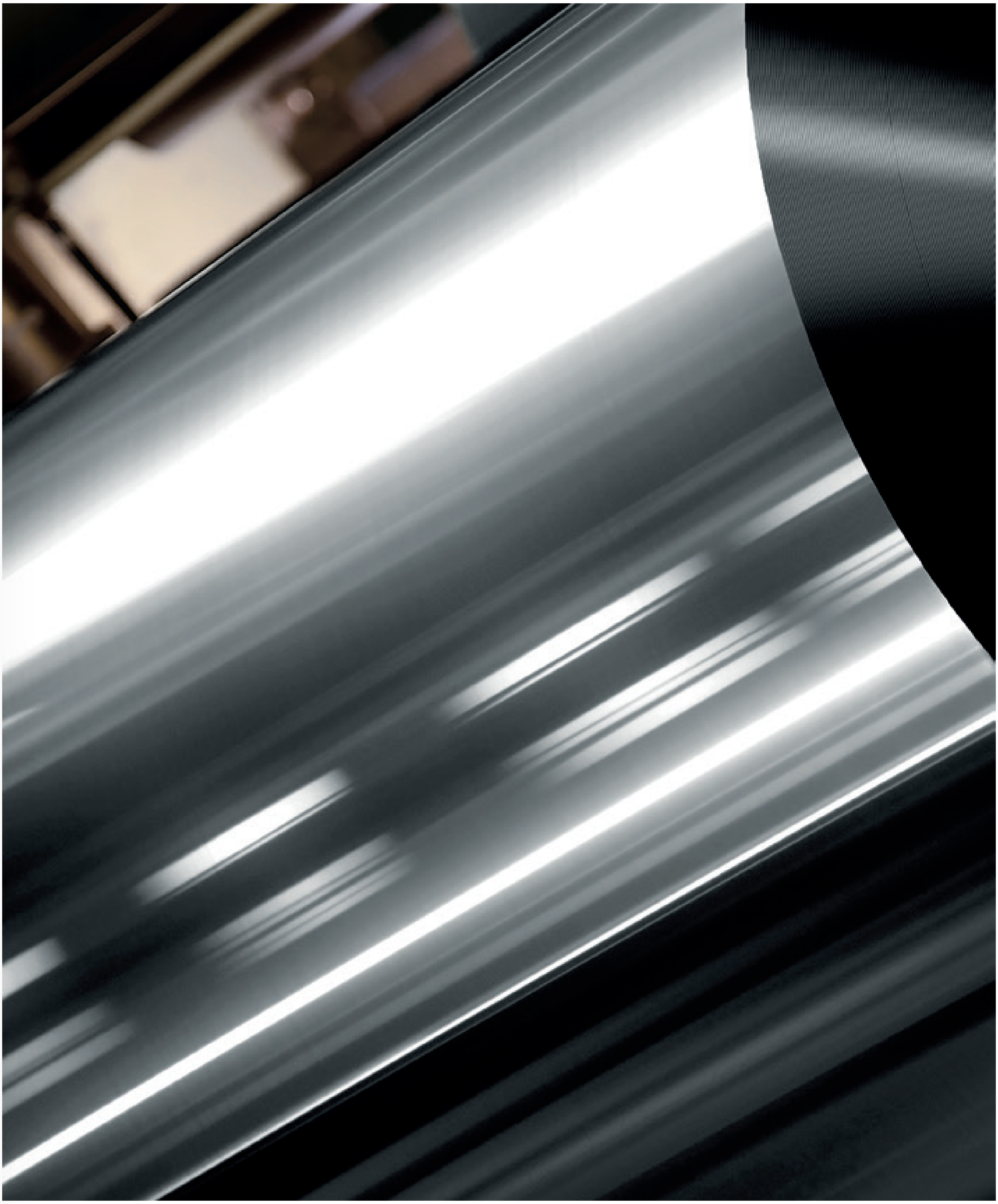


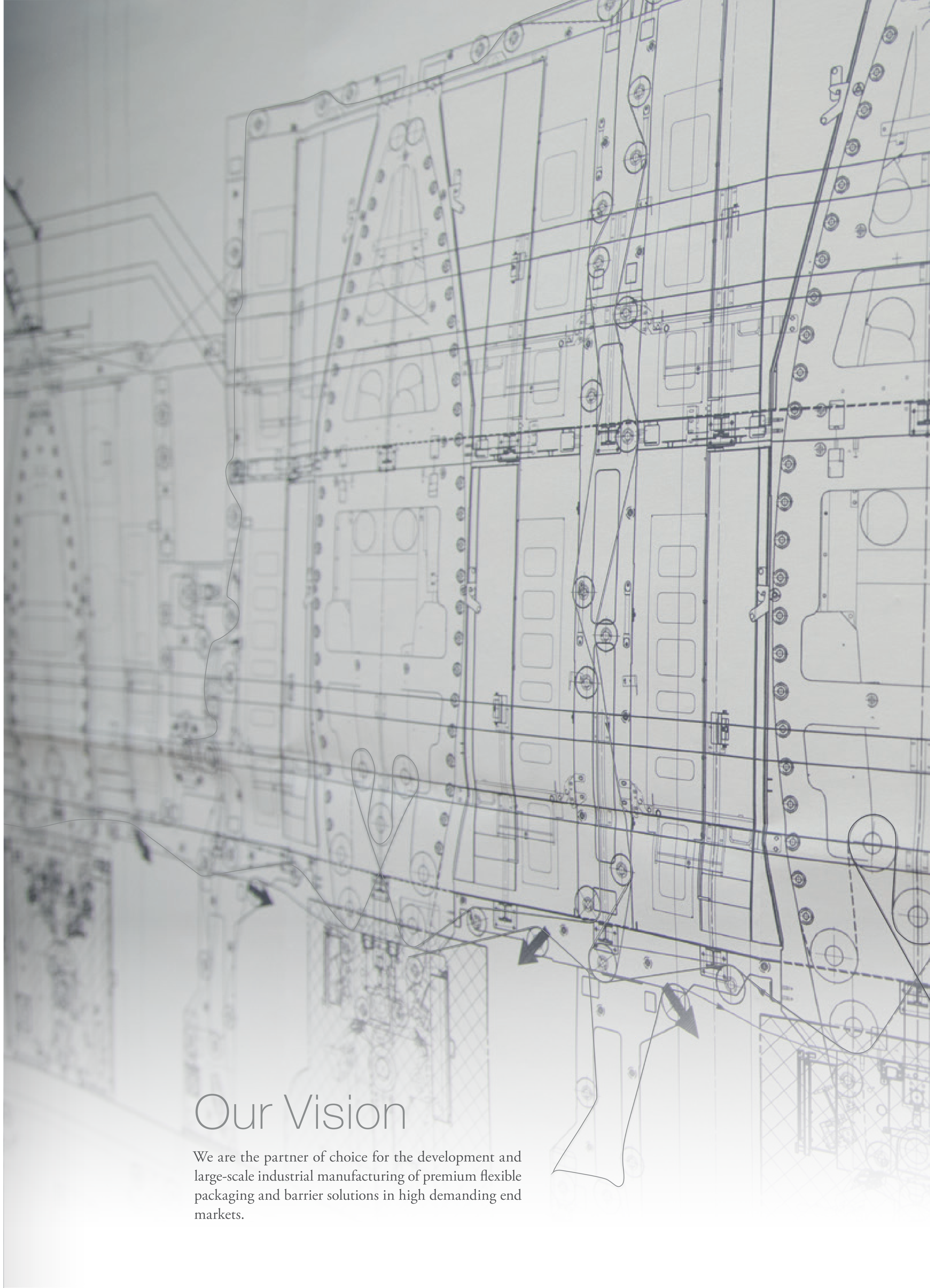
Aluflexpack AG

Annual Report

2021

“Our ambition is to empower brands to maximise their success by using sustainable and circular packaging solutions tailored to their needs.”

Johannes Steurer, CEO of Aluflexpack AG



Our Vision

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

Aluflexpack AG - Key Figures

For the twelve months ended December 31,

(financial figures in €m)[1]	2016	2017	2018	2019	2020	2021
Net sales	144.1	160.6	181.7	207.9	239.4	266.1
Growth in net sales (%, yoy)	8.2%	11.4%	13.1%	14.4%	15.2%	11.1%
EBITDA	14.4	18.1	21.5	19.2	36.4	42.3
EBITDA before special effects (SE)[1]	14.4	18.1	21.6	29.5	37,4	41.8
EBITDA margin before SE(%)	10.0%	11.3%	11.9%	14.2%	15.6%	15.7%
Operating profit (EBIT)	1.7	4.3	6.4	0.6	17.4	19.4
Operating profit before SE	3.3	5.9	8.0	13.8	20.0	20.3
Operating profit margin before SE (%)	2.3%	3.7%	4.4%	6.6%	8.3%	7.6%
Result for the period	-0.6	0.2	-1.3	-3.4	9.0	14.2
Cash flow from operating activities	8.9	14.7	11.9	15.5	26.1	38.3
Cash flow from investing activities	-12.6	-21.1	-21.2	-32.8	-32.9	-45.9
Cash flow from financing activities	-1.5	8.4	24.4	60.1	-11.5	-20.4
Equity ratio (%)	19.6%	16.1%	13.2%	61.9%	61.6%	60.2%
Net debt (cash)	67.0	82.1	100.5	-12.1	6.0	32.4
Total assets	132.0	156.6	196.9	278.4	282.7	301.7
ROCE	3.8%	5.9%	6.9%	9.6%	11.7%	10.3%
Employees	904	1,001	1,128	1,215	1,296	1,342

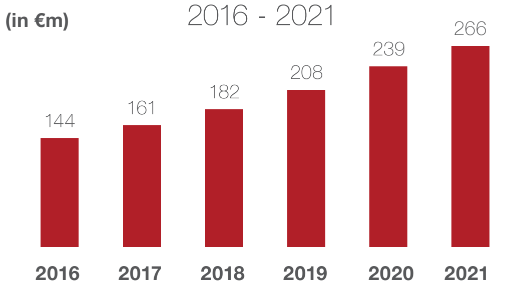
1 A detailed reconciliation of the reported and adjusted figures, as well as an overview of alternative performance measures used, can be found on pages 59-62.

Net sales growth 2021

+11.1%

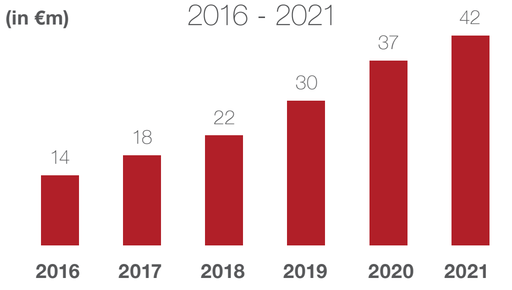
Net sales 2016 - 2021

(in €m)

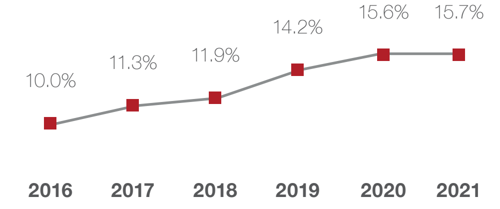


EBITDA before SE 2016 - 2021

(in €m)



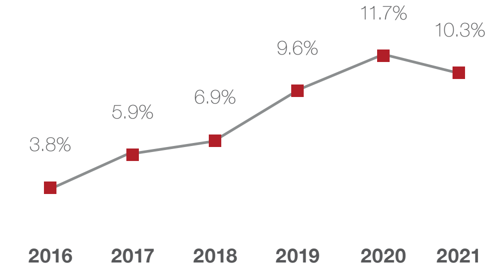
EBITDA margin before SE 2016 - 2021



Capital expenditure 2021

€60.4m

ROCE



Net debt to EBITDA[2] 2021

0.8x

Equity ratio 2021

60.2%

2 EBITDA refers to EBITDA before SE

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Letter to shareholders

Dear shareholders,

In 2021, Aluflexpack AG continued to expand business in most of its end markets and remained on its growth path. In an environment characterised by inflationary trends in the commodity markets and the restricted availability of many raw materials, Aluflexpack benefited from its strong network of suppliers and deeply integrated value chain. This allowed us to maintain our usual levels of product quality and reliably deliver to our customers throughout the year. Despite a more challenging second half of the year, robust demand and operational improvements laid the foundation for solid financial performance in 2021. In the months ahead, our focus will be on continuing to adjust our price structure based on the latest input prices, implementing a one-of-a-kind expansion project at our plant in Drniš (Croatia) and on securing our supply chain amid tight commodity markets. At the same time, we plan to focus more intensively on innovation and sustainability to boost value added and sustainable growth over the coming years.

Tightened commodity markets

In an attempt to prevent deep economic recessions over the past two years, governments and central banks across the globe have introduced accommodative fiscal stimuli and expansive monetary policy. This paved the way for a sharp recovery in global economic activity following pandemic-driven downturns in 2020, but ultimately created the conditions for increased competition for many raw materials in cyclical and non-cyclical industries. At the same time, supply-side constraints disrupted international flows of goods. This led to a highly inflationary environment, characterised by rising prices and the restricted availability of many input materials, some of which also form part of Aluflexpack's value chain.

Amid these extraordinary circumstances, our network of high-quality suppliers and strong commitment across the organisation enabled us to secure the continued flow of our goods – from receiving raw materials from suppliers to delivering final products to customers. Throughout 2021, we not only maintained supplies to our customers, but were also in a position to offer support to customers having difficulties in obtaining the volumes they needed on the market. By doing this, we continued to demonstrate the strength and resilience of the robust ecosystem of partners and suppliers we have shaped over the past few years.

Continued strong demand

In 2021, demand for Aluflexpack products remained at a robust level in most of our end markets. A large portion of our well-diversified portfolio is attributed to packaging for on-the-shelf food products designed for at-home consumption, which is naturally less affected by lockdowns and restrictions on movement. Compared with the previous year, consumption patterns had started to return to normal, as the effects resulting from the stockpiling behaviour observed predominantly in the second quarter of 2020 did not recur to the same extent in 2021.

In terms of demand in each of Aluflexpack's end markets, we continued to operate in a healthy market environment in 2021, especially in our Pet food and Coffee & Tea end markets. As a result of increasing trends towards pet ownership since the outbreak of COVID-19, driven by restrictions on social contact, demand for aluminium trays and stand-up pouches for pet food packaging was high. In response, we succeeded in further ramping up our capacities in relation to stand-up-pouches. In the Coffee & Tea end market, we continued to benefit from the trend away from plastic and towards full aluminium capsules, and the general trend towards the at-home consumption of single-serve beverages. The Confectionery end market recovered in 2021 thanks to increased sales through channels such as speciality chocolate shops and duty-free outlets, which were partly closed in 2020.

Demand in our pharmaceutical business was negatively impacted by lockdowns, stricter hygiene measures and restrictions on movement, which led to fewer cases of cold, flu and other illnesses (not including COVID-19). However, signs of recovery were already emerging in the second half of 2021. In our other end markets, demand remained at a generally robust level in 2021, and we managed to increase our share of wallet with many customers.

Solid development of results

Aluflexpack continued to exhibit solid performance in 2021. Despite the exceptionally high demand observed in several end markets in the first half of 2020 and weaker-than-expected demand in the Pharmaceutical end market in 2021, Aluflexpack achieved an organic growth rate of 8.6% in 2021. Taking into account the consolidation effects resulting from the acquisition of the Polish packaging company in September 2020, overall growth in net sales amounted to 11.1% compared with 2020.

Aluflexpack achieved again profitable growth in 2021 despite being hit by rising input material costs in the second half of the year. Overall, we achieved an adjusted EBITDA of €41.8m (2020: €37.4m).[3] This equates to a strong increase of 11.9% compared with the previous year, and a margin of 15.7% (2020: 15.6%). Despite this positive overall development, our earnings in the second half of the year were already impacted by rising prices for input materials that are

3 A detailed reconciliation of the reported and adjusted figures, as well as an overview of alternative performance measures used, can be found on pages 59-62.

not subject to automatic pass-through mechanisms or hedged, such as liquids, plastics and packaging for transportation, which led to a sequential decline in the margin level achieved in the first half of 2021. In terms of capital efficiency, despite the major investment project currently being undertaken, ROCE only decreased from 11.7% in 2020 to 10.3% in the current reporting period.

Milestones in 2021

The ground-breaking for the major expansion at our Drniš site marked the achievement of one of the key milestones set out in our 2021 roadmap. This €65m investment will increase our foil conversion capacities by up to 30,000 metric tonnes, vertically integrated covering pre-treatment and coating. We are pleased with the progress made so far and look forward to start with the ramp-up in the fourth quarter of 2022.

In 2021, our sites in Croatia and Switzerland achieved ASI Performance and ASI Chain of Custody Standard certification from the Aluminium Stewardship Initiative for addressing sustainability-related topics in the aluminium value chain – marking the achievement of a key event in our sustainability roadmap. These standards define environmental, social and governance principles and criteria, which companies hoping to achieve certification must meet. Sustainability is a key focus for Aluflexpack and we plan to continue working closely together with our suppliers and partners to meet our sustainability objectives.

Furthermore, Aluflexpack won the “Star of 2021” award at the European Small and Mid-Cap Awards 2021, organised by the Federation of European Securities Exchange, honouring our exceptional performance in the sector, sound use of IPO proceeds and proven track record for responsible behaviour.

At the end of 2021, Johannes Steurer, who had been CFO of Aluflexpack since 2012, was appointed by the Aluflexpack Board of Directors to the position of CEO as of 1 January 2022, succeeding Igor Arbanas. Lukas Kothbauer, who joined Aluflexpack’s Finance department in 2018, assumed the role of CFO on the same date.

Outlook

We are confident that the long-term drivers of our business will remain intact and expect demand for high-quality packaging to continue to be driven by the increasing importance of branding, the need for sustainable and circular packaging solutions and rising functional requirements. As a strong, development-driven company that enjoys close cooperation with leading brands at many levels, Aluflexpack is ideally positioned to benefit from new business opportunities in the current market. Amid the current raw material shortages, our short-term focus is on managing our supply chains and on completing our expansion project in Drniš. At the same time, we plan to implement measures to offset the impact of the increased cost base and drive forward our innovation and sustainability agenda.

While the current geopolitical environment and volatility in the commodity markets add an element of uncertainty that cannot be fully assessed at the present time, we are confident that our business will remain stable. From today’s perspective, the Group’s Management Board is confident in the stability of its business and its supply chain. The outlook for 2022 of net sales in a range of €310m and €330m, and for EBITDA before special effects between €35m and €40m is therefore confirmed. Aluflexpack continues to monitor the situation in Ukraine and Russia closely. As of today, the Group expects limited impact on its sales, since net sales to customers from both countries only account for less than 1% of total net sales on an aggregate basis.

Taking all into consideration, we believe that 2022 will be a transitory year for Aluflexpack, during and after which our focus will be on returning to previous profitability levels, supported by a positive impact of our investments in Drniš, coupled with further efficiency gains and price adjustments. We firmly believe that we can create the most shareholder value by allocating our available funds to our growth projects. Hence, the Board of Directors will propose at the Annual General Meeting in May not to distribute a dividend for 2021.

Thank you!

On behalf of the Board of Directors and the Management Board, we would like to take this opportunity to thank all of our employees for their continued efforts and great achievements in 2021, as well as Igor Arbanas for all of his work over the last decade and of course you, our shareholders, for your continued trust.

