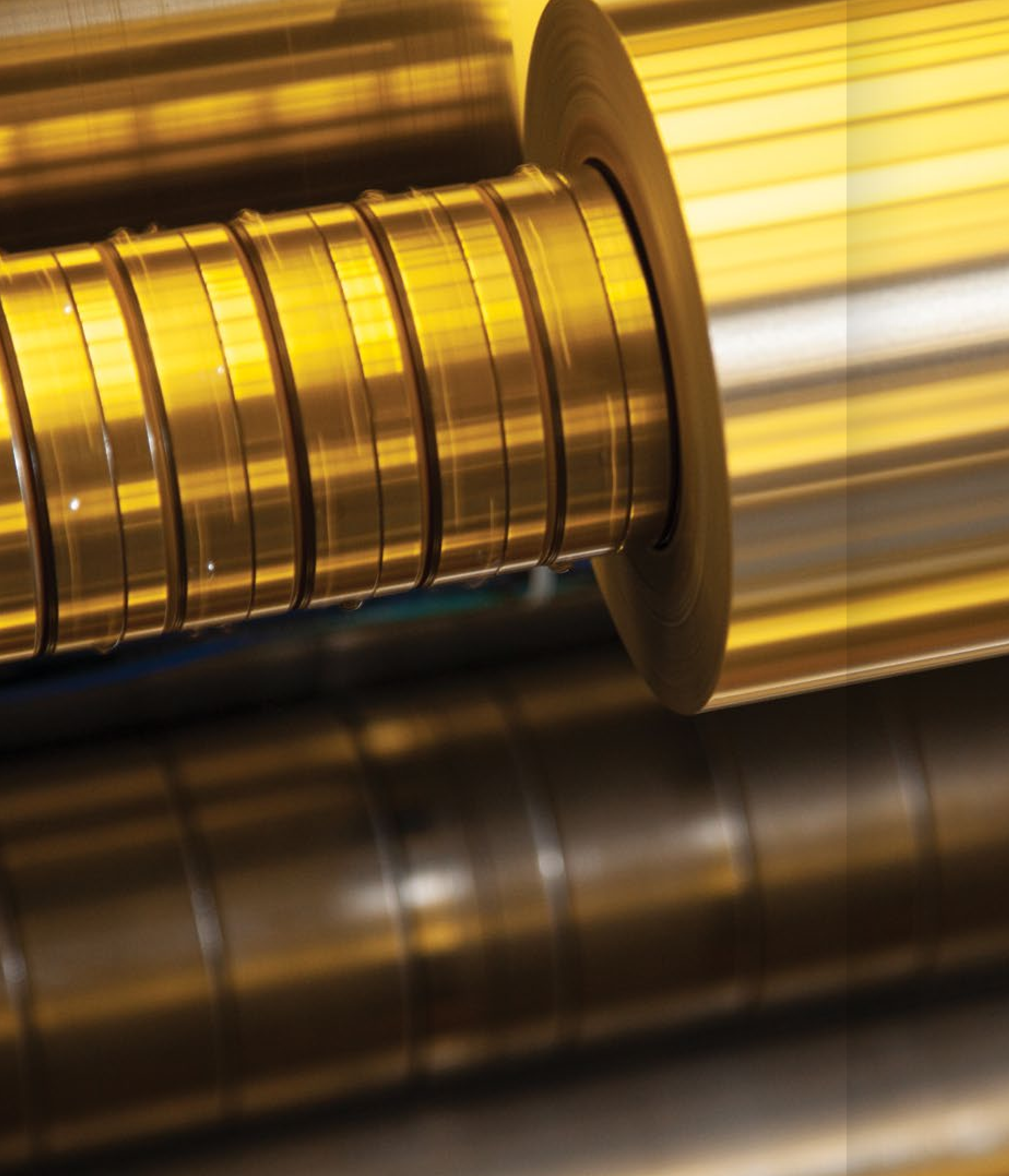
We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 18 March 2021