For the Management team,

Johannes Steurer,
CEO

Lukas Kothbauer,
CFO

For the Board of Directors,

Martin Ohneberg,
President

Meet Johannes Steurer, Aluflexpack's new CEO

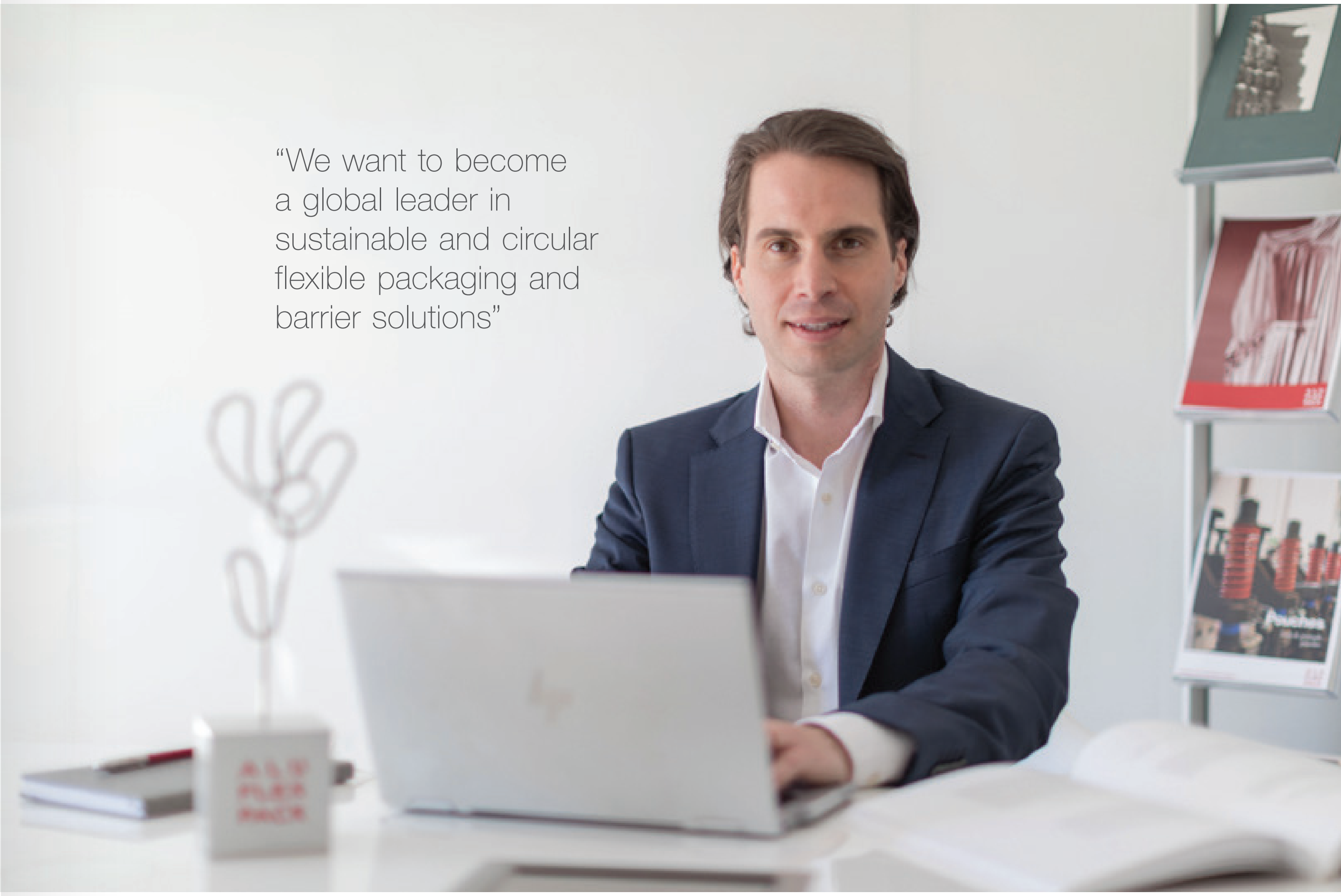
Since Johannes Steurer joined Aluflexpack as CFO in 2012, he has played an active role in shaping the Group's performance. Johannes assumed the position of new CEO on 1 January 2022. Below, Johannes talks about industry challenges, opportunities for Aluflexpack and his vision for the company.

What are the biggest challenges facing the flexible packaging industry?

To answer this question, we need to distinguish between the short and the long term. The toughest short term challenge facing the industry is clearly related to the supply chain. Current bottlenecks in the supply of aluminium, plastic, liquids and other materials will likely persist for some time. For some industry stakeholders, this may lead to business continuity issues. At Aluflexpack, we have placed great emphasis on building a pool of reliable, high-quality suppliers over the years, as well as on establishing strong bonds with our partners. This has enabled us to navigate our way through these difficult times quite well. We have been able to source all of the raw materials we need and thereby continue to ensure reliable delivery to our customers on time. Thanks to our reliable supply chain, we have even managed to acquire new business in the current environment.

What are the challenges in the long term?

The challenge facing the industry in the long term is also its biggest opportunity: namely delivering functional products that meet ever-changing customer needs. Packaging will always be a vital element of our customers' brand experience and is obviously also vital for protecting valuable goods. Ensuring that you are flexible and agile as an organisation, continuously working together with your customers on new innovations and anticipating and catering for the packaging needs of tomorrow will guarantee you a place at the forefront of the industry. Looking further ahead, there will be an increased need for packaging players to produce sustainable and circular solutions. With our product portfolio and targeted efforts we are on the right track to benefit from this development.



"We want to become a global leader in sustainable and circular flexible packaging and barrier solutions"

What do customers currently value the most?

In today's challenging times, customers are looking for reliable partners capable of delivering high-quality packaging materials. They want to avoid business continuity issues at any cost – be it due to a bottleneck in the supply chain or due to poor-quality packaging affecting their ability to deliver their products to the end consumer. We are dedicated to meeting these expectations and providing an outstanding service. This is in our DNA and we want the customers to feel this every single day.

Innovation capabilities are another key element for customers. Our clients are able to approach us with completely new functional and design requirements. Thanks to our expertise in materials, superior industrial production and tooling, and our agile organisation we are able to rapidly come up with solutions. At the same time, we proactively approach our customers with new innovative solutions for material structure, product design and process improvement, which they highly appreciate. It is this combination of development competency and customer centricity that sets us apart and keeps us at the forefront of the industry.

What is driving growth in the flexible packaging industry?

There are a couple of megatrends driving growth. Customers' packaging needs are ever-changing as packaging is used to reflect their brand message and set themselves apart from the competition. The ongoing e-commerce boom is resulting in new requirements for packaging in terms of durability, quality and high barrier properties – all key to ensuring that products can be transported securely. The current consumer trend towards single-portion products is another growth driver for flexible packaging, while demographic trends, such as an aging population with better access to high-quality health care systems in many parts of the world, are resulting in an increased demand for pharmaceutical products requiring high-barrier protective packaging.

And what are the growth drivers for Aluflexpack in particular?

Growth at Aluflexpack is supported by our position in fast-growing markets and our focus on complex product solutions with high functionality and protective requirements. Our aim is to expand our market share in both existing and new markets, have a well-filled development pipeline and continuously reflect on how to generate new business. Through the value we offer to our customers, combined with our relentless focus on quality, service and innovation, we are confident that we can increase our share of wallet with existing customers and win new ones. We also plan to play an active role in driving consolidation within the industry.

What do you plan to focus on as CEO?

Over the last decade, Aluflexpack has grown from a local flexible packaging producer operating in Croatia to a European industry leader serving an international customer base. As CEO, I will strive to continue this growth trajectory and make Aluflexpack a global market leader. One of my key focuses will be to take Aluflexpack to the next level in terms of sustainability. This means significantly reducing our carbon footprint, further improving the recyclability of our product portfolio and increasing the recycled content of our products. Aluminium is and will continue to be our primary material. What makes aluminium so great is that it is fully recyclable without loss of quality. Drawing on our expertise in aluminium, we aim to become a system provider of fully circular solutions to our customers – producing extremely high-quality products while using as few resources as possible, pursuing a fully transparent sourcing approach and ensuring efficient and sustainable waste management. Further focus areas on our journey going forward will be on maintaining an industry leading infrastructure, digitalisation and automation in our business operations, ensuring employee trust and satisfaction and enhancing talent development within the organisation.

Where do you think Aluflexpack will be in 2030?

By 2030, I believe that Aluflexpack will be the global leader in the aluminium flexible packaging industry, with a presence in new markets and product categories. I also envision us supplying sustainable, recyclable and circular solutions to many of our customers. By 2030, our efforts to reduce emissions will have brought us significantly closer to carbon neutrality. At an operational level, I see Aluflexpack as industry leader in terms of efficiency thanks to targeted investments in organisation, automation and digitalisation over the coming years. The best example of this is our current expansion programme in Drniš, which will consist of several pieces of key equipment fully integrated into an automated warehouse. This set-up is unique in the industry and will significantly increase our level of efficiency. We also want to retain our winning corporate culture and entrepreneurial spirit, which are part of our heritage. By 2030, all of these initiatives and efforts are expected to have brought our revenues to the €1 billion mark level with a ROCE of above 15%.

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 40 years.

A blend of passion, know-how, experience, responsiveness and creativity result 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

Aluflexpack at a glance

Leading player
in flexible packaging in Europe

€266m
recorded revenue in 2021

4
product types: foil, lid, container and pouch

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

8
integrated production plants across Europe

>600
customers worldwide

1,342
qualified and dedicated employees

99.9%
of waste recycled, recovered or reused

Aluflexpack develops and manufactures high-quality flexible packaging solutions at an industrial scale, and provides packaging solutions for the most valuable and well-known brands of leading European and international companies. We pre-treat, laminate, lacquer, extrude, print, slit, emboss, punch, laser and form aluminium, paper and plastics into sophisticated flexible packaging.

Company profile

Aluflexpack produces primary flexible packaging solutions for end markets such as Coffee & Tea, Confectionery, Dairy, Pet food, Pharmaceutical and Other food and non-food. In these end markets, Aluflexpack supplies a broad range of products such as lids, aluminium capsules and containers, pouches, refined foils, films and composite materials. A significant amount of the flexible packaging solutions Aluflexpack produces are aluminium based, nonetheless other raw materials such as plastic and paper are also used. Well-established industry insights, agility, flexibility in service and development competence are what underpin long-term customer relationships, both with locally operating companies and large international corporations. Through a highly integrated value chain ranging from service to pre-treatment, converting, printing and finishing steps, Aluflexpack is able to maintain high quality standards, which is strongly valued by the customers.

Aluflexpack, headquartered in Reinach (AG), Switzerland, has production facilities in Switzerland, France, Poland, Turkey and four production facilities in Croatia. The deeply integrated hub-satellite platform allows Aluflexpack to benefit from economies of scale in its upstream conversion hubs, and simultaneously be close to the customer with finishing steps being performed at the satellite production plants. The number of employees as of 31 December 2021 was 1,342.

Cornerstones of Aluflexpack's business model

High value adding products

Aluflexpack focusses on the development and manufacturing of high value adding products. Decades of experience in converted aluminium based flexible packaging, profound material and process know-how and a deeply integrated value chain lay the foundation for the Group's industry-leading development competence. Aluflexpack aims at leveraging this competence by supporting customers in the whole product lifecycle from the ideation phase up to the large-scale industrial manufacturing.

Fast growing end markets

Aluflexpack has put a strategic focus on markets that are growing faster than the global flexible packaging market, which is expected to grow annually at 3.2% from 2022 to 2026.[4] In fast growing end markets, such as single serve coffee or pet food, the Group has put an emphasis on subsegments with even stronger growth such as the full aluminium coffee capsules or the stand-up pouches.

Deep integration of the value chain

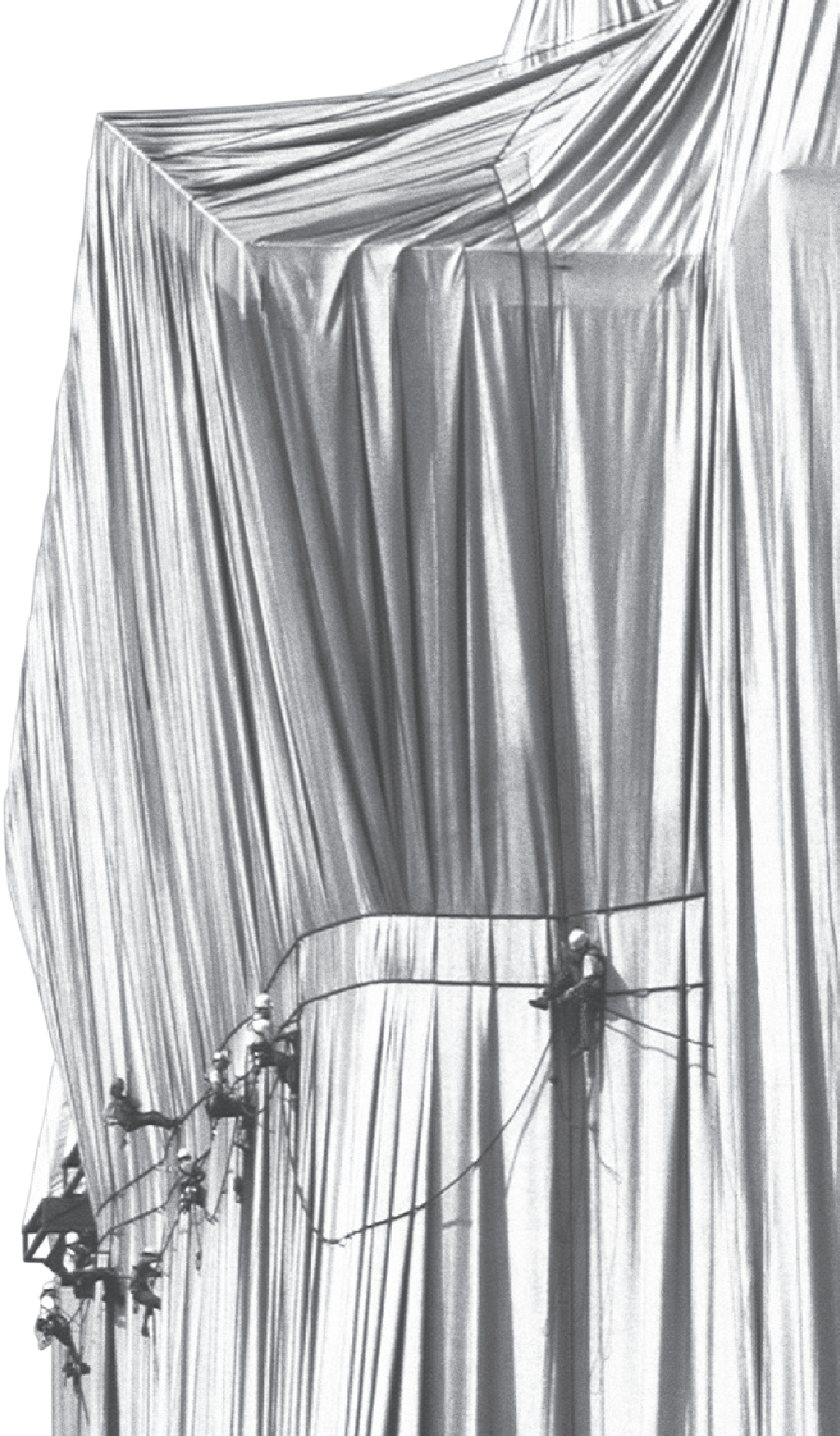
Aluflexpack fosters a deeply integrated value chain ranging from service, pre-treatment, converting, printing to finishing. This high degree of integration strengthens the Group's innovation capabilities and serves as a basis to fulfill customer demands in terms of reliability and service. The major onsite expansion project in its plant in Drniš, Croatia, further strengthens the Group's vertical integration and will help secure the Group's leading market positions in the long term.

Economies of scale

Investments into state-of-the-art machinery and the expansion of the Group's technological infrastructure not only are the foundation for high quality and reliability, but also create the basis for economies of scale, as the Group leverages its production capacities. To solidify this position, Aluflexpack continues to selectively invest into the modernisation, automation and digitalisation of its platform.

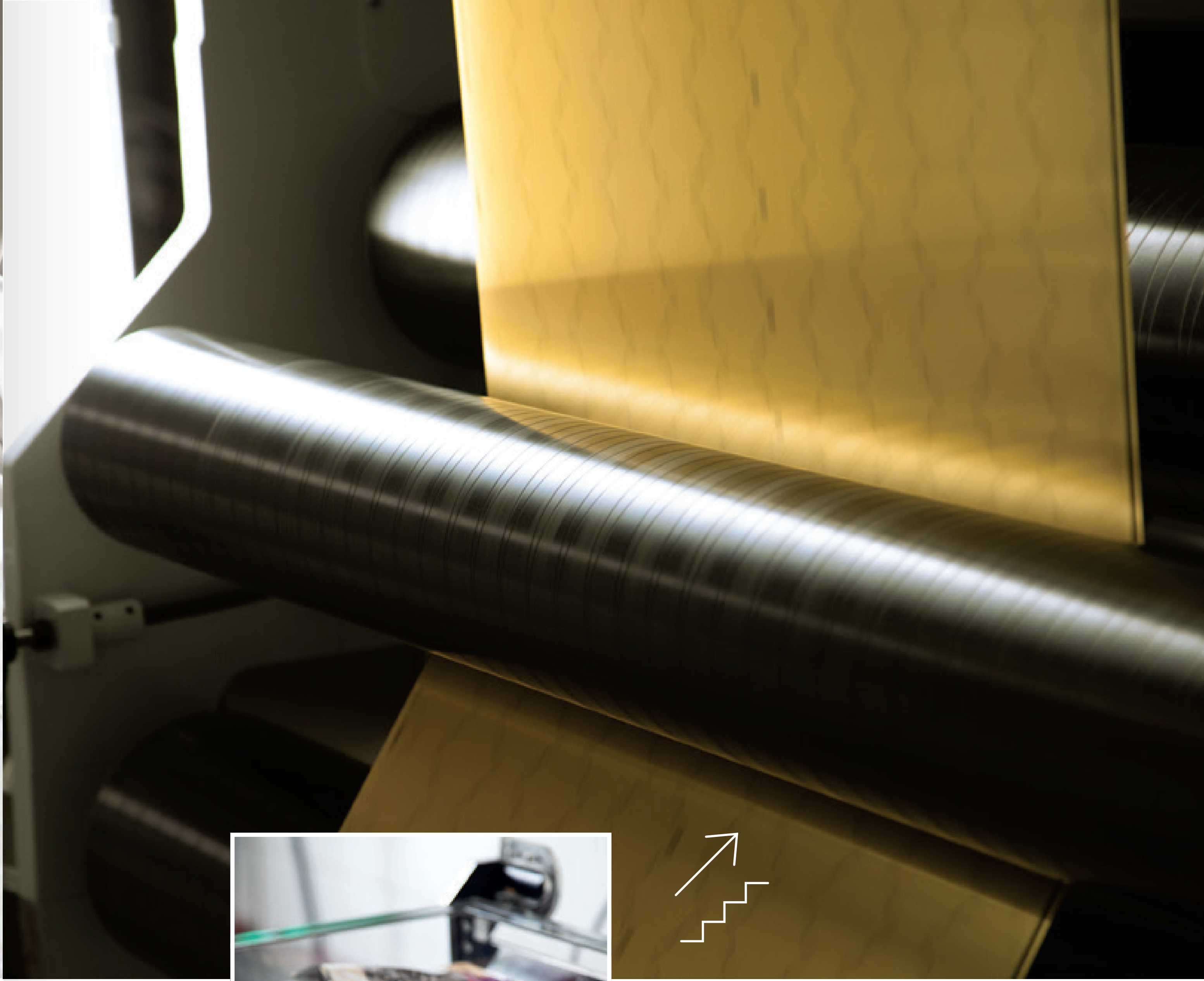
4 Smithers: "The Future of Global Flexible Packaging to 2026"

Success factors



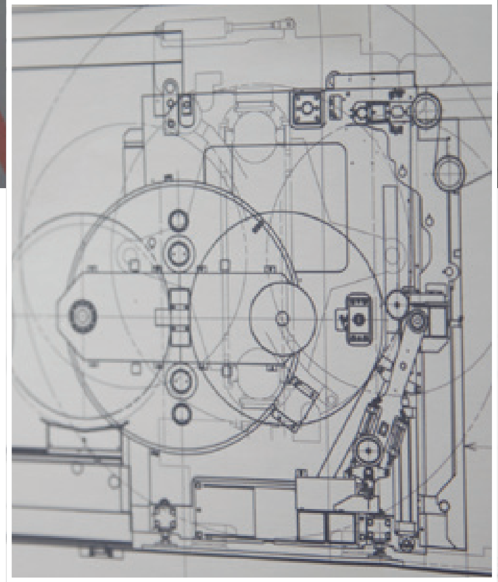
Customer centric

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.



Attractive product niches

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



Innovation

Over 40 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. We develop sustainable and circular packaging solutions that are designed to protect the content of the packaging whilst using a minimum amount of material.

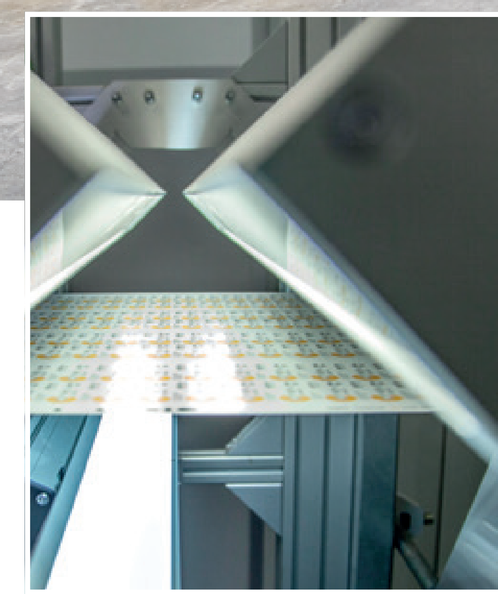
Entrepreneurship

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.

OUR COMPANY

Strong organisation

The successful execution of our strategy requires a strong organisation and motivated employees, who live our corporate culture and 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.



Well-invested & integrated platform

Aluflexpack operates a well-invested and integrated platform, complemented by a reliable network of high-quality 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.

Our Locations

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

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 **Tarnowo Podgórne** 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

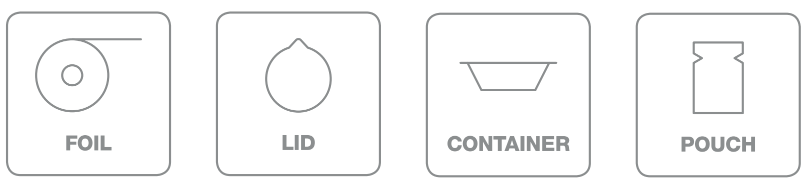
– Production plant
– Forming and Punching
– Coffee & Tea, Other food and Pet food

13 **Gebze** Turkey

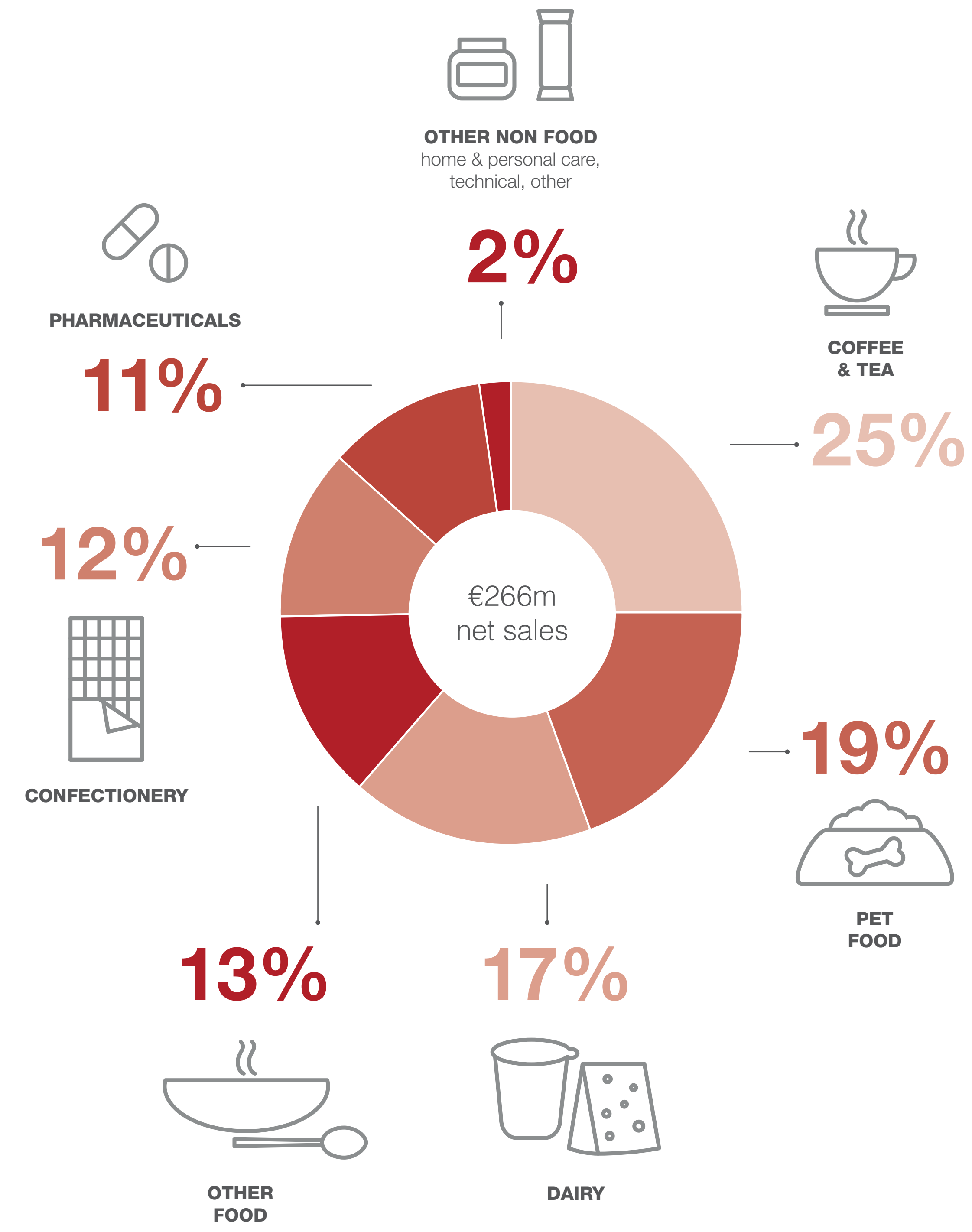
– Production plant
– Rotogravure, flexo and digital printing
– Pharmaceuticals, Confectionery and Dairy

Markets and products

The global flexible packaging market totalled over $249bn in 2021 and is forecasted to grow at a rate of 3.2% to a value of $292bn in 2026[5]. In this huge market, Aluflexpack focuses on a range of 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 end markets such as Coffee & Tea, Confectionery, Dairy, Pet food and Pharma. The product formats we are developing in these markets comprise of capsules, containers, lids, pouches and other types of lacquered and/or printed foils. Demand in Aluflexpack's end markets generally is highly robust and rarely impacted in a significant manner by outside shocks. This was confirmed during the COVID-19 pandemic. In 2021, only the Group's Pharma end market was negatively affected by the global health crises, as stricter hygiene measures and lockdowns resulted in fewer cases of illnesses other than COVID-19.

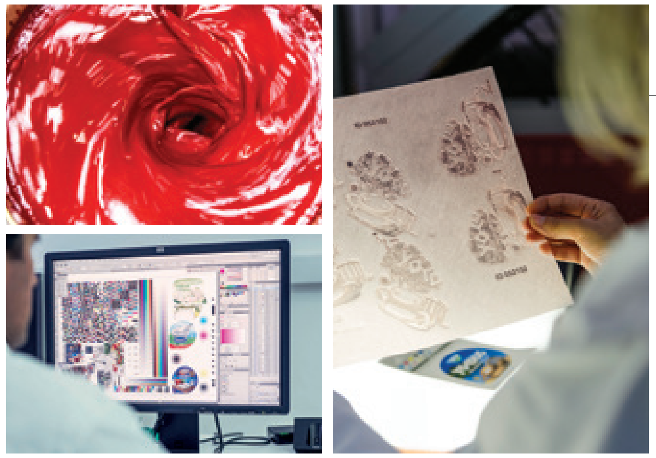


5 Smithers: "The Future of Global Flexible Packaging to 2026"



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 2021 – a year which was characterised by tight commodity markets and inflationary prices for many raw materials.



Services

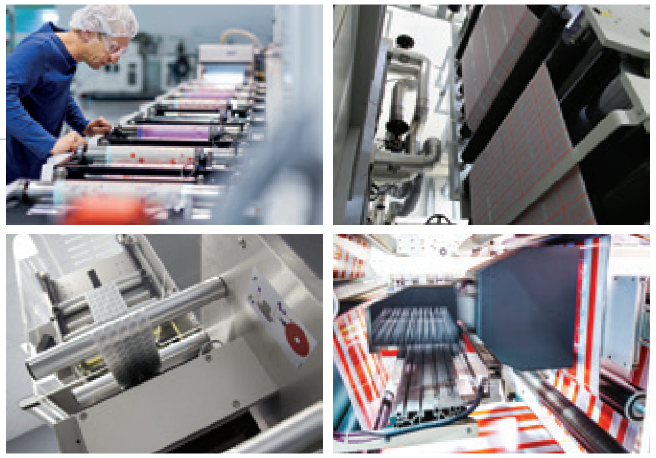
From an **idea** to the final product: we provide not only materials research, comprehensive product development, design services and pre-press work, but also efficient and appropriate business models to assure agility and the best support for day-to-day operations.

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,

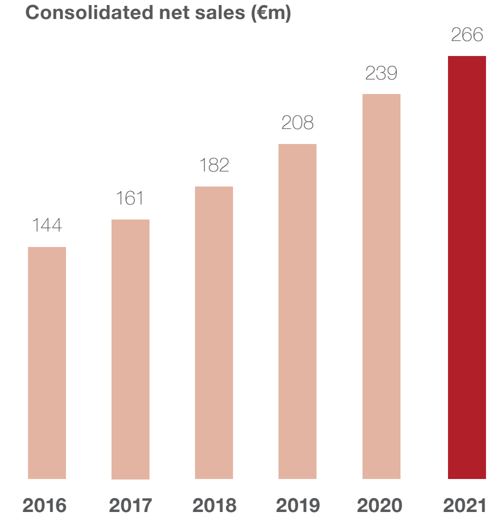
(in €m)	2021	2021 (adjustments)	2020	2020 (adjustments)
Net sales	**266.1**		**239.4**	
Change in finished and unfinished goods	1.1		5.2	
Other operating income	10.2		8.4	
Cost of materials, supplies and services	-174.2		-156.6	
Personnel expenses	-33.5		-31.8	
Other operating expenses	-27.4		-28.2	
EBITDA	**42.3**		**36.4**	
Costs for stock option programme[6]		0.4		1.6
Transaction costs[7]		0.2		0.4
Gain from divestment of property, plant and equipment[8]		-1.0		
Net income in relation to fire incident[9]				-1.0
EBITDA before SE		**41.8**		**37.4**
EBITDA margin before SE		*15.7%*		*15.6%*
Depreciation and amortisation	-22.9		-19.0	
Operating profit (EBIT)	**19.4**		**17.4**	
Financial result	-1.5		-5.2	
Result before tax	**17.9**		**12.2**	
Tax expense/benefit	-3.8		-3.2	
Result for the period	**14.2**		**9.0**	
Thereof attributable to:				
Owners of the company	14.0		8.8	
Non-controlling interests	0.2		0.2	

6 Expenses include costs for the employee phantom stock option programme, and in addition, costs for the long-term incentive component of the Management Board's compensation which was introduced in 2021, and which is stock based.
7 Transaction costs include general consultancy costs and costs for financial transaction taxes.
8 Gain from divestment of property, plant and equipment refers to a gain over the book value of assets divested in the context of a sale and leaseback transaction.
9 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.

Sales overview

In the business year 2021, Aluflexpack generated net sales of €266.1m, compared to €239.4m in the previous reporting period. The 11.1% year-on-year increase can be attributed to an excellent customer and product portfolio as well as robust demand for on-the-shelf food and pet food products. Adjusted for consolidation effects from the acquisition of the Polish packaging supplier Top-System, organic net sales rose by 8.6%.

Consolidated net sales (€m)



In 2021, Aluflexpack was able to expand business in most of its end markets: net sales in the Group's **Pet food** end market increased by 20%. Growth in this category was supported by the further ramp-up of the Group's stand-up pouch capacities. In addition, a rising number of pet owners could be observed, partly as a result of the lack of human contact during the COVID-19 pandemic. This led to a strong demand for pet food products in general. In the **Coffee & Tea** end market, Aluflexpack was able to maintain a strong rate of business expansion with sales increasing by 18% as at-home consumption of single portion products remained at a high level in the twelve months ending 31 December 2021. Net sales in the **Confectionery** end market recovered in 2021 resulting in a growth of 16% thanks to increased sales through channels such as specialty chocolate shops and duty-free outlets, which partly were closed in 2020.

In the **Dairy** end market, Aluflexpack increased its net sales by 9%. However, growth was notably supported by the full-year inclusion of sales from the Polish packaging supplier Top-System, which is one of the market leaders on the Polish dairy market. The positive development (+9%) in the **Other food** end market is a result of an increase in business both with existing and new customers, while net sales in the Group's small **Other non-food** category declined by -6%. The Group's **Pharmaceuticals** business experienced a decline of -8% as a consequence of fewer cases of cold, flue and illnesses other than COVID-19 due to lockdowns, stricter hygiene measures and movement restrictions.

(in %)	Coffee & Tea	Confectionery	Dairy	Pharmaceuticals	Pet food	Other food	Other non-food
Net sales growth (yoy)	18	16	9	-8	20	9	-6
Share in Group sales	25	12	17	11	19	13	2

Cost overview

Material costs in % of net sales increased to 62.1% in 2021 from 61.2% in 2020 on an adjusted level. The main driver behind this increase were inflationary dynamics on many commodity markets, which negatively impacted Aluflexpack's profitability especially in the second half of the year. The biggest share among the input materials the Group processes is related to aluminium. The industrial metal experienced a price increase from €1,659 per metric ton on 1 January 2021 to €2,386 per ton on 31 December 2021, equalling a 44% increase in one year. As in previous years, aluminium (the "LME" and the so-called metal bulletin) is a component that Aluflexpack generally hedges in accordance with its customers or passes through to the customer by the means of contractual pass-through clauses. Liquids (lacquers, inks, solvents and glues) and plastics form the second and third largest share among the input materials of the Group and likewise experienced sharp price increases. On a reported level, total costs of materials, supplies and services in % of net sales increased slightly from 65.4% in 2020 to 65.5% in 2021.

Personnel costs in % of net sales equalled 12.6% in 2021 on an adjusted level, slightly decreasing from the previous year when 12.9% was achieved. The primary driver of this reduction was an increase in the Group's operating leverage. On a reported level, personnel costs in % of net sales were at 12.6% in 2021, compared to 13.3% in 2020.

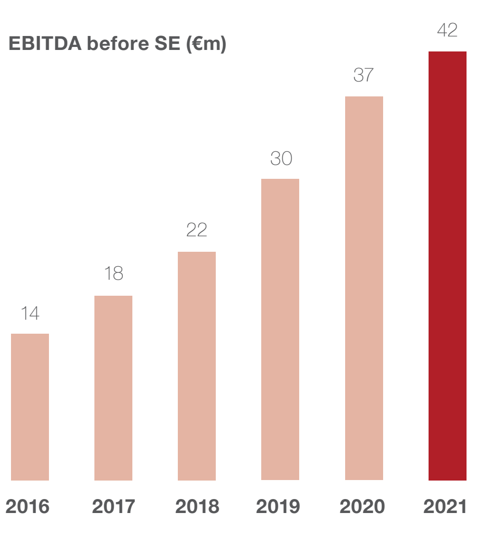
Other operating expenses in % of net sales decreased to 10.2% in 2021 on an adjusted level from 11.0% in the previous year. This is the result of an increase in the Group's operating leverage as well as lower costs for selling, travel and provisions, among other things. On a reported level, other operating expenses amounted to 10.3% in 2021, in contrast to 11.8% in 2020.

Key cost ratios on adjusted level[10] (in €m)	For the twelve months ended December 31, 2021	2020
Material costs	165,4	-146.4
in % of net sales	62.1%	61.2%
Personnel costs	-33.6	-30.8
in % of net sales	12.6%	12.9%
Other operating expenses	27.2	-26.4
in % of net sales	10.2%	11.0%

EBITDA

In 2021, Aluflexpack reached an EBITDA of €41.8m before special effects, compared to €37.4m in the previous reporting period. This corresponds to an **EBITDA margin before SE** of 15.7% in 2021 (2020: 15.6%). Continuous efficiency improvements, a larger share of value-adding products and economies of scale laid the foundation for the increase in margin in an environment of rising material costs. EBITDA on a reported level increased to €42.3m in 2021 from €36.4m in 2020.

EBITDA before SE (€m)



10 A detailed reconciliation of the reported and adjusted figures, as well as an overview of alternative performance measures used, can be found on pages 59-62.

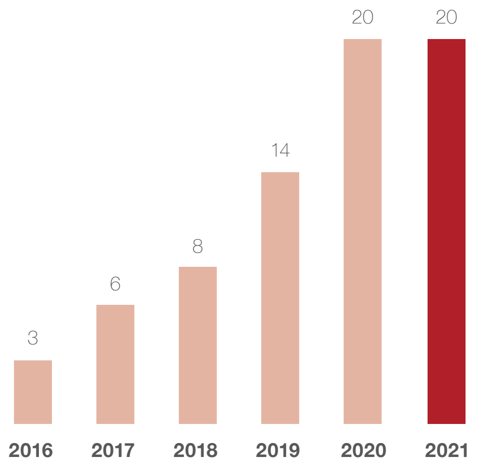
Depreciation and amortisation

Total expenses for **depreciation and amortisation** rose to €-22.9m in 2021 (2020: €-19.0m) as a consequence of the further activation of assets due to investments made into Aluflexpack's industry leading integrated production platform. In 2021, €-1.4m of total depreciation and amortisation can be attributed to acquisition-related amortisations (2020: €-1.5m). Depreciation and amortisation expenses in % of net sales will continue to be above the industry average in the near-term future, above all due to the activation of assets in connection to Aluflexpack's major on-site expansion in Drniš (Croatia).

EBIT

Adjusted for special effects, Aluflexpack's EBIT amounted to €20.3m in 2021 (2020: €20.0m). This corresponds to an **EBIT margin before SE** of 7.6% (2020: 8.3%). In addition to items adjusted above EBITDA, special effects on EBIT level also include acquisition-related amortisations. In 2021, higher expenses for depreciation and amortisation negatively impacted the Group's EBIT. On a reported level, EBIT reached €19.4m in 2021 (2020: €17.4m).

EBIT before SE (€m)



Financial result

In the business year 2021, Aluflexpack reported a **financial result** of €-1.5m (2020: €-5.2m). Net interest expenses including interest expenses for leases amounted to €-1.9m (2020: €-1.9m). **Other financial income** totalled €7.4m in 2021 (2020: €1.7m), and consists of positive foreign currency exchange gains in the reporting period, positive mark-to-market valuation effects from financial instruments used to hedge against the Group's aluminium price exposure as well as a positive effect from the valuation of an outstanding put option for stakes in a subsidiary of the Group held by a minority shareholder. **Other financial expenses** increased in the reporting period to €-7.1m from €-4.9m in 2020. 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)	**2021**	**2020**
Net interest expenses	-1.9	-1.9
Other financial income	7.4	1.7
Other financial expenses	-7.1	-4.9
Financial result	**-1.5**	**-5.2**

Items below the Financial result

Aluflexpack's **result before tax** accounted for €17.9m in 2021, up from €12.2m in the previous reporting period. Tax expenses in the reporting period amounted to €-3.8m, compared to €-3.2m in the previous period. The increase in taxes paid compared to the preceding period is connected to the increase in the Group's aggregate taxable earnings base. Aluflexpack closed the business year 2021 with a **net profit** of €14.2m, compared to €9.0m in the previous period.

Cash flows

	For the twelve months ended December 31,	
(in €m)	**2021**	**2020**
Cash and cash equivalents at the beginning of the period	**44.3**	**62.8**
Net cash provided / used in operating activities	38.3	26.1
Net cash used in investing activities	-45.9	-32.9
Net cash used from financing activities	-20.4	-11.5
+/- effect of exchange rate fluctuations on cash held	-0.8	-0.2
Cash and cash equivalents at the end of the period	**15.6**	**44.3**

For the twelve months ending on 31 December 2021, **cash flows** from operating activities amounted to €38.3m (2020: €26.1m). The strong cash generation was driven by a higher operating income in the reporting period as well as solid trade working capital management. With the major onsite expansion in Drniš advancing, **net cash used in investing activities** increased to €-45.9m compared to €-32.9m in the previous year. Excluding proceeds from the disposal of PPE in the amount of €14.1m, total gross capital expenditures amounted to €-60.4m in 2021. **Net cash flows from financing activities** were at €-20.4m in 2021 (2020: €-11.5), and comprise of repayments of liabilities to third parties including the amount paid for the acquisition of the remaining 20% of shares of the Group's Turkish subsidiary as well as payments for lease liabilities.