Statutory Accounts

Balance Sheet as of 31 December (CHF)	Notes	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents		22,486,016.28	54,177,069.65
Trade receivables			
- from holders of participations		2,780.81	0.00
- from entities in which the entity holds a participation		99,098.94	0.00
Other short-term receivables			
- from third parties		80,423.63	68,023.33
		22,668,319.66	**54,245,092.98**
Non-current assets			
Financial assets	2.1	91,751,897.58	75,995,890.34
Investments	2.2	36,541,882.37	22,170,118.47
		128,293,779.95	**98,166,008.81**
TOTAL ASSETS		**150,962,099.61**	**152,411,101.79**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Trade accounts payable			
- to third parties		170,256.35	32,177.44
- to holders of participations and governing bodies		566.10	29,586.67
- to entities in which the entity holds a participation		104,053.53	99,381.00
Other short-term liabilities			
- to third parties	2.3	1,258,219.00	2,337.75
- to holders of participations and governing bodies		0.00	17,144.00
Accrued expenses and deferred income		406,497.30	611,025.00
		1,939,592.28	**791,651.86**
Long-term liabilities			
Other long-term liabilities			
- to third parties	2.3	562,337.08	0.00
		562,337.08	**0.00**
Total liabilities		**2,501,929.36**	**791,651.86**
Shareholders' equity			
Share capital	2.4	17,300,000.00	17,300,000.00
Legal capital reserves			
-Reserves from capital contributions	2.5	144,058,204.14	147,909,287.14
-Other capital reserves		5,432,844.55	1,581,761.55
Accumulated losses			
Accumulated losses brought forward		-15,171,598.76	-366,632.77
Loss for the year		-3,159,279.68	-14,804,965.99
		148,460,170.25	**151,619,449.93**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**150,962,099.61**	**152,411,101.79**

Income statement (CHF)	Notes	2020	2019
Financial income	2.6	5,628,260.60	2,708,526.48
Other operating income		518,314.36	79,387.01
Total income		6,146,574.96	2,787,913.49
Personnel expenses	2.3	-2,614,714.19	-169,488.77
Other operating expenses	2.7	-1,377,888.57	-11,767,579.80
Financial expenses	2.8	-5,289,067.43	-5,629,810.91
Direct taxes		-24,184.45	-26,000.00
Total expenses		-9,305,854.64	-17,592,879.48
Loss for the year		**-3,159,279.68**	**-14,804,965.99**

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 31 July 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 (imparity 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 recognised 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)	2020	2019
Loans granted to subsidiaries	91,751,897.58	75,995,890.34

2.2 Investments

a) Direct investments 2020

Company	Domicile	Country	Currency	Voting and capital rights in %	Capital
AFP Group GmbH	Vienna	AT	EUR	100.00	35,000
Arimpeks Aluminyum Sanayi Ic Ve Dis Ticaret Anonim Sirketi	Istanbul	TR	TRY	80.00	2,000,000
Top-System sp.z.o.o.	Tarnowo Podgorne	PL	PLN	80.00	1,000,000

b) Direct investments 2019

Company	Domicile	Country	Currency	Voting and capital rights in %	Capital
AFP Group GmbH	Vienna	AT	EUR	100.00	35,000
Arimpeks Aluminyum Sanayi Ic Ve Dis Ticaret Anonim Sirketi	Istanbul	TR	TRY	80.00	2,000,000

c) Significant indirect investments 2020

Company	Domicile	Country	Currency	Voting and capital rights in %	Capital
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	100.00	6,006,548
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	80.00	1,340,000

d) Significant indirect investments 2019

Company	Domicile	Country	Currency	Voting and capital rights in %	Capital
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	100.00	6,006,548
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	80.00	1,340,000

2.3 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 expenses amount to CHF 1,757k, therof shown in other short-term liabilities to third parties CHF 1,195k and in other long-term liabilities to third parties CHF 562k.

The total number of granted phantom stocks amounts to 173,182. 8,593 of these were exercised in 2020. The value of the residual 164,589 phantom stocks is CHF 2,835k as of 31 December 2020. No phantom stocks were granted to members of the Management Board or the Board of Directors.

2.4 Share Capital

The share capital was increased in June 2019 in the course of the IPO from CHF 100,000 to CHF 17,300,000 through capital contributions. As of 31 December 2020, 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.

2.5 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 25 September 2018. The Swiss Federal Tax Administration (ESTV) has confirmed the reported reserves from capital contributions as of 31 December 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 form 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 31 December 2019 in the amount of CHF 144,058,204.14 within the meaning of Art. 5 Para. 1 to VStG.

2.6 Financial Income

Other financial income amounts to CHF 5,628k (previous year: CHF 2,709k) and includes interest income from bank deposits, interest income from loans to subsidiaries and foreign exchange rate gains of CHF 4,691k (previous year: CHF 2,358k).

2.7 Other operating expenses

	2020	2019
Administrative expenses	161,229.57	11,610,700.79
Consulting expenses	1,216,659.00	156,879.01
	1,377,888.57	**11,767,579.80**

Administrative expenses in 2019 include IPO expenses in the amount of CHF 11,376k.