Balance sheet

(in €m)	For the twelve months ended December 31, 2021	2020
ASSETS		
Non-current assets	179.7	146.8
Current assets	121.9	135.9
Total assets	**301.7**	**282.7**
EQUITY AND LIABILITIES		
Total equity	**181.6**	**174.3**
Non-current liabilities	45.6	39.3
Current liabilities	74.4	69.1
Total equity and liabilities	**301.7**	**282.7**

As of 31 December 2021, Aluflexpack's **total assets** amounted to €301.7m in comparison to €282.7m recorded a year earlier. Total **non-current assets** stood at €179.7m (€146.8m[11]) of which €147.5m (106.7m[11]) relate to property, plant and equipment, while €31.7m (38.6m[11]) relate to intangible assets and goodwill. The increase in non-current assets over the previous reporting period is a reflection of the increased investment activity in the period completed.

11 Figure relates to 31 December 2020.

Total **current assets** amounted to €121.9m as of 31 December 2021, compared to €135.9m at the preceding reporting date, mainly as a result of a reduction in cash and cash equivalents to €15.6m (€44.3m[11]). Inventories, which form the largest portion of current assets, totalled €66.7m (€59.6m[11]). The increase in inventory is a consequence of higher raw materials prices and a general increase in business activity compared to the previous reporting period. In line with the increased level of net sales, trade receivables rose to €27.3m (€24.0m[11]).

Total liabilities amounted to €120.1m as of 31 December 2021, up from €108.4m recorded on the preceding reporting date. **Current liabilities** made up €74.4m (€69.1m[11]), while **non-current liabilities** stood at €45.6m (€39.3m[11]). As a result of the high investment activity, the Group's net debt increased to €32.4m (€6.0m[11]). Despite this, Aluflexpack still has a sound financial position: the ratio of net debt to EBITDA amounted to 0.8x on 31 December 2021 (0.2x[11]), while the Group's **equity ratio** decreased slightly to 60.2% (61.6%[11]).

Despite the increase in business, the Group's **trade working capital** decreased to €42.1m as of 31 December 2021 (€43.9m[11]) translating to a trade working capital ratio of 15.8% for the reporting period, which is 250 basis points lower than in the previous year (18.3%).

Aluflexpack's **return on capital employed** (ROCE), a financial metric the Group commonly uses to evaluate organic and non-organic growth projects decreased to 10.3% (11.7%[11]), mainly as a result of an investment-driven increase in the Group's employed capital.

Highlights 2021

Aluflexpack wins the European Small and Mid Cap award in the category Star of 2021. Aluflexpack received the award from the Federation of European Securities Exchange (FESE) due to its exceptional performance in the industry and proven track record of being a responsible corporate citizen.

Aluflexpack, a member of the Aluminium Stewardship Initiative (ASI) since 2018, has achieved the ASI Performance Standard and Chain of Custody Certification. The ASI Performance Standard defines environmental, social and governance principles and criteria, with the aim to address sustainability issues in the aluminium value chain.

Aluflexpack conducts the Great Place to Work Initiative, in order to capture valuable employee feedback, further improve talent development and the overall working environment for all of the Group's employees.

One highlight of 2021 was the ground-breaking ceremony in Drniš (Croatia) for the Group's major on-site expansion. The new vertically integrated capacities will lead to additional revenue of at least >€ 100m by 2025.

In Q2 2021, Aluflexpack acquired the remaining 20% of its Turkish subsidiary Arimpeks from the previous shareholder.

Announcement of change in the Management Board: after almost a decade with the company, Igor Arbanas hands over the CEO position to Johannes Steurer, who was CFO of the Group since 2012. Lukas Kothbauer appointed as new CFO as of 1 January 2022.

A stepping-stone to the MENA region

Aluflexpack's plant in Turkey, Arimpeks Alümniyum, was founded close to Istanbul, Turkey in 1987 and became a member of the Aluflexpack Group in September 2018. The company is the market leader in the growing Turkish blister foil market for pharmaceuticals, but also produces flexible packaging for the human food industry. In addition, Arimpeks serves as Aluflexpack's stepping-stone to the Middle East and North African (MENA) region. The plant operates a broad value chain ranging from lacquering, lamination to various printing techniques (roto, flexo and digital) and finishing steps. Since becoming a member of the Aluflexpack family, the company developed exceptionally well, benefitting from its integration into the Group and growing demand for its products. In 2021, Arimpeks supplied roughly two thirds of the domestic Turkish pharmaceutical blister foil market.

Nusret Karakuz is the Managing Director of Arimpeks, Aluflexpack's plant in Turkey. He brings with him many years of industry experience and is a driving force behind the successful development of the company.

How is the Turkish flexible packaging market developing?

The flexible packaging market in Turkey has grown significantly over the past 10 years. Various structural factors such as increased disposable personal income, population growth, urbanisation, and a rising exposure to modern retail channels are the main drivers of growth. Flexible packaging solutions also benefit from higher efficiency compared to rigid packaging and a more sustainable environmental proposition. In addition, rising life expectancy and greater access to public healthcare lead to greater demand for pharmaceutical and healthcare products, which is Arimpeks' core business.

What impact does the current economic development in Turkey have on your business?

Not too much, as demand for our products in general is very resilient. Moreover, the volatility of the Turkish Lira can also be well managed, since our sales and purchases are both indexed to hard currency.

How did COVID-19 affect demand for pharmaceutical products?

Lockdowns and strict hygienic measures clearly lowered the spread of diseases other than COVID-19, and hence negatively affected demand for pharmaceuticals in the short term. However, we feel that our order books are gaining momentum again, and we expect the underlying structural growth drivers to support demand for our products in the mid to long term.

What opportunities do you see for your company?

Together with the Group, we want to expand our leading position in the local Turkish market, and also look beyond product categories we currently address. There are also ample growth opportunities in the broader MENA region for us, and we aim at establishing ourselves as reliable partner in geographically close markets.

Sustainability

Sustainability remains a guiding principle 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. Every day, Alufexpack's products are in direct contact with food, medicine or personal care products - 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 products 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. In addition, Aluflexpack associates sustainability with the target of reducing negative effects of its own business processes.

Capitalising on circularity

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. Furthermore, 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 as a circular material make it a great solution in matching today's sustainability challenges and fully align it to the current "reduce, reuse, recycle" trend.

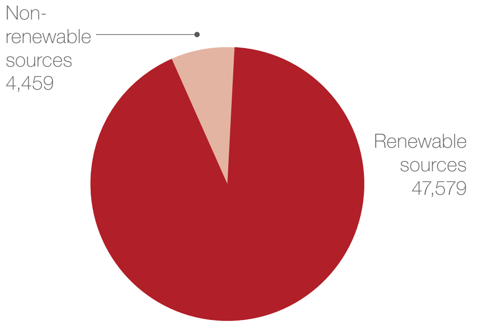
The outstanding quality and environmental performance of Aluflexpack's product solutions is also well reflected in the many standards and certificates members of the Group have been awarded such as ISO9001, ISO14001, FSC, EcoVadis, SMETA, HACCP and BRCGS v6, among others. These cover items such as monitoring of water quality, waste management, responsible sourcing, product safety, environmental protection and life cycle analysis.

Further underlining the Group's sustainability commitment and responsible sourcing in 2021 is the achievement of the ASI Performance Standard and Chain of Custody Certification for our sites in Croatia and Switzerland. While the ASI Performance Standard sets out 59 environmental, social and governance principles and criteria with the aim of addressing sustainability issues in the aluminium value chain, the ASI Chain of Custody standard complements ASI Performance Standard by providing all Aluflexpack stakeholders with independent assurance on responsible production and sourcing of aluminium. Both these certifications highlight the continuous commitment of Aluflexpack on delivering sustainable products to its customers and awareness of its corporate responsibility to the society.

Accelerating our quest for carbon footprint reduction

In December 2021, Aluflexpack initiated a structured emission reduction and energy efficiency process in order to create an emission and energy efficiency roadmap based on the Group's industrial requirements. As part of this process, long-term emission targets will be set and energy reduction initiatives will be worked out.[12] The Management Board of Aluflexpack believes that this project will help further elevate the Group's sustainability standards and will bring the Group one step closer to carbon neutrality.

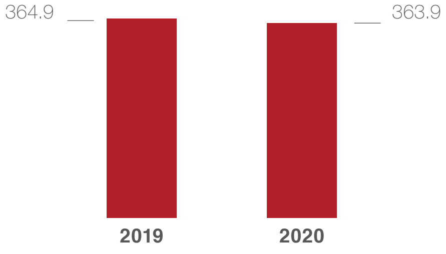
Electrical energy consumption in MWH in 2020



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 2020, Alufexpack's operations used c. 52 038 MWH of electrical energy. 91% of the electricity consumed came from renewable energy sources and the remaining 9% from non-renewable sources[13]

Managing the waste we produce in our operations is crucial in minimising our environmental impact. In 2020, 99.8% of non-hazardous and hazardous waste was recycled by Aluflexpack. The majority of our waste is aluminium scrap, which is sold in its entirety, and hence fully recycled and reused.

Emissions Intensity from 2019-2020 in kt CO_2/ Aluflexpack unit



Emissions and their management are an integral part of Aluflexpack's environmental management strategy. In 2020, the Group recorded an emission intensity in the amount of 363,9 kt CO_2/AFP unit, which corresponds to a 0.3% decrease from the previous year.[14]

12 Aluflexpack aims at publishing the long-term targets as part of the Group's new sustainability strategy in the Group's Sustainability Report 2021.

13 Figure relates to 2020. Figures for 2021 were not available as of the date of the publication of this report and will be published first in the Group's Sustainability Report 2021.

14 Emission intensity is calculated as total scope 1 and scope 2 emissions divided by a specifically defined production unit, which considers differences in product technology, product shape and other features of product types – the so-called "Aluflexpack unit". For more details on the calculation methodology, please refer to Aluflexpack's Sustainability Report 2020.

Human Resources

2021 marked another year in which Aluflexpack confirmed its sustainable growth strategy. The positive result would have been impossible without the Group's 1,342 employees, which have been an integral part of this success. Their expertise, motivation, discipline, good spirit and strict compliance to health and safety measures were pivotal in maintaining a high level of service despite the ongoing pandemic and shortages on many commodity markets.

The successful execution of Aluflexpack strategy demands dedicated employees who bring our values to life. Providing an environment suitable for people's emotional wellbeing and professional growth is in line with Aluflexpack business needs. At the same time, we seek to establish a working environment in which our employees can perform their work in a secure manner without risking their personal wellbeing.

In 2021, the Group started with the Great Place to Work initiative to conduct a group wide assessment of employee experience. As a part of this process, interviews, questionnaires and workshops were administered, with the aim to uncover actionable insights that can make Aluflexpack an even better place to work for its employees.

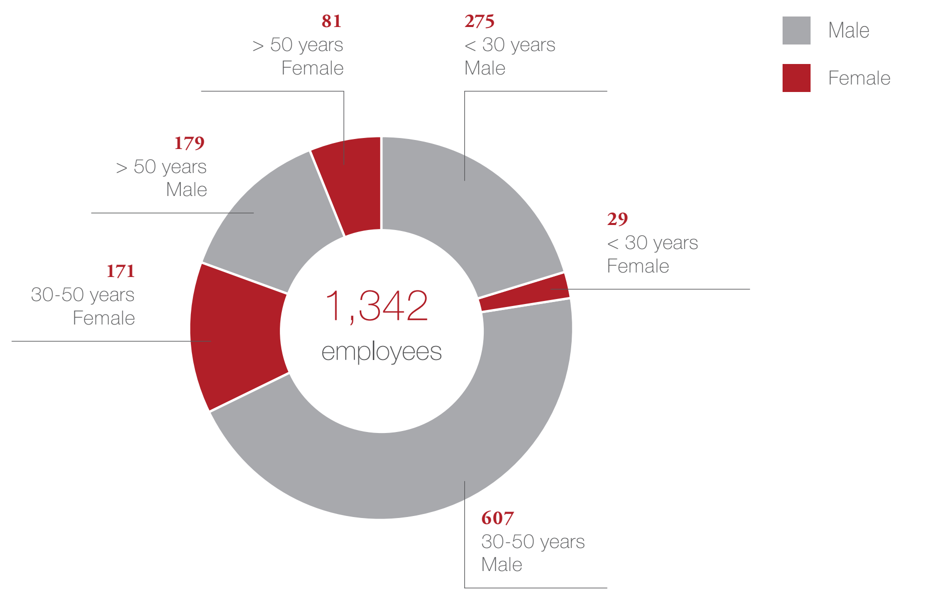
To further strengthen the bond between the employees' and the company, an employee phantom stock programme has been put in place since Q1 2020. Further information on the programme is presented on page 113 of the Annual Report 2021.

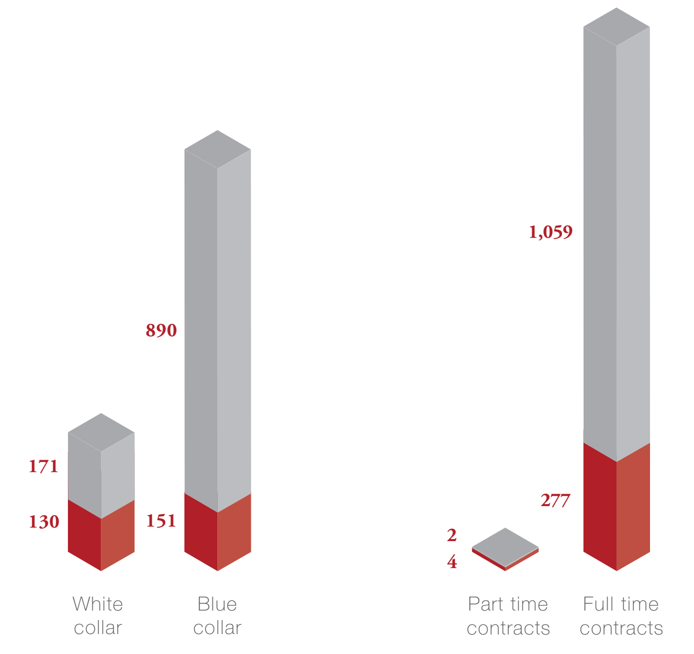
Our Human Resources in numbers

At the end of the business year 2021, Aluflexpack employed 1,342 employees, up from 1,296 people at the end of 2020. The increase of 3.5% is attributed to new hirings at our French and Croatian entities to accommodate increased production volumes. Female employees accounted for 21% of the total number of the employees, which is less than the number of male employees employed at Aluflexpack mainly due to legal and physical constrains in the production areas. At the end of 2021, 43% (PY: 49%) of white collar workers were females, whereas 15% (PY: 9%) of blue collar positions were occupied by women.

In terms of age split, 23% of Aluflexpack's employees were under 30 years old as of 31 December 2021, 58% aged between 30-50 years old and the remaining 19% were above 50 years old. The age spread between the youngest and the oldest employee was 50 years, while the average length of employment was 6 years. At the end of 2021, most of our employees were working on a full time basis, while only 6 employees were employed on a part-time basis.

Our employees



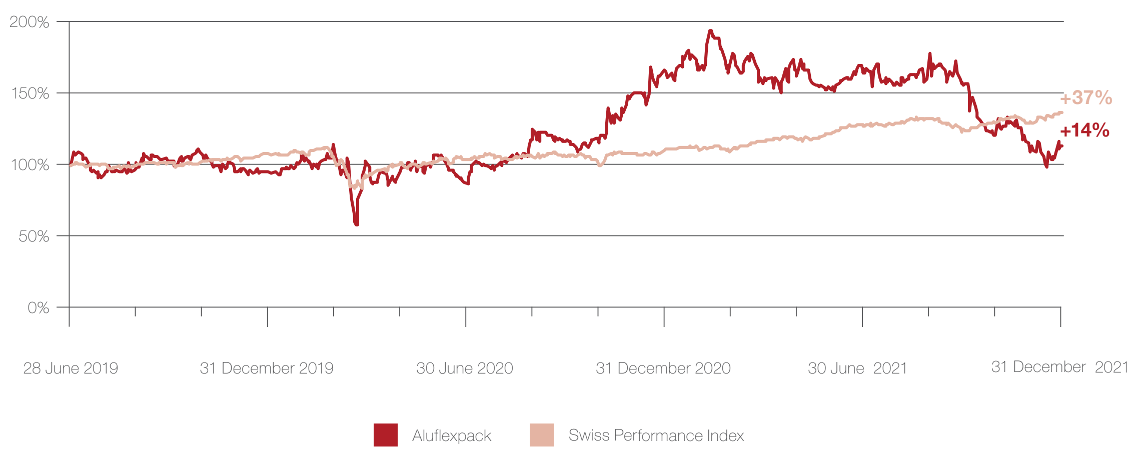


Aluflexpack on the capital markets

2021 was a favourable year for most equity markets throughout the world. The major indexes in Europe and the US recorded a positive development with the vast majority achieving double-digit growth. The powerful economic rebound in the second half of 2020 continued through the course of the first half of 2021, supported by an accelerated consumption, fuelled by savings accumulated during the COVID-19 lockdown period. However, the strong demand, paired with supply side constraints, led to an inflationary pressure, which in turn raised uncertainty about the near term economic outlook towards the end of the year. Consequently, voices in favour of interest rate hikes became louder. While the European Central Bank seemed to be reluctant to change its expansive course, the Federal Reserve Bank of the United States announced in December 2021 that it plans to gradually increase interest rates. In this environment, equity markets saw its double-digit growth in H1 2021 partly erode over the second half of 2021.

Aluflexpack's share price decreased by 29.6% over the course of the year. In the same period, the Swiss Performance Index recorded an increase of 23.4%. Despite the decrease in the year 2021, Aluflexpack's share price has seen an increase of 14.3% since listing on SIX Swiss Exchange in June 2019.

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



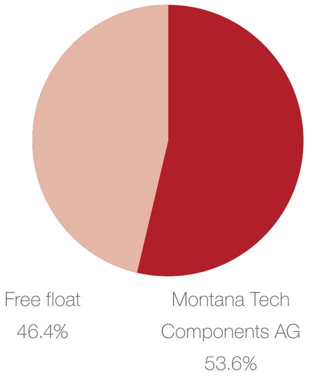
Share price performance in 2021

Aluflexpack share price closed the calendar year 2021 at CHF 24.0, which corresponds to a decrease of 29.6% compared to the previous year's closing price of CHF 34.1. The share price achieved its all-time high on 9 February 2021 closing at 41.3, following the announcement of the preliminary sales for 2021. On 19 March 2021, Aluflexpack published its full year results for the financial year 2020 and confirmed its guidance communicated in February. In the following period, the share price decreased slightly. Following the publication of the Group's half year results and an analyst downgrade, the share price of Aluflexpack declined further. On 2 November 2021, Aluflexpack narrowed its guidance to the lower end of the previously stated range due to an unfavourable environment in certain end markets and negative effects from rising raw material prices. This resulted in further downward pressure on the share price, which reached its low for the year 2021 on 16 December 2021 at CHF 20.7. Subsequently, the share price recovered slightly in December to its year-end close of CHF 24.0.

At year-end 2021, 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. Shares are held primarily by investors with a long-term horizon. As of 31 December 2021, 53.6% of the shares continued to be in the ownership of the majority shareholder Montana Tech Components AG. The daily trading volume of Aluflexpack's shares in 2021 averaged at CHF 480.7k (2020: CHF 355.6k).

At a glance		2021	2020
Number of shares outstanding[15]	in m	17.3	17.3
Market Capitalisation[15]	in CHF m	415.2	589.9
Free Float[15]	in %	46.4	46.4
Average daily traded volume	in CHF k	480.7	355.6
Year's high at close	in CHF	41.3	35.8
Year's low at close	in CHF	20.7	12.0
Year end at close	in CHF	24.0	34.1

Shareholder Structure



15 As of 31 December 2021.

Analyst coverage

At the end of 2021, Aluflexpack was covered by three financial analysts who regularly publish research reports on the Group.[16] As of 31 December 2021, two analysts covering the stock held a "buy" recommendation and one a "hold" recommendation. The two analysts holding a "buy" recommendation set an average target price of CHF 44, while the analyst holding a "hold" recommendation set a target price of CHF 37. In order to further improve visibility on the capital markets, Aluflexpack is working towards extending coverage among global securities analysts.

Investor Relations

Ensuring active and open dialogue with the capital markets is a high priority for Aluflexpack. Providing comprehensive insight into Aluflexpack's growth strategy and business operations to all capital market participants and guaranteeing equal treatment is one of the core missions of Aluflexpack's Investor Relations efforts. Since being listed on 28 June 2019, Aluflexpack has been in constant dialogue with both investors and analysts. During 2021, the Management Board and the Investor Relations department attended 15 roadshows and conferences. Due to the COVID-19 pandemic, most of them were held virtually.

16 One of the four financial analysts who covered Aluflexpack's stock in 2021, discontinued the coverage at the end of 2021. Changes to the target prices set by analysts' after the balance sheet date can be viewed on the investor relations webpage of Aluflexpack. Aluflexpack can not guarantee that target prices and recommendations published on its website are the most recent ones.

Supplemental financial information

Use of alternative performance measures

Adjusted EBIT refers to operating profit before interest and taxes adjusted for special effects and acquisition related amortisations as outlined on page 61. Going forward, Aluflexpack will refer to this financial metric as EBIT before special effects (SE).

Adjusted EBITDA refers to operating profit before interest, taxes, depreciation and amortisation adjusted for special effects as outlined on page 60. Going forward, Aluflexpack will refer to this financial metric as EBITDA before special effects (SE).

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 2021. In this context, organic growth was calculated by comparing full year 2020 sales with 2021 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 EBIT before SE 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

	For the twelve months ended December 31,	
EBITDA before SE (in €m)	**2021**	**2020**
EBITDA – IFRS reported	**42.3**	**36.4**
Costs for stock option programme[17]	0.4	1.6
Transaction costs[18]	0.2	0.4
Net income in relation to the fire incident[19]		-1.0
Gain from divestment of property, plant and equipment	-1.0	
EBITDA before SE	**41.8**	**37.4**
EBITDA margin in % - IFRS reported	**15.9%**	**15.2%**
EBITDA margin in % - before SE	**15.7%**	**15.6%**

17 Expenses include costs for the employee phantom stock option programme, and in addition, costs for the long-term incentive component of the Management Board's compensation which was introduced in 2021, and which is stock based.
18 Transaction costs include general consultancy costs and costs for financial transaction taxes.
19 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.

	For the twelve months ended December 31,	
EBIT before SE (in €m)	**2021**	**2020**
Operating profit (EBIT) – IFRS reported	**19.4**	**17.4**
Costs for stock option programme	0.4	1.6
Transaction costs	0.2	0.4
Net income in relation to the fire incident		-1.0
Gains from divestment of property, plant and equipment	-1.0	
Acquisition related amortisations	1.4	1.5
Operating profit (EBIT) - before SE	**20.3**	**20.0**
EBIT margin in % - IFRS reported	**7.3%**	**7.3%**
EBIT margin in % - before SE	7.6%	8.3%

	For the twelve months ended December 31,	
Adjusted material costs (in €m)	**2021**	**2020**
Cost of materials, supplies and services – IFRS reported	**-174.2**	**-156.6**
Change in finished and unfinished goods	1.1	5.2
Temporary personnel included in total cost of materials, supplies and services	0.5	0.6
Income from disposal of recycled products	7.2	4.7
Adjustments in relation to the fire incident		-0.3
Adjusted material costs	**-165.4**	**-146.4**
Cost of materials, supplies and services margin in % - IFRS reported	**65.5%**	**65.4%**
Materials costs margin in % - adjusted	**62.1%**	**61.2%**

Adjusted personnel expenses (in €m)	For the twelve months ended December 31, 2021	2020
Personnel expenses - IFRS reported	**-33.5**	**-31.8**
Temporary personnel costs	-0.5	-0.6
Costs for stock option programme	0.4	1.6
Adjusted personal expenses	**-33.6**	**-30.8**
Personnel expenses margin in % - IFRS reported	**12.6%**	**13.3%**
Personnel expenses margin in % - adjusted	**12.6%**	**12.9%**

Adjusted other operating expenses (in €m)	For the twelve months ended December 31, 2021	2020
Other operating expenses - IFRS reported	**-27.4**	**-28.2**
Transaction costs	0.2	0.4
Other operating expenses in relation to fire incident		1.4
Adjusted other operating expenses	**-27.2**	**-26.4**
Other operating expenses margin in % - IFRS reported	**10.3%**	**11.8%**
Other operating expenses margin in % - adjusted	**10.2%**	**11.0%**

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[20] and the Rules of Organization of Aluflexpack. In this Corporate Governance Report, the framework and the policies are presented based on the Directive of Corporate Governance issued by SIX Swiss Exchange. Moreover, this report includes references to the notes to the financial statements and the Compensation Report. For clarity and transparency, the Compensation Report is presented as a separate chapter of the Annual Report.

Group structure and shareholders

Group Structure

Aluflexpack AG, headquartered Reinach (AG), Switzerland, is the parent company of the wholly owned AFP Group GmbH located in Vienna, Austria, Istanbul-based Arimpeks alüminyum san. ic. ve dis. tic. a.s. and Poznan-based Top System sp. z o. o. (80% ownership), and directly or indirectly holds all eight production sites and all other companies within the Group.[21] 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 2021 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 capitalization of Aluflexpack amounted to CHF 415m as of 31 December 2021. No other listed companies are included in the consolidation of Aluflexpack AG. There are no cross-shareholdings with companies outside of the Group.

20 Weblink to Aluflexpack's Article of Association: https://ir.aluflexpack.com/wp-content/uploads/2020/05/Statuten-Aluflexpack-AG.pdf

21 The complete overview of the Group structure is disclosed on page 165 in the Annual Report 2021.

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 2021.

Significant shareholder[22]	% of voting rights	Number of shares
Montana Tech Components AG (Michael Tojner)	53.59%	9,271,000
Capital Research and Management Company (The Capital Group Companies, Inc.)	5.17%	894,236
FIL Limited	4.70%	813,508
Xoris GmbH (Martin Ohneberg)	3.08%	533,167

Apart from the aforementioned shareholdings, Aluflexpack is not aware of any other shareholder holding shares in Aluflexpack in excess of 3% of the share capital, as of 31 December 2021. 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.

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

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

Other Items

In addition, as of 31 December 2021, Aluflexpack held no treasury shares. There are no cross-shareholdings exceeding 5% in any company outside the Group.

22 Term in brackets refers to beneficial owner.

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 2021. 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 authorized 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 May 2023. Increases by underwriting, by a subsidiary in cases where pre-emptive rights may be waived, as well as partial increases are permissible. The Board of Directors shall determine the date of issuance, the issue price, the type of contribution, the date of dividend entitlement and the conditions for exercising the pre-emptive rights and the allocation of non-exercised pre-emptive rights. The Board of Directors may determine that pre-emptive rights not exercised expire or it may allocate such pre-emptive rights to third parties at market conditions or use them in the best interest of the Company.

According to Article 3a of Aluflexpack's Articles of Association, the Board of Directors will be authorized 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.[23]

In 2021, the Board of Directors did not register any nominee as a shareholder with voting rights in excess of registration limitation.

Convertible bonds and options

As of 31 December 2021, no outstanding convertible bond or options on Aluflexpack's equity security were recorded on the balance sheet.

Other items

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

As of 31 December 2021, Aluflexpack did not grant any share, participation or dividend right certificates nor any other preferential or similar right.

23 For more information on the procedure and requirements for cancellation of statutory privileges and limitations refer to subsection "Quorum requirements" on page 83.

Board of Directors

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

Members of the Board of Directors on 31 December 2021	Board membership	Since	To be reelected
Martin Ohneberg	President of the Board of Directors	2019	2022
Alois Bühler	Member of the Board of Directors	2019	2022
Christian Hosp	Member of the Board of Directors	2018	2022
Markus Vischer	Member of the Board of Directors	2019	2022
Bernd Winter	Member of the Board of Directors	2019	2022

Martin Ohneberg
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 an advisory committee of AFP Group GmbH. In 2019, he was appointed Chairman of the Board of Directors of Aluflexpack AG. Mr. Ohneberg also serves as Vice President of the Board of Directors for Montana Aerospace AG. In 2021 Mr. Ohneberg was appointed Supervisory Board Member of Varta AG and Chairman of the Supervisory Board of Verbund AG, Austria's largest electricity supply company.

Alois Bühler
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 Aluflexpack 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
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 he served as a member of the Advisory Board of Alu Menziken Extrusion AG. Since 2006, Mr. Hosp is, inter alia, a member and Vice-President of the Board of Directors of Montana Tech Components AG, in addition to several other functions in the Montana Tech Group. Since 2018, he is a member of the Board of Directors of Aluflexpack AG.

Dr. Markus Vischer
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. One year later he joined the Swiss law firm Walder Wyss Ltd. in Zurich and became a partner in 1995. Mr. Vischer is specialized 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 in several companies, within the Montana Tech Group. He is member of the Board of Directors of Montana Tech Components AG and Aluflexpack AG.

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

Number of permissible activities

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

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

The Board of Directors shall ensure that such activities do not conflict with the exercise of duties to the Group. Functions in various legal entities that are under joint control, or in entities in which this legal entity has a material interest, are counted as one function. As of 31 December 2021, 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 2021, the Board of Directors held two physical meetings and, due to the coronavirus pandemic, six virtual meetings. All members of the Board of Directors were present at all meetings. Out of these eight meetings, six were attended by all members of the Management Board, one was attended by only one member and in one meeting none of the members of the Management Board was present. 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 Organizational 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 Organizational 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 organization 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 2021 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 organizational regulations and corporate governance within the Company;
- to review and approve the Company's compliance programme, including preventive measures of the Company, supervision of material compliance questions and ongoing investigations, comparison exercises with compliance programmes of other companies (if applicable) and review of relevant legal developments;
- 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 2021, the committee met five times. All committee members attended all meetings. Members of the Management Board (four meetings) and representatives of the group auditor (two meetings) have been called in to the meetings in 2021. Following a meeting, the Committee sends the minutes of its meetings to its members and, absent any conflict of interests concerns, to all members of the Board of Directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee comprises at least two members, each of whom must be independent from the management. The members of the Nomination and Compensation Committee are elected by the Annual General Meeting for a period of one year until the end of the next Annual General Meeting. The Board of Directors appoints the chairperson of the Committee. The Nomination and Compensation Committee has been established in connection with the Initial Public Offering and as of 31 December 2021, 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 2021, the committee met six times. All members attended all meetings. Two external specialists were called in two meetings in 2021. Absent any conflict of interests concerns, other members of the Board of Directors may request to inspect the minutes.

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

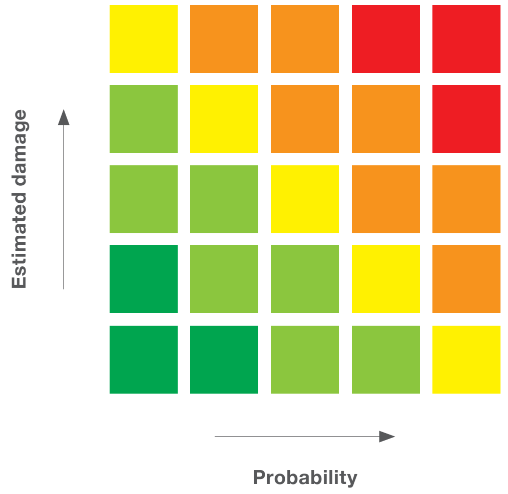
Information and control systems

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

In addition, Aluflexpack performs internal audits on a regular basis. In 2021, the Group performed internal audits at three of its sites. In its work, internal audit verifies compliance with any entities' responsibilities, risk management and the efficiency of the structures and processes in place. The findings are recorded in written reports, which are submitted to the Audit and Compliance committee for review together with the Management Board. The latter reports the findings to the Board of Directors. Together with the CFO, the Audit and Compliance Committee is responsible for reviewing the internal audit plan and the budgeted resources for internal audit.

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

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



The matrix aims at giving the Board of Directors as well as members of the Management Board a compact overview of the Group's risk exposure. Additionally, it provides a supportive tool in the process of prioritising actions. The risks identified and assessed during the process can be summarised in broader groups such as operational, financial, external, IT and data related, strategic and market risks. Operational risks identified include process, infrastructure, product safety, transportation 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 2021, 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 Organizational 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 2021, the Management Board consisted of the following members:

Members of the Management Board on 31 December 2021	Board membership	Since
Igor Arbanas	Chief Executive Officer (CEO)	2012
Johannes Steurer	Chief Financial Officer (CFO)	2012

Igor Arbanas
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. From 2012 until 31 December 2021, Mr. Arbanas served as CEO of Aluflexpack AG. In addition, he acted as CEO of AFP Group GmbH and Aluflexpack Novi d.o.o. and as member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş. As of 1 January 2022, Mr. Arbanas is no longer member of any executive or non-executive management board within the Aluflexpack Group.

Johannes Steurer
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. He also is a Chartered Financial Analyst (CFA®). Mr. Steuer 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 135 (now: Motto Entertainment und Veranstaltung AG), Austria. Since July 2020, Mr. Steurer is serving as shareholder and managing directors of LOLA x MEDIA GmbH, Austria. He joined the Group as CFO in November 2012. He also acted as CFO of AFP Group GmbH and Aluflexpack Novi d.o.o. until 31 December 2021 and continues to act as a member of the Board of Arimpeks Alüminyum San. İç ve Dış. As of 1 January 2022, Mr. Steurer has been elected as the new CEO of Aluflexpack Group. In addition, as of 1 January 2022 he is serving as the CEO of Aluflexpack Novi d.o.o. and AFP Group GmbH, as well as president of the Board of Directors of Process Point Service AG and member of the Board of Arimpeks Alüminyum San. İç ve Dış. Tic. A.Ş.

Lukas Kothbauer
Austrian citizen

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

Number of permissible activities

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

Other items

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

Compensation, shareholding and loans

The content and process for determining remuneration and equity participation programmes as well as information on the remuneration, shareholdings and loans of the Board of Directors and the Management Board can be found in the Compensation Report on page 89 which is an integral part of the Annual Report.

Members of the management of the Group and certain key employees of the Company and its affiliated companies are entitled to participate in a long-term stock option programme. Under this programme ("Employee Phantom Stock Programme)", Aluflexpack intends to grant to the participants options, free of charge, to acquire fictive shares in the Company in the aggregate amount of 173,182 shares over four years. Further information on the Employee Phantom Stock Programme can be found in the Compensation Report on page 113 of the Annual Report for the year 2021. Additionally, members of the management board are entitled to a long-term incentive programme, which grants real PSUs. Further information on the Long-Term Incentive for the members of the management board can be found in the Compensation Report on page 98 of the Annual Report for the year 2021.

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 Annual General Meeting elects an independent proxy holder each year. The term of office concludes at the end of the next Annual General Meeting. Re-election is permitted. Should the Company have no independent proxy, the Board of Directors shall appoint an independent proxy for the next Annual General Meeting. In 2021's Annual General Meeting, the law firm Keller KLG served as independent proxy. The firm was re-elected to serve as independent proxy for 2022'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 majority of votes cast. Abstentions and invalid votes cast do not count as votes cast. 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 authorized or conditional capital increase; (v) an increase of capital out of equity against contributions in kind, or for the purpose of the acquisition of assets and the granting of special benefits; (vi) a restriction or suspension of pre-emptive rights; (vii) the change of the registered office of the Company; (viii) the dissolution of the Company. Decisions on mergers, demergers and conversions shall be guided by the provisions of the Swiss Mergers Act.

Shareholder Meeting

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

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 2022 concerning the financial year 2021, shareholders who have been entered into the share register by 6 May 2022, may exercise their right to vote at the Annual General Meeting on 17 May 2022.

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 2022, KPMG AG will be recommended for reelection as statutory auditor.

The table below summarizes the fees paid to auditors in 2021

in €k	Statutory auditors	Other auditors
Auditing services, total	278	61
Additional services, total	73	2
o/w tax consulting	56	2
o/w other advisory services	17	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 2021, 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 notices of any shareholders' meeting are to be made by the Board of Directors by way of official publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) not less than 20 days prior to the date of the meeting. Notices may also be mailed (by letter or electronically) to the addresses of the shareholders registered in the share register. The invitation states the day, time and place of the meeting, the agenda items as well as the motions of the Board of Directors and of the shareholders who have requested the holding of the shareholders' meeting or the inclusion of an item in the agenda. The financial calendar of Aluflexpack AG in the year 2022 is outlined below:

Date	Announcement
08 Feb 2022	FY 2021 Preliminary Sales Statement
17 Mar 2022	Publication of results for the full year ending 31 December 2021
03 May 2022	Q1 Sales Statement
06 May 2022	Closing of share register at 5pm
17 May 2022	Annual General Meeting
23 Aug 2022	Publication of results for the half year ending 30 June 2022
02 Nov 2022	Q3 Sales Statement

Blackout and quiet periods

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

The first (regular) Blackout Period commences on 31 December of each year and ends with the public release of Aluflexpack's annual report on the company's webpage. Another (regular) Blackout Period commences on 30 June of each year and ends with the public release of Aluflexpack's half year report on the company's

CORPORATE
GOVERNANCE REPORT

webpage. For members of the Management Board, the Board of Directors and members of the accounting team, the above mentioned Blackout Periods commence two weeks earlier on 17 June and 18 December. The Board of Directors and the Management Board of Aluflexpack may announce further Blackout Periods at their discretion in connection with potentially material price sensitive information. Before the beginning of each Blackout Period, all employees of Aluflexpack are informed about their obligation to adhere to the policy. Moreover, plant managers and department heads are required to communicate the policies' implementation to each new employee who joins Aluflexpack.

No employees of Aluflexpack are exempt from the Blackout periods.

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

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

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

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

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Investor Relations and M&A Manager
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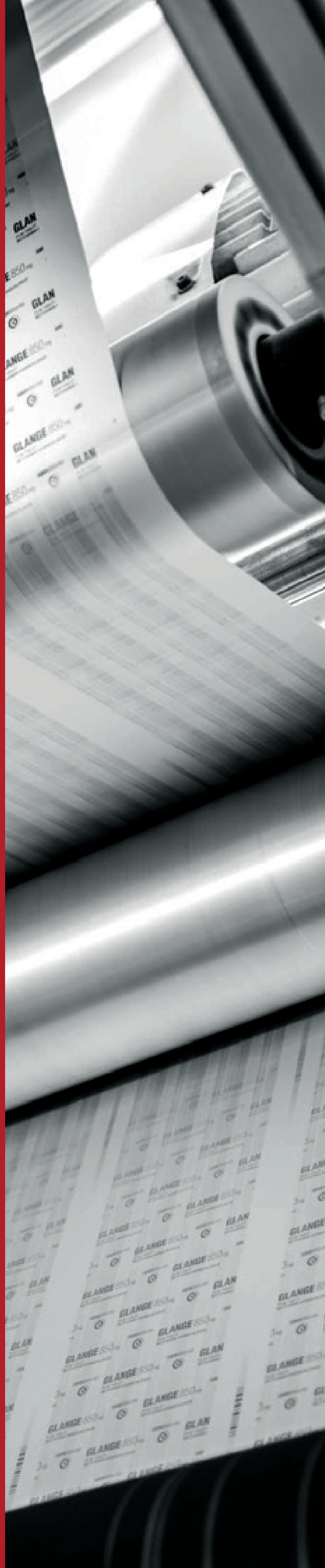
+43 664 8581 139
ir@aluflexpack.com

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 2021. 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 114.