2.8 Financial expenses

	2020	2019
Bank interest, expenses and fees	58,739.57	8,155.42
Interest on loans to holders of participations	0.00	343,024.85
Foreign exchange losses	5,191,852.41	5,277,370.64
Other financial expenses	38,475.45	1,260.00
	5,289,067.43	**5,629,810.91**

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: no employees).

3.2 Contingent liabilities

In accordance with the agreement of 26 August 2018 between Aluflexpack AG and an existing Arimpeks shareholder, the non-controlling shareholder is granted a put option that grants the right to sell the 20% stake in Arimpeks to Aluflexpack AG. In addition, Aluflexpack AG is granted a call option to purchase the remaining 20% of the shares in Arimpeks. This contingent liability was valued at CHF 7,869k as of 31 December, 2020 (31 Dec. 2019: CHF 4,917k).

In accordance with the agreement of 9 September 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 5,320k as of 31 December 2020.

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 31/12/2020	Percentage of voting rights as of 31/12/2019
Montana Tech Components AG	53.6%	53.6%

3.4 Participation of the group management and the board of directors including their related parties

Board of director	Number of shares as of 31/12/2020	Number of shares as of 31/12/2019
Martin Ohneberg, president board of directors	533,167	533,167

Group management	Number of shares as of 31/12/2020	Number of shares as of 31/12/2019
Igor Arbanas, CEO	52,375	52,375
Johannes Steurer, CFO	52,375	52,375

There are no conversion or option rights in favor of members of the Executive Committee or 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.

KPMG

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, which comprise the balance sheet as at 31 December 2020, 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 156 to 160) for the year ended 31 December 2020 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 Auditing Standards. 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 entity 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Valuation of 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 investments

Key Audit Matter	Our response
As of 31 December 2020, the financial statements of Aluflexpack AG include investments in subsidiaries in the total amount of CHF 36.5 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.	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 investments refer to the following:

— Disclosure on balance sheet and income statement items, 2.2 Investments, page 158

Responsibility of the Board of Directors 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 entity'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 entity 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 Swiss Auditing Standards 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 Swiss Auditing Standards, 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 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 entity'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 entity 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 the Swiss Auditing Standard 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 recommend that the financial statements submitted to you be approved.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 18 March 2021

List of abbreviations used

Numerical abbreviations

k	thousands of a unit
m	millions of a unit
bn	billions of a unit

Currency abbreviations

€	Euros; sometimes also refered to as "EUR" in Aluflexpack's financial statements
CHF	Swiss Franc
HRK	Croatian Kuna
PLN	Polish Złoty
TRY	Turkish Lira

Other abbreviations

adj.	adjusted for non-recurring effects
Al	Aluminium
BRC	British Retail Consortium
Capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating unit
CO_{2e}	Carbon dioxide equivalent
COO	Chief Operating Officer
DBO	Defined benefit obligation
EBIT	Earnings before interest and taxes
EBITDA	Earnins before interest, taxes, depreciation, amortisation
ECL	Expected credit losses
ESG	Environmental Social and Governance
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss
FX	Foreign exchange
FY	Full year
GHG	Greenhouse gas

Other abbreviations (continued)

HY	Half year
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IPO	Initial public offering
ISO	International Organisation for Standardisation
LME	London Metal Exchange
MWH	Megawatthours
NCI	Non-controlling interest
OCI	Ohter comprehensive income
PET	Polyethylene terephthalate
PPE	Property, plant and equipment
Q	Quarter
R&D	Research and development
ROCE	Return on Capital Employed
ROU	Right-of-use
UV	Ultraviolet
VAT	Value added tax
WACC	Weighted average cost of capital
yoy	year-on-year
µm	Micrometer

About Aluflexpack

Aluflexpack produces flexible packaging solutions mainly for end markets such as Coffee & Tea, Pharmaceuticals, Pet food, Confectionery and Dairy. Well-established insights, service flexibility and development competence are what underpin long-term customer relationships; both with locally operating companies and large international corporations. Aluflexpack, headquartered in Reinach (AG), Switzerland, has production facilities in Switzerland, France, Poland and Turkey and four production facilities in Croatia. The number of employees as of 31 December 2020 was approximately 1,296.

Disclaimer

Some of the information contained in this press release may be forward-looking statements. Aluflexpack AG cautions that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Aluflexpack AG undertakes no obligation to publicly update or revise any forward-looking statements.

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This annual report can be downloaded at

www.aluflexpack.com