Section 1 introduces the general remuneration principles at Aluflexpack as well as changes that were made to the compensation system in 2021. Section 2 explains the remuneration policy as defined in the Articles of Association. It also sets out the competences of various bodies, boards and committees as regards to the determination of the compensation. Section 3 describes the remuneration model currently in use. Section 4 discloses the compensation paid to the members of the management board and board of directors in 2021. In section 5, additional disclosures are made in line with regulatory requirements.

Introduction

Remuneration 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 on 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. The Group aims to achieve this through a balanced weighting of base salary, short-term incentives and long-term incentives, and by applying the following principles:

Aluflexpack's compensation principles

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 and/or participate in long-term stock option programmes. This encourages a long-term view and aligns interests with shareholders.

Retain talent

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

Transparency

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

Changes to the compensation framework in 2021

The Nomination and Compensation Committee has revised the remuneration system in 2021 by placing a stronger focus on the achievement of long-term strategic objectives and on the alignment of the interests of the Management Board with that of the shareholders.

The following main changes have been implemented in 2021:

- The existing variable short-term incentive component has been rearranged: it is based on EBITDA before special effects as a quantitative metric reflected as a KPI both through absolute terms and as a margin with each having a weight of 35%. The relative weighting of non-financial individual targets has been decreased to 30%.

- A variable long-term incentive component has been introduced, which is based on ROCE (40%), relative Total Shareholder Return (TSR) against the Swiss Performance Index (40%) and on quantitative ESG targets (20%).

- A malus and clawback provision has been introduced.

Remuneration Policy

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

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

The maximum aggregate amount of compensation for the Board of Directors and the Management Board is approved annually by the Annual General Meeting of the shareholders, as provided for in Article 15 of Aluflexpack's Articles of Association.[24]

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

24 Link to Aluflexpack's Articles of Association: https://ir.aluflexpack.com/wp-content/uploads/2020/05/Statuten-Aluflexpack-AG.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. 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 at Aluflexpack's next Annual General Meeting and end at the following Annual General Meeting. Re-election, also repeatedly, is permitted under Aluflexpack's Articles of Association. Further information on the framework as well as the vote on compensation can be found in Article 15 and 29 of Aluflexpack's Articles of Association.

Compensation framework and approach for members of the Management Board

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

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

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

For additional consideration payable to new 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.

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 75 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 2021, the Nomination and Compensation Committee consisted of Christian Hosp (Chairman), Martin Ohneberg (Member) and Bernd Winter (Member).

The members of the Nomination and Compensation Committee are elected by the General Meeting until the end of the next ordinary Annual General Meeting. The Board of Directors appoints the chairperson of the committee. The Nomination and Compensation Committee was newly formed in connection with the listing on the stock exchange on 28 June 2019. The Nomination and Compensation Committee meets at the invitation of the chairman of the Nomination and Compensation Committee, but at least once a year. In 2021, the Nomination and Compensation Committee met six 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 2021, the Nomination and Compensation Committee reported its findings to the Board of Directors on five occasions.

Overview on competences

The table below summarizes the competences of the various bodies, boards and committees as regards to the determination of the compensation. "D" refers to competence on final decision, "P" refers to preparation of the decision, and "E" refers to execution of the final decision.[25]

	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 individiual 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 barganing rounds, social plans or pension plan outside of the Boards		D		P E

D Comepetence on final decision

P Preparation of the decision

E Excecution of the final decision

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

Remuneration Model

Short-term performance based remuneration - approach in 2021

In order to align Aluflexpack's remuneration policy closer to its long-term strategic objectives, the Nomination and Compensation Committee in 2021 has revised 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 was the Nomination and Compensation Committee's intention that the revised remuneration system has a stronger focus on the achievement of long-term strategic objectives and a corresponding long-term incentive plan. Alongside changes in the long-term remuneration, the Nomination and Compensation Committee has revised the short-term remuneration by giving a higher weight to the quantitative elements. In addition, it was decided that the new system also includes ESG targets in addition to financial and individual targets.

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

The Board of Directors believes that a stronger focus on financial targets as opposed to individual targets adds transparency and is in line with the interest of the shareholders of Aluflexpack. As a result, in 2021, for all members of the Management Board, 70% of the short-term variable compensation is dependent on the achievement of quantitative financial goals and 30% on the achievement of qualitative individual targets.

In addition, the Board of Directors had decided to exclude ROCE as a key performance indicator from the short-term variable component, and move it to the long-term variable component. The quantitative financial targets for the short-term variable compensation will focus only on the following two KPI: 1) achievement of a target level of EBITDA before special effects in absolute terms. 2) achievement of a target EBITDA margin before special effects.

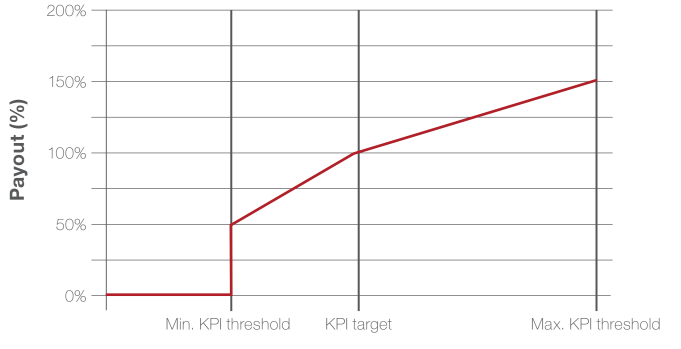
100% short-term performance-based variable remuneration 2021 (Short-term incentive)		
70% quantitative elements		30% qualitative elements
50% EBITDA before special effects	50% EBITDA margin before special effects	100% individual goals

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

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

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

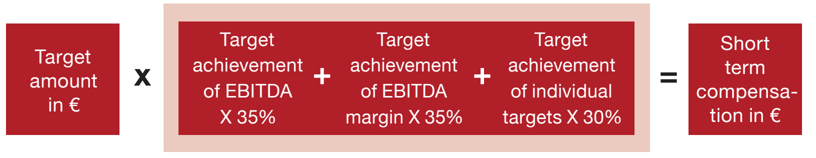
Payout curve for quantitative targets



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

Settlement of the short-term incentive

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



Note: EBITDA and EBITDA margin before special effects

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

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

Long-term performance based remuneration - approach in 2021

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.

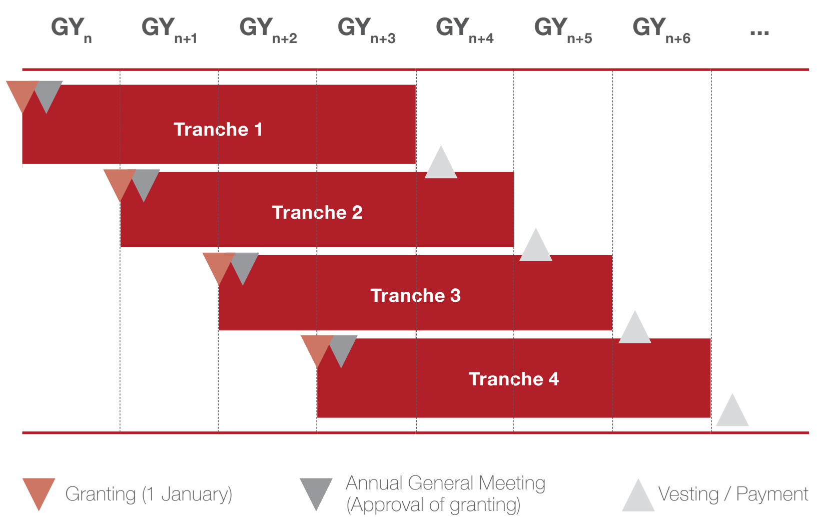
In 2021, Aluflexpack has introduced a new system for the long-term variable incentive within the parameters of the law and Articles of Association. The new incentive aims to motivate the members of the Management Board to achieve the long term objectives of the Group and to align their remuneration with the interests of the shareholders.

The long term incentive consists of a grant of Performance Share Units (PSUs) in yearly tranches, each with a performance period of four years. The performance period for each tranche begins on 1 January and ends on 31 December of the third year after which the grating was approved. Since the system has only been introduced in 2021, the first vesting will only occur in 2025 if the members of the management team reach the targets set by the Board of Directors. The variable long-term component will recur annually so that several tranches will run in parallel.

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

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

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



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

100% long-term performance-based variable remuneration 2021 (Long-term incentive)		
40% ROCE	40% Relative TSR	20% ESG goals

ROCE[26]

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

ESG goals

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

Payout curve for ROCE and ESG goals

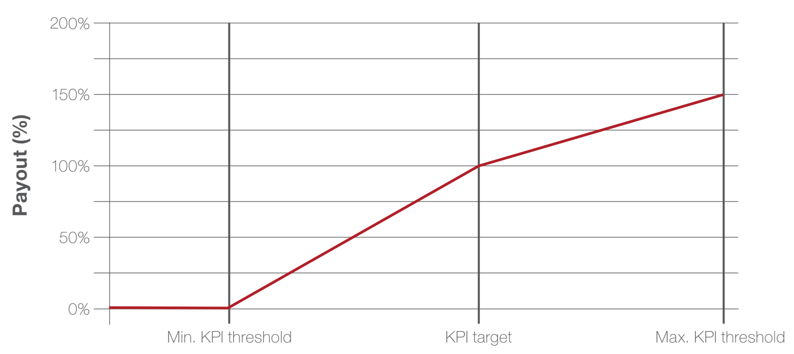
The payout curve for ROCE and ESG goals for the members of the Management Board follows a pattern similar to the payout curve for the achievement of short-term quantitative targets:

- It includes a threshold above which the payout curve is triggered. Below such threshold (0% target achievement), the payout is equal to zero. Contrary to the payout curve for the Short-term Incentive, which foresees a 50% minimum target achievement, in case of quantitative targets, there is no threshold for the target achievement above which the payout is triggered besides the 0% threshold.

- In addition, a target is defined for 100% achievement as well as a maximum that triggers the highest payout and above which no additional payout is awarded (150%).

- The Board of Directors defines the lowest and the highest payout. The payout between the minimum and the target as well as the payout between the target and the maximum is calculated by linear interpolation. The chart below illustrates the payout curve.

Payout curve for ROCE and ESG goals



26 For a definition of ROCE see page 60.

Relative TSR

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

Calculation of the relative TSR involves a two-step procedure.

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

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

Payout curve for relative TSR

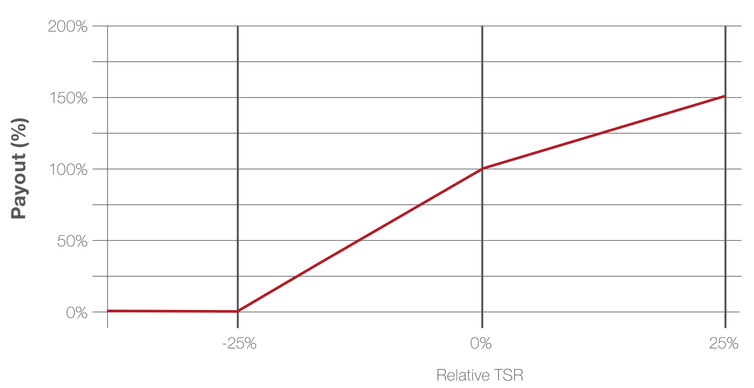
The payout curve for the relative TSR follows the following principles:

- A minimum threshold is set above which the payout curve is triggered. Below such threshold, the payout is equal to zero. Aluflexpack defines an underperformance of 25% relative to the SPI index as a threshold for triggering the payout.

- An equal performance compared to the SPI index (0% relative TSR) is defined as target.

- A maximum threshold is set that triggers the highest payout and above which no additional payout is awarded. The Group defines an outperformance of 25% relative to the SPI index as a threshold for the highest payout.

Payout curve for Relative TSR



Settlement of the Long-Term incentive

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

Number of PSUs granted **x** Target achievement of relative TSR X 40% **+** Target achievement of ROCE X 40% **+** Target achievement of ESG Goals X 20% **=** Final number of PSUs vested

In the business year in which each performance period begins, the Annual General Meeting approves the amount of compensation corresponding to one four-year performance period. The PSUs for a performance period are vested at the end of the month in which the Annual General Meeting approves the annual report. At the discretion of the Board of Directors, part of the final number of PSUs may also be settled in cash.

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

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

Malus and clawback provisions

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

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

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

Remuneration mix

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

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

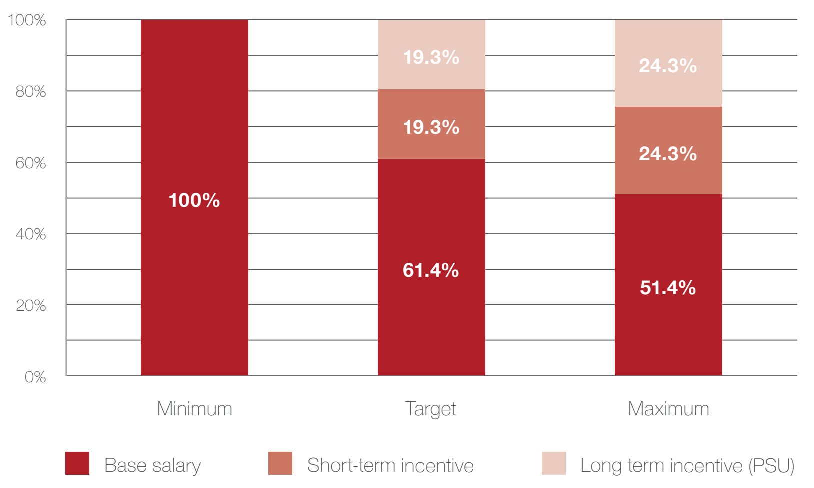
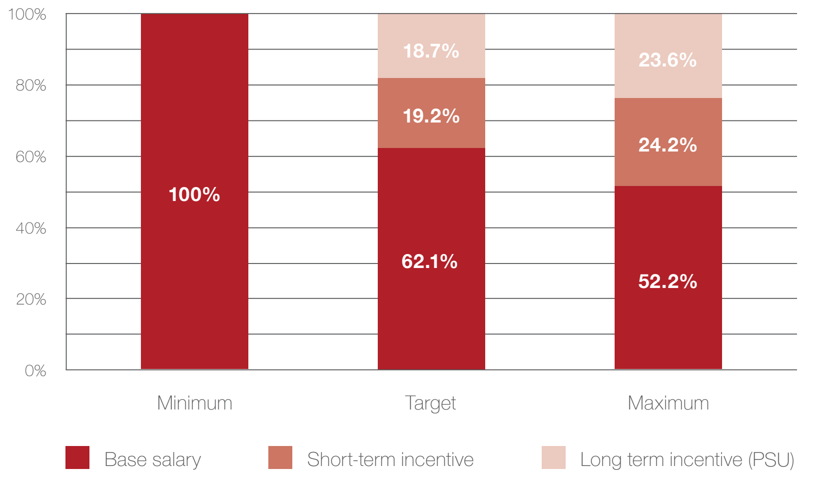


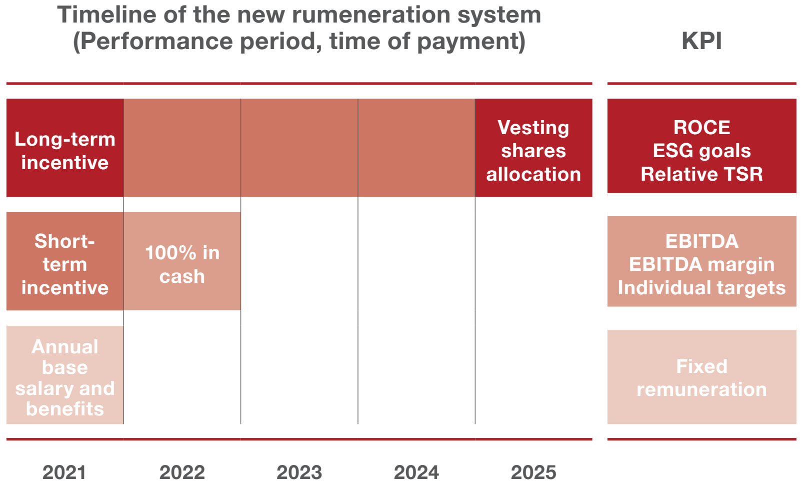
Figure 2. Remuneration mix for the members of the Management Board on average in three scenarios (%)



Timeline of remuneration

The chart below illustrates the timeline of payment for each remuneration element that was awarded in 2021 and that might be vested based on the first tranche of the long-term incentive:

- The annual base salary and benefits are paid during 2021.
- The short-term incentive is paid in 2022, after the Annual General Meeting approves the annual financial statement.
- The first tranche of PSUs granted under the long-term incentive will vest, subject to achievement of the targets and continuation of employment, under the preconditions explained on page 102, in 2025.



Note: EBITDA and EBITDA margin before special effects

Share ownership guidelines (SOG)

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

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

To achieve the fulfillment of the SOG-target, members of the Management Board may use existing shares or purchase additional shares in line with the existing insider trading rules. Shareholdings of members of the Management Board and the Board of Directors as of 31 December 2021 are disclosed on page 178 in the statutory accounts of Aluflexpack, which is an integral part of the Annual Report.

Employment contracts and mandate agreements

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

Compensation paid in 2021

Board of Directors

The amount of remuneration of the members of the Board of Directors is a fixed amount only. Following the approval of the new compensation for the Board of Directors at the Annual General Meeting 2021, new fixed compensation amounts were introduced: the President of the Board of Directors was entitled to CHF 43k while other members of the Board of Directors were entitled to a compensation of CHF 22k.[27] The Chairmen of the Audit and Compliance and Nomination and Compensation Committee each were entitled to an additional compensation of CHF 9k, whereas committee members were entitled to an additional compensation of CHF 4k.

27 The amounts disclosed in the tables below refer to rounded numbers.

€ k/ CHF k	Until AGM 2021	After AGM 2021
President of the Board of Directors	20/22	40/43
Member of the Board of Directors	15/16	20/22
Committee chair	0	8/9
Other committee members	0	4/4

In the year 2021, the compensation awarded to the Board of Directors amounted to CHF 140k.[28] The overall remuneration paid to the Board of Directors in 2021 is higher than the overall remuneration paid in 2020, due to the introduction of committee compensation and due to the increase of responsibility for the members of the Board of Directors. The amounts stated in the table are all gross. CHF amounts were translated using an average EUR/CHF exchange rate of 1.0811.[29]

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

Note: P indicates president and C indicates chairman

28 After the AGM 2021, the compensation of the members of the Board of Directors was increased. The amounts presented in the table below reflect this increase and were calculated on a pro-rata basis.
29 The same exchange rate is used for calculations in the next subsections.

In the year 2020, the compensation awarded amounted to CHF 87k. 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 of Directors membership € k / CHF k	Audit & Compliance Committee membership € k / CHF k	Nomination & Compensation Committee € k / CHF k	Fixed remuneration in cash in € k / CHF k	Social security and pension contributions € k / CHF k	Total € k / CHF k
M. Ohneberg	20/21 P	-	-	20/21	0	20/21
A. Bühler	15/16	-	-	15/16	0	15/16
C. Hosp	15/16	-	- C	15/16	2/2	17/18
M. Vischer	15/16	-	-	15/16	0	15/16
B. Winter	15/16	- C	-	15/16	0	15/16
TOTAL	80/85	-	-	80/85	2/2	82/87

Note: P indicates president and C indicates chairman

Management Board

This section discloses the remuneration paid to members of the Management Board in 2020 and 2021. It is divided into four parts, which include the fixed remuneration amount, the short-term incentive amount, the total remuneration and the remuneration mix.

Fixed Remuneration

As of 31 December 2021, the Management Board consisted of Igor Arbanas (CEO) and Johannes Steurer (CFO).

The table below summarizes the fixed remuneration received by members of the Management Board in 2021, and excludes variable compensation elements.[30] The amounts stated are all gross and include social security and pension contributions required by law. Besides the payments outlined below, members of the Management Board received a short-term incentive payment explained in the next subsection.

30 Base remuneration in 2021 includes holiday compensation for the CEO in the amount of € 48k.

2021	Base 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	711/769	46/50	33/35	790/854
Highest remuneration: Igor Arbanas, CEO	461/499	25/27	21/22	507/548

The table below summarizes the fixed remuneration received by members of the Management Board in 2020.

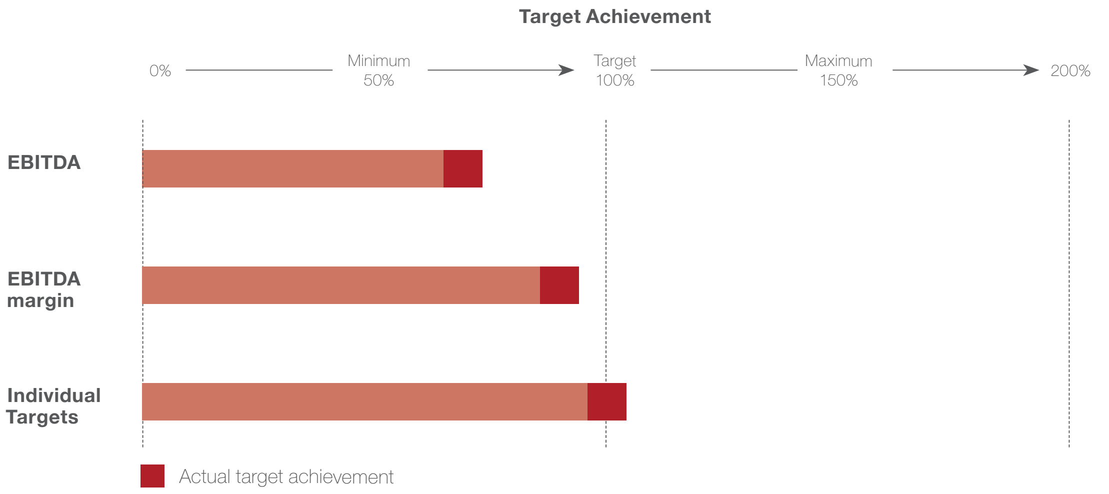
2020	Base remuneration € k / CHF k	Social security and pension contributions € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total € k / CHF k
Total remuneration: Management Board	718/769	61/65	33/35	812/869
Highest remuneration: Igor Arbanas, CEO	339/363	23/24	12/13	373/400

The aggregate fixed remuneration paid to members of the Management Board in 2021 is lower than the overall remuneration paid in 2020. The main reason for this is that the total remuneration in 2020 included € 314k paid out to the former COO Jörg Wingefeld who left the Company on 25 October 2019.

Short-term variable remuneration in 2021

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

The chart below summarizes the 2021 performance achievement against targets for quantitative (EBITDA before special effects, EBITDA margin before special effects) and qualitative (individual targets) objectives of the Group.



Note: EBITDA and EBITDA margin before special effects

Based on the audited financial statement for 2021, the target achievement for the quantitative KPIs amounted to 66.3% in case of EBITDA, and 92.0%, in case of the EBITDA margin. In both cases, the degree of achievement entitles members of the Management Board to a compensation.

The Board of Directors decides at its own discretion the performance of the members of the Management Board with regard to individual targets. In 2021, the Board of Directors decided that for both the CEO and the CFO the individual target achievement should be set to 100%, reflecting their engagement in Aluflexpack's long term strategic targets despite the difficult macroeconomic environment as a result of the COVID-19 pandemic and supply shortages for many raw materials.

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

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

In the year 2021, the short-term incentive was awarded in cash only and amounted to CHF 120k for the CEO and CHF 189k for all members of the Management Board.

The table below presents the short-term variable remuneration awarded to members of the Management Board in 2020 and its comparison with the minimum, target and maximum amounts as per the short-term incentive plan.

2020	Minimum € k / CHF k	Target € k / CHF k	Maximum € k / CHF k	Actual short-term variable remuneration € k / CHF k
Total remuneration: Management Board	-	261/279	-	261/279
Highest remuneration: Igor Arbanas, CEO	-	102/109	-	102/109

Total remuneration

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

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

The valuation of the long-term incentive was based on the assumption of a 100% target achievement for both the CEO and the CFO. The vesting for the first tranche of this type of incentive will take place in 2025, subject to the achievement of long term targets by members of the Management Board.

In 2021, there were no additions to the Management Board. Hence, no additional amounts were paid out to new members of the Management Board and the Board of Directors.

The table below presents all components of the remuneration earned in 2020 by the members of the Management Board.

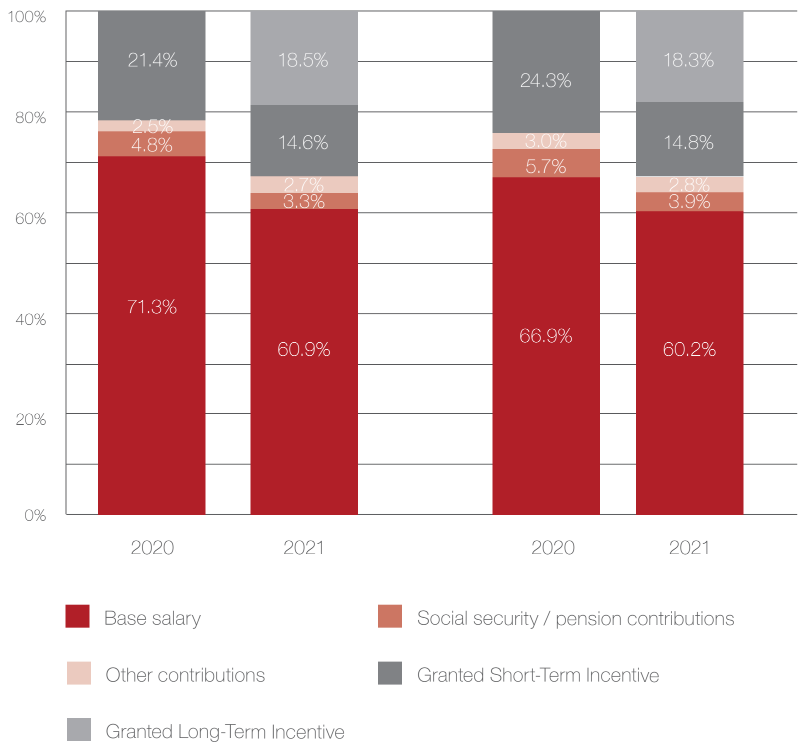
2020 (audited)	Total fixed remuneration € k / CHF k	Total short-term variable component € k / CHF k	Total long-term variable component € k / CHF k	Social security and pension contributions € k / CHF k	Other contributions (company car, insurance) €k / CHF k	Total Remuneration € k / CHF k
Total remuneration: 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

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 and 2021.

Remuneration mix

In 2021, the part of the variable remuneration represented 33.1% (2020: 21.4% and 24.3%) of total compensation for the CEO and for the members of the Management Board on average. For 2020, only the short-term incentive is reflected in these numbers, while for 2021 the incentive had both a short-term and long-term component for the CEO and for members of the management board on average. As in 2020, fixed compensation accounted for the biggest part of remuneration in 2021: it represented 66.9% (2020: 78.6% and 75.7%) of the total compensation for the CEO and for the members of the Management Board on average. Approximately 60.9% and 60.2% (2020: 71.3% and 66.9%) of this compensation was base salary, while 6.0% and 6.6% (2020: 7.3% and 8.7%) accounted for social security, pension and other contributions for the CEO and the members of the management team on average, respectively.

The charts below show the remuneration mix for the CEO (left) and for the members of the Management Board on average (right) for 2020 and 2021.



Miscellaneous

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

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

Post employment benefits

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

Other items

Neither a member of the Board of Directors, nor a member of the Management Board is entitled to a signing bonus, termination benefit or compensation due to a change of control.

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

Employee phantom stock option programme

Members of the broader management of the Group apart from the Management Board and certain key employees of the Company and its affiliated companies are entitled to participate in a long term phantom stock option programme finalised in Q1 2020. Under this plan, Aluflexpack granted 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 eligible employees to participate in the programme, an immediate cash settlement was put in place. Hence, the participants are effectively granted contractual rights to conditional cash payments based on the difference between the virtual stock option`s redemption and exercise price. The exercise price for the virtual stock options is equal to emission price of Aluflexpack's share price at IPO less a 20% discount, i.e. a share price of CHF 16.8. Beneficiaries may exercise up to 25% of their virtual stock options each financial year with options not exercised in a given year being carried forward to the next financial year and being exercisable in addition to the options exercisable in that next financial year. The agreement will cease to exist after the fourth financial year or in the case of a beneficiary's departure from the Company. In addition, the virtual stock options must be exercised in accordance with Aluflexpack's applicable rules on insider trading. In total, roughly 70 employees are entitled to participate in the Employee Phantom Stock Programme. The Management Board is not entitled to participate in the Employee phantom stock option programme. For implementation of the Employee phantom stock option programme, Aluflexpack has entered into separate phantom stock agreements with each beneficiary. The rights granted under the Employee phantom stock option programme are not transferable. Aluflexpack discloses the financial impact of the programme in its reporting filings. The impact for the financial year 2021 is disclosed in the notes to the financial statement of this year's Annual Report on page 153.

Outlook

As of 1 January 2022, Igor Arbanas is no longer part of the Management Board and does not have any function within the Group. The position of the CEO of the Company was assumed by Johannes Steurer, who has served as the CFO since 2012. Following an internal succession plan, Lukas Kothbauer, the former Head of Investor relations and M&A, assumed the position of the CFO as of 1 January 2022. No revisions to the compensation system are planned for 2022.

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 2021. 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 90 to 113 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

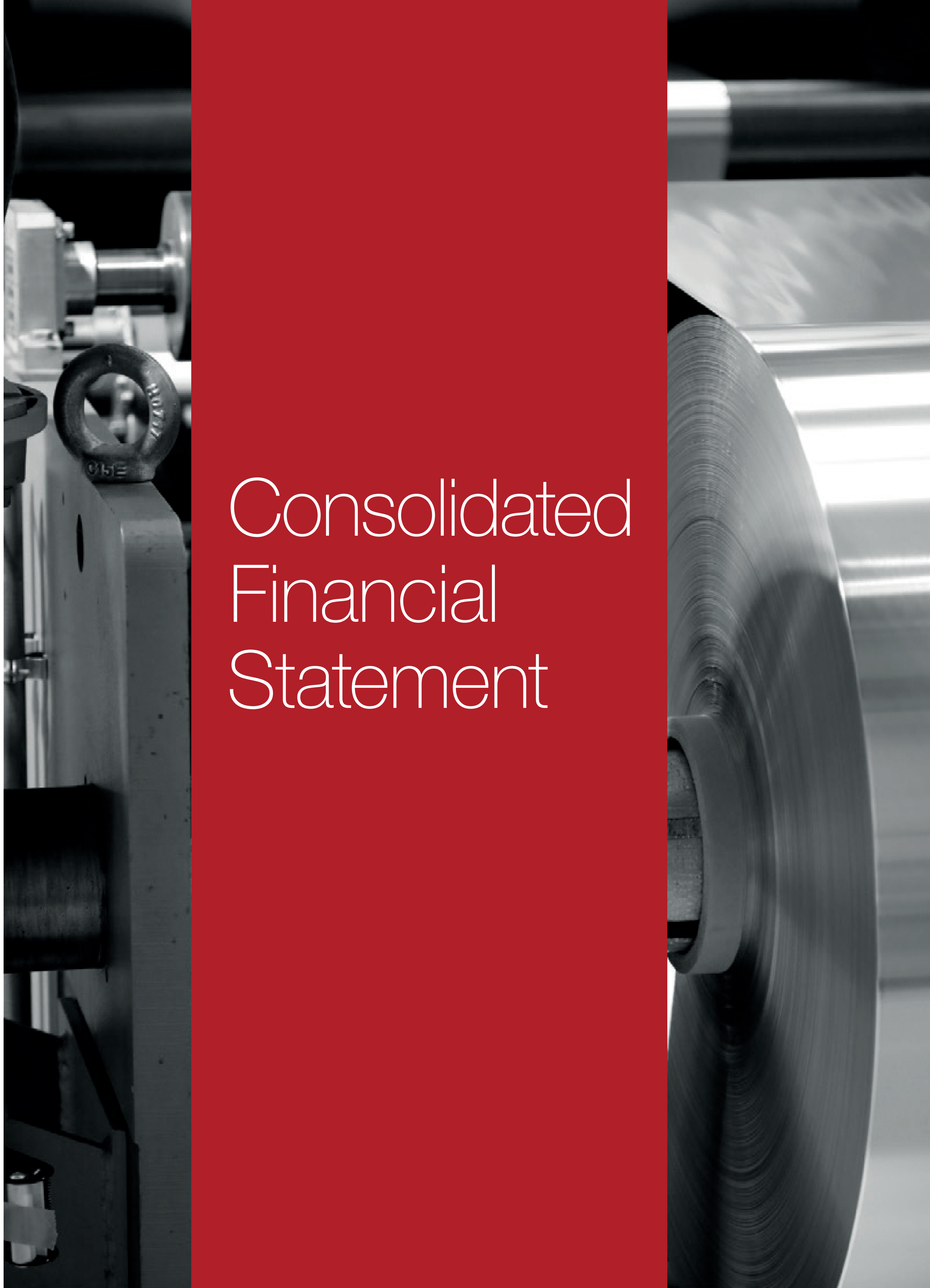
In our opinion, the remuneration report for the year ended 31 December 2021 of Aluflexpack AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 15 March 2022



Consolidated Financial Statement

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Consolidated statement of financial position

(€k)	Notes	31/12/2021	31/12/2020
ASSETS			
Intangible assets and goodwill	13	31,671	38,595
Property, plant and equipment	14	147,498	106,660
Other receivables and assets	16	114	1,183
Deferred tax assets	29	434	378
Non-current assets		**179,717**	**146,816**
Inventories	17	66,686	59,581
Trade receivables	9	27,343	23,984
Income tax receivables		61	33
Other receivables and assets	16	12,242	7,975
Cash and cash equivalents	18	15,614	44,327
Current assets		**121,946**	**135,900**
TOTAL ASSETS		**301,663**	**282,716**
EQUITY AND LIABILITIES			
Capital stock	20	15,553	15,553
Capital reserves	20	135,926	135,887
Retained earnings		28,775	21,672
Equity attributable to owners of the Company		**180,254**	**173,112**
Non controlling interests		1,322	1,156
TOTAL EQUITY		**181,576**	**174,268**
Bank loans and borrowings	21	10,593	16,503
Other financial liabilities	21	26,276	15,979
Deferred tax liabilities	29	3,678	4,444
Employee benefits	19	1,691	2,036
Other liabilities	23	3,404	374
Non-current liabilities		**45,642**	**39,336**
Bank loans and borrowings	21	6,970	7,070
Other financial liabilities	21	4,140	10,809
Current tax liabilities	29	2,692	2,520
Provisions		89	50
Employee benefits	19	2,043	2,370
Trade payables and advances received from customers	9	51,937	39,701
Accruals	22	2,338	2,409
Other liabilities	23	4,236	4,183
Current liabilities		**74,445**	**69,112**
TOTAL LIABILITIES		**120,087**	**108,448**
TOTAL EQUITY AND LIABILITIES		**301,663**	**282,716**

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

(€k)	Notes	2021	2020
Gross sales		**271,415**	**244,646**
Sales deductions		-5,280	-5,205
Net sales	12	**266,135**	**239,441**
Change in finished and unfinished goods		1,091	5,168
Other operating income	26	10,191	8,361
Cost of materials, supplies and services		-174,228	-156,586
Personnel expenses	24/25	-33,477	-31,844
Other operating expenses	27	-27,383	-28,176
EBITDA		**42,329**	**36,364**
Depreciation and amortisation	13/14	-22,883	-18,977
Operating profit		**19,446**	**17,387**
Interest income		406	214
Interest expenses		-2,272	-2,160
Other financial income	28	7,410	1,652
Other financial expenses	28	-7,062	-4,860
Financial result		**-1,518**	**-5,154**
Result before tax		**17,929**	**12,234**
Tax expense/benefit	29	-3,761	-3,248
Result for the year		**14,168**	**8,986**
Thereof attributable to:			
Owners of the company		14,002	8,776
Non controlling interests		166	210
Earnings per share in EUR	20.3		
Basic earnings per share		0.8	0.5
Diluted earnings per share		0.8	0.5

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

Other comprehensive income

(€k)		2021	2020
Result for the year		**14,168**	**8,986**
Items that are not reclassified to profit or loss			
Remeasurements of the defined benefit liability (asset)	19	330	296
Related taxes		-36	-43
		294	**253**
Items that are or may be reclassified subsequently to profit or loss			
Foreign exchange differences		-7,110	-7,159
		-7,110	**-7,159**
Other comprehensive income for the year		**-6,816**	**-6,906**
Total comprehensive income for the year		**7,352**	**2,080**
Thereof attributable to:			
Owners of the Company		7,186	1,870
Non controlling interests		166	210

Consolidated statement of cash flows

(€k)	Notes	2021	2020
Result before tax		**17,929**	**12,234**
+/- Financial results excluding other financial income/expense		1,867	1,946
+/- Other non-cash expenses and income		1,462	4,076
+ Depreciation and amortisation	13/14	22,883	18,977
-/+ Gains and losses from disposals of PPE and intangible assets	2/30	-1,090	0
-/+ increase and decrease in inventories		-8,700	-11,106
-/+ Increase and decrease in current trade receivables		-5,202	-1,483
-/+ Increase and decrease in other assets		-3,394	1,450
+/- Increase and decrease in trade payables		13,345	807
+/- Increase and decrease in accruals		-94	-328
+/- Increase and decrease in other payables		3,183	-170
+/- Increase and decrease in provisions		35	-68
+/- Increase and decrease in liablities for employee benefits		-671	1,304
-/+ Income taxes paid		-3,231	-1,581
Net cash from operating activities		**38,322**	**26,058**
+ Payments received for disposals of PPE and intangible assets	2/30	14,107	0
- Payments made for purchases of PPE and intangible assets		-60,411	-20,500
- Payments for acquisition of subsidiaries	10	0	-12,589
+ Interest received		406	214
Net cash used in investing activities		**-45,898**	**-32,875**
- Payments of lease liabilities		-4,772	-4,109
+ Issuances of financial liabilities (3rd parties)	21	1,119	291
- Repayments of financial liabilities (3rd parties)	21	-14,958	-5,935
- Dividends paid	20.4	-83	0
- Interest paid		-1,660	-1,726
Net cash from financing activities		**-20,355**	**-11,479**
Net change in cash and cash equivalents		**-27,931**	**-18,296**
+/- Effect of exchange rate fluctuations on cash held		**-782**	**-198**
+ Cash and cash equivalents at the beginning of the period		**44,327**	**62,823**
Cash and cash equivalents at the end of the period		**15,614**	**44,327**

Consolidated statement of changes in equity

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

(€k)	Notes	Attributable to owners of the Company: 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**

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 2021.

2. Significant changes in the current reporting period

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

In the prior year, Aluflexpack AG acquired directly an 80% interest in Top-System sp.z.o.o. ("Top System").

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

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

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 authorized for issue by the Board of Directors on 15 March 2022. They further have to be approved by the next shareholder meeting.

4. Basis of measurement

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

5. Functional and presentation currency

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

6. Use of judgements and estimates

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

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

Accounting for acquisitions

Goodwill is reported in the consolidated balance sheet as a consequence of company acquisitions. As part of the initial consolidation of a company acquisition, all identifiable assets, liabilities and contingent liabilities are recognized at fair values as of the effective acquisition date. The valuation of intangible assets is, in particular, based on the forecast of the total expected cash flows and consequently strongly dependent on the assumptions of the management regarding future developments as well as the underlying developments of the discount rate to be applied (see note 10.2.1 "Business combinations").

Useful life on non-current assets

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

Impairment of non-current assets

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

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

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

Deferred taxes

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

Measurement of fair values

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

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

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

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

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

7. Changes in significant accounting policies

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2020. A number of new standards and amendments are effective from 1 January 2021 but they do not have a material effect on the Group's financial statements.

8. Standards issued but not yet effective

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

	Effective date	Planned application
New Standards or Interpretations		
IFRS 17 Insurance Contracts including Amendments to IFRS 17	1 January 2023	2023
Revisions and amendments of Standards and Interpretations		
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	1 April 2021	2022
Annual Improvements to IFRS Standards 2018-2020 -various standards	1 January 2021	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
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	2023

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

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)	2021	Fair value - hedging instruments	Mandatorily at FVTPL - others	Financial assets at amortised cost	Other financial liabilities	Total
Derivative financial instruments	3,596	3,596				3,596
Financial assets measured at fair value	**3,596**	**3,596**	**0**	**0**	**0**	**3,596**
Trade receivables	27,343			27,343		27,343
Cash and cash equivalents	15,614			15,614		15,614
Corporate debt securities	5			5		5
Other receivables and assets	2,015			2,015		2,015
Financial assets not measured at fair value	**44,977**	**0**	**0**	**44,977**	**0**	**44,977**
Other financial liabilities	-6,564		-6,564			-6,564
Financial liabilities measured at fair value	**-6,564**	**0**	**-6,564**	**0**	**0**	**-6,564**
Bank loans and borrowings	-17,563				-17,563	-17,563
Lease liabilities (IFRS 16)	-23,852				-23,852	-23,852
Trade payables	-51,831				-51,831	-51,831
Accruals	-2,338				-2,338	-2,338
Other liabilities	-2,111				-2,111	-2,111
Financial liabilities not measured at fair value	**-97,695**	**0**	**0**	**0**	**-97,695**	**-97,695**

(€k)	Carrying amount					
	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**

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, prepayment 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)	2021	2020
Cash & cash equivalents	15,614	44,327
Trade Receivables	27,343	23,984
Other receivables and assets*	5,616	3,271
Total for the Group	**48,573**	**71,582**

**not included other tax claims of € 4,066k (2020: € 3,156k) and prepaid expenses of € 2,674k (2020: € 2,731k)

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

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

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

The following shows trade receivables before and after allowances:

(€k)	31/12/2021	31/12/2020
Trade reveivables (gross)	29,098	25,773
Allowances	-1,755	-1,789
Trade receivables - net	**27,343**	**23,984**

The following shows the development of impairment losses:

(€k)	2021	2020
Opening Balance	1,789	98
Addition	0	1,750
Reversals	-111	-43
Exchange rate differences	77	-16
Total for the Group	**1,755**	**1,789**

The following table discloses the information on overdue trade receivables:

(€k)	31/12/2021 Carrying amount (gross)	31/12/2021 Impairment loss	31/12/2021 Net	31/12/2020 Carrying amount (gross)	31/12/2020 Impairment loss	31/12/2020 Net
Not due	25,957	-1,249	24,708	21,420	-492	20,928
0 to 10 days overdue	1,238	-34	1,204	1,770	-87	1,683
11 to 30 days overdue	1,016	-119	897	1,229	-239	990
31 to 60 days overdue	597	-234	363	530	-274	256
61 to 180 days overdue	246	-119	127	759	-697	62
181 to 360 days overdue	5	0	5	43	0	43
More than 360 days overdue	39	0	39	22	0	22
Total for the Group	**29,098**	**-1,755**	**27,343**	**25,773**	**-1,789**	**23,984**

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 2021

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

* not including current advances received from customers € 106k (trade payables more than 1 year --> other non current liabilities)
** not including deferred income € 3,318k, liabilities from taxes and social security € 2,211k

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

* Cash Inflow

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

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)	2021	2020
Financial instruments - fixed interest rate		
Cash and cash equivalents	4	9
Financial liabilities*	30,706	28,019
Financial instruments - variable interest rate		
Cash and cash equivalents	15,610	44,318
Financial liabilities*	17,273	22,342

* 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 a decrease of the consolidated net profit or loss before non-controlling interests by € 14k (2020: increase of € 180k). A decrease in interest rates of one percentage point would lead to an increase of the consolidated net profit or loss before non-controlling interests by € 14k (2020: decrease of € 180k). 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 2021

	Currency	Notional amount (in 1,000 units of original currency)	Fair value (in €k)	thereof through OCI	Maturity
Commodity swap	EUR	19,129	2,644	0	up to 1 year
Commodity swap	EUR	6,839	952	0	up to 1 year
Total for the Group			**3,596**	**0**	

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**	

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.

	31/12/2021		31/12/2020	
(€k)	EUR/CHF	EUR/HRK	EUR/CHF	EUR/HRK
Cash and cash equivalents	5,238	2,279	24,927	9,380
Accounts receivables	1,919	16,588	2,875	12,292
IC-loans receivable	101,224	0	84,940	0
IC-receivables	71	7,831	94	6,709
Financial debts	1,000	35,511	0	28,848
Accounts payable	489	36,514	88	26,344
IC-loans payable	0	69,878	0	56,108
IC-payables	490	591	583	222
Net exposure	**106,473**	**-115,794**	**112,166**	**-83,141**

Sensitivity analysis

Provided that currencies related to current and non-current financial receivables and financial liabilities as of 31 December 2021 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	2021
CHF / EUR	+/- 3,5%	+/- 3,043
HRK / EUR	+/- 1,2%	+/- 1,105

(€k)	Impact on profit for the year and equity	
Currency	Volatility	2020
CHF / EUR	+/- 4.3%	+/- 3,988
HRK / EUR	+/- 1.8%	+/- 1,256

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 2021 amounts to 60% (2020: 62%).

10. Significant changes to the scope of consolidation

10.1 Significant changes in 2021

There were no changes in the scope of consolidation.

10.2 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**

10.2.1 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**

11. Consolidated Cash Flow Statement

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

The cash flow from investing activities is affected from payments received for disposals of property, plant and equipment € 14,107k (see Note 2 "Significant changes in the current reporting period") and from payments for investments in property, plant and equipment € 60,098k (2020: € 20,092k) and intangible assets € 313k (2020: € 408k) and in 2020 from 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 and the acquisition of the remaining 20% interest in Arimpeks Alüminyum San. İç ve Dış Ticaret A.Ş ("Arimpeks"), (see Note 21 "Financial liabilities").

12. Segment reporting

12.1 Basis for segmentation

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

The Group has the following production factories:

- Production plant Zadar (Croatia)
- Production plant Umag (Croatia)
- Production plant Drnis (Croatia)
- Production plant Omis (Croatia)
- Production plant Einsiedeln (Switzerland)
- Production plant La Ferte-Bernard (France)
- Production plant Istanbul (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

(€k)	2021 Net Sales	2021 Non-current assets	2020 Net Sales	2020 Non-current assets
Switzerland	15,736	12	12,344	18
Croatia	15,225	121,845	14,032	84,780
Germany	35,020		35,287	
Italy	15,776		14,309	
Poland	22,072	16,894	12,528	17,948
Liechtenstein	18,962	9,998	16,216	10,540
United Kingdom	4,207		4,149	
Czech Republic	2,364		2,747	
Hungary	2,422		2,398	
Serbia	6,474		5,711	
France	83,245	21,180	73,154	15,965
Austria	1,142	317	1,134	153
Netherlands	10,784		10,043	
Belgium	2,571		2,731	
Turkey	13,791	8,923	17,775	15,851
Russia	1,482		1,373	
Other Europe	4,746		4,543	
America	4,664		4,567	
China	3,138		3,121	
Other Asia	1,866		986	
Africa, Australia and New Zealand	448		293	
Total Group	**266,135**	**179,169**	**239,441**	**145,255**

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

(€k)	2021 Net sales w/o IC	2021 Trade receivables	2020 Net sales w/o IC	2020 Trade receivables
thereof product sales	265,193	27,340	238,576	23,981
thereof service sales	942	3	865	3
Total Group	**266,135**	**27,343**	**239,441**	**23,984**

For the 12 months ended 31 December 2021, transactions with one external customer accounted for more than 20% (2020: one external customer, more than 20%).

No information is provided about remaining performance obligations at 31 December 2021 or at 31 December 2020 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, 2020	**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	
Balance as of December 31, 2020	**18,815**	**26,414**	**4,165**	**1,733**	**51,127**
FX differences	-1,417	-4,229	-861	9	-6,498
Additions		168		145	313
Disposals				-1	-1
Transfer		-246		363	117
Balance as of December 31, 2021	**17,398**	**22,107**	**3,304**	**2,249**	**45,058**
ACCUMULATED AMORTISATION and IMPAIRMENT LOSSES					
Balance as of January 01, 2020	**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**
FX differences		-646	-184	5	-825
Additions		1,311	136	233	1,680
Balance as of December 31, 2021	**0**	**11,682**	**305**	**1,400**	**13,387**
CARRYING AMOUNT					
Carrying amount January 01, 2020	10,448	14,067	4,742	675	**29,932**
Carrying amount December 31, 2020	18,815	15,397	3,812	571	**38,595**
Carrying amount December 31, 2021	17,398	10,425	2,999	849	**31,671**

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:

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

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**

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 2021 and 2020 are based on the following assumptions:

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

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%

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 reporting 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 13,80%, 18,34%, 15,83% resp. 15,50% (instead of 7,33%, 7,87%, 10,54% resp. 8,96%) or a negative growth rate in the terminal value of 8,08%, 18,47%, 9,31% resp. 9,18%.

14. Property, plant and equipment

31 December 2021 (€k)	Land	Buildings	ROU - Land & Buildings	Technical equipment and machinery	ROU - Technical equipment and machines	Other equipment	ROU - Other equipment	Plant under construction and payments in advance	Property, plant and equipment
COST									
Balance as of December 31, 2020	**1,464**	**17,373**	**11,251**	**114,838**	**8,472**	**14,889**	**3,254**	**7,336**	**178,877**
FX differences	4	40	-42	698	229	-183	12	92	850
Additions		30	12,017	8,477	26	1,003	1,338	50,451	73,342
Disposals	-1,420	-11,382	-73	-4,172		-559	-9		-17,615
Transfer	57	-4,268		11,696		4,241	-44	-11,799	-117
Balance as of December 31, 2021	**105**	**1,793**	**23,153**	**131,537**	**8,727**	**19,391**	**4,551**	**46,080**	**235,337**
ACCUMULATED DEPRECIATION									
Balance as of December 31, 2020	**0**	**1,754**	**4,088**	**55,896**	**3,313**	**5,603**	**1,284**	**280**	**72,218**
FX differences		5	48	388	85	-29	3	14	514
Additions		165	2,676	14,195	971	2,248	817		21,072
Additions Impairment				131					131
Disposals		-1,506		-4,036		-544	-9		-6,095
Transfer		-87		-494	544	10	-4	31	
Balance as of December 31, 2021	**0**	**331**	**6,812**	**66,080**	**4,913**	**7,288**	**2,091**	**325**	**87,840**
CARRYING AMOUNT									
Carrying amount December 31, 2020	1,464	15,619	7,163	58,943	5,159	9,286	1,970	7,056	**106,660**
Carrying amount December 31, 2021	105	1,462	16,341	65,458	3,814	12,103	2,460	45,755	**147,498**

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

Contractual commitments for the acquisition of property, plant and equipment amount to € 2,491k (2020: € 2,599k).

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	
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		
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.

15. Leases

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

15.1 ROU assets

(€k)	2021	2020
Balance as of January 01	**14,292**	**16,585**
Transfer	-584	-8
Depreciation	-4,464	-3,415
Additions	13,381	796
Change in consolidation scope	0	620
Derecognition of right-of-use assets	-73	-23
FX differences	63	-263
Balance as of December 31	**22,615**	**14,292**

15.2 Amounts included in the income statement

(€k)	2021	2020
Interest expense lease liabilities	-535	-440
Short-term lease expenses	-273	-66
Expenses from leases for low-value assets, excluding short-term leases for low-value assets	-709	-732
Total values recorded in the income statement	**-1,517**	**-1,238**

15.3 Total cash outflow for leases

(€k)	2021	2020
Total cash outflow for leases	**-6,289**	**-5,347**

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)	31/12/2021	31/12/2020
Derivative finan. instruments	0	1,068
Other receivables and assets	114	115
Total	**114**	**1,183**

(€k)	31/12/2021	31/12/2020
Derivative financial instruments	3,596	286
Other receivables and assets	1,900	1,796
Prepaid expenses / deferred charges	2,674	2,731
Other tax receivables	4,066	3,156
Securities with a duration of 3-12 months	5	5
Total	**12,242**	**7,975**

17. Inventories

Inventories are distributed amongst the individual items as follows:

(€k)	31/12/2021	31/12/2020
Raw materials and supplies	24,957	21,702
Tools and replacement parts	2,198	1,405
Unfinished goods and services	20,109	18,439
Finished goods, merchandise and payments in advance	19,422	18,035
Inventories	**66,686**	**59,581**
valuation adjustment realised in the profit and loss statement	0	6

18. Cash and cash equivalents

Cash and cash equivalents are distributed as follows:

(€k)	31/12/2021	31/12/2020
Cash	4	9
Bank deposits	15,610	44,318
Total	**15,614**	**44,327**

19. Employee benefits

(€k)	31/12/2021	31/12/2020
Net defined benefit liability	854	944
Severance payments	376	390
Anniversary bonuses	167	182
Employee bonuses	941	708
Other accruals for personnel	796	1,607
Entitlement to holiday, overtime, compensatory time	601	576
Total liabilities for employee benefits	**3,735**	**4,407**
thereof current	2,043	2,370
thereof non-current	1,691	2,036

Defined benefit pension plan

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

(€k)	31/12/2021	31/12/2020
Present Value of Defined Benefit Obligation	3,808	3,501
Fair Value of Plan Assets	-2,954	-2,557
Net liability (+) / Net asset (-) in balance	**854**	**944**
thereof Switzerland	653	577
thereof Liechtenstein	201	367

Characteristics of defined benefit plans and risks associated with them

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

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

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

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

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

For Switzerland minimum contributions and interest are defined by the BVG and the Swiss Parliament. In 2021 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)	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Fair Value / Present Value at 1 January	944	1,189	-2,557	-2,484	3,501	3,673
Included in profit or loss						
Current service cost	358	269			358	269
Interest cost (income)	2	1	-6	-6	8	7
Plan amendments	3	-28			3	-28
	363	**242**	**-6**	**-6**	**369**	**248**
Included in OCI						
(i) Remeasurement loss (gain):						
Actuarial loss (gain) arising from:	-257	-314			-257	-314
- experience adjustment	-10	-236			-10	-236
- demographic assumptions	-253	0			-253	0
- financial assumptions	6	-78			6	-78
Return on plan assets excluding interest income	-105	-26	-105	-26		
(ii) Effect of movements in exchange rates:	53	6	-123	-10	176	16
	-309	**-334**	**-228**	**-36**	**-81**	**-298**
Other						
Employers contributions	-154	-163	-154	-163		
Employee contributions	0	0	-154	-155	154	155
Benefits paid	0	0	138	277	-138	-277
Administration expense	11	10	11	10		
	-143	**-153**	**-159**	**-31**	**16**	**-122**
Balance at 31 December	**854**	**944**	**-2,954**	**-2,557**	**3,808**	**3,501**
funded via provision	0	0			0	0
funded via plan assets	854	944			3,809	3,501
- Thereof Switzerland	653	577	-1,945	-1,346	2,598	1,923
- Thereof Liechtenstein	201	367	-1,009	-1,211	1,211	1,578

The Group expects to pay € 163k in contribution to its defined benefit plans in 2022.

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 December 31, 2020 and the performance available provided by the pension fund as of November 30, 2021 projected to December 31, 2021 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 November 30, 2021. This was projected to December 31, 2021 based on the expected contribution for the month of December and an expected return equal to the Pictet LLP 2015-25 for December 2021.

The market value of assets of the Tellco pk-PRO is based on the information provided by the pension fund as of October 31, 2021 projected to December 31, 2021 using the Pictet LLP 2015-25 for the month of November and December. The split into the asset categories is based on the last available information as per December 22, 2021.

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

(€k)	2021	2020
Equities		
- quoted market prices	891	630
Bonds		
- quoted market prices	1,068	1,099
Real estate		
- quoted market prices	248	156
- other than quoted market prices	132	95
Alternative investments		
- quoted market prices	152	164
Qualified insurance policies	349	345
Others	22	7
Cash	91	60
Balance at 31 December	**2,954**	**2,557**

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:

	31/12/2021	31/12/2020
Discount rate (in %)	0.31%	0.25%
Salary increase (in %)	1.00%	0.50%
Pension indexation (in %)	0.00%	0.00%
Inflation rate (in %)	0.75%	0.50%
Fluctuation employees (in %)	9.27%	8.74%
Mortality/Disability Rates	BVG2020	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 December 31, 2021, the weighted-average duration of the defined benefit obligation was 19.3 years (2020: 20.6 years).

Sensitivity Analysis

A change in the above-mentioned actuarial assumptions used to determine the DBO as at 31.12.2021/31.12.2020 would increase or reduce the corresponding DBO (and ceteris paribus also the net pension liability) of the company as follows:

(€k)	31/12/2021 - Reduction / + Increase in DBO	31/12/2020 - Reduction / + Increase in DBO
Discount rate -0.50% (last year -0.25%)	173	171
Discount rate +0.50% (last year +0.25%)	-159	-158
Salary increase -0.25%	-26	-25
Salary increase +0.25%	26	25

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 € 733k (2020: € 1,607k), (see also Note 25 "Share-based payment arrangements").

20. Equity

20.1 Capital stock

As of 31 December 2021, the total authorized and issued number of ordinary shares comprises 17,300,000 shares with a nominal value of CHF 1,00 each. The split of the capital stock is shown in the table below.

Capital stock	December 31, 2021	December 31, 2020
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 2021.

20.2 Earnings per share

The calculation of earnings per share has been based on the profit or loss attributable to shareholders of Aluflexpack AG as presented in the consolidated income statement and the weighted average of shares in circulation as of 31 December 2021.

	December 31, 2021	December 31, 2020
Total number of shares	17,300,000	17,300,000
Weighted average of ordinary shares in circulation	17,300,000	17,300,000
Result of the period attributable to the Owners of the company in €k	14,002	8,776
Basic earnings per share in EUR	0.8	0.5
Diluted earnings per share in EUR	0.8	0.5

20.3 Nature and purpose of reserves

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

20.4 Dividends

In the Top System shareholder meeting held in June 2021, a dividend was decided, which was paid out to the minority shareholder in September 2021 (€ 83k).

21. Financial liabilities

21.1 Changes in liabilities arising from financing activities

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

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

(€k)	31/12/2019	Currency translation	Reclassification	Additions consolidation scope	Repayment	Proceeds	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)

21.2 Bank loans and borrowings

(€k)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2021
Loan	EUR	15/12/2023	variabel	1.8%	2,649	2,649
Loan	EUR	15/12/2025	variabel	1.5%	5,048	5,048
Loan	EUR	15/12/2025	variabel	1.5%	5,048	5,048
Loan	EUR	31/08/2022	variabel	1.9%	10,000	0
Loan	EUR	15/12/2023	variabel	1.8%	3,528	3,528
Loan	CHF	> 1 year	variabel	2.0%	484	0
Loan	EUR	17/12/2025	variabel	1.2%	25,000	1,000
Loan	EUR	> 1 year	fix	1.5%	111	111
Loan	EUR	> 1 year	fix	3.0%	25	25
Loan	EUR	> 1 year	fix	1.1%	127	127
Loan	EUR	< 1 year	fix	1.2%	27	27
Total liabilities to financial institutions						**17,563**
Thereof non-current liabilities to financial institutions						10,593
Thereof current liabilities to financial institutions						6,970

(€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%	4,232	4,232
Loan	EUR	15/12/2025	variabel	1.5%	6,287	6,287
Loan	EUR	15/12/2025	variabel	1.5%	6,287	6,287
Loan	EUR	31/08/2021	variabel	1.9%	10,000	0
Loan	EUR	15/12/2023	variabel	1.8%	5,536	5,536
Loan	EUR	> 1 year	variabel	2.0%	463	0
Loan	EUR	17/12/2023	variabel	1.2%	15,000	0
Loan	EUR	> 1 year	fix	1.5%	205	205
Loan	EUR	> 1 year	fix	3.0%	81	81
Loan	EUR	> 1 year	fix	1.1%	90	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

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

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

The UniCredit Bank Austria AG granted Aluflexpack AG a revolving credit facility in the amount of € 15,000k in December 2020 and granted Aluflexpack AG to extend the existing revolving credit facility in the amount of up to € 25,000k in November 2021.

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

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

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

All of these bank covenants have been met as of 31 December 2021.

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)	31/12/2021	31/12/2020
Lease liabilities (according to IFRS 16)	23,852	13,270
Other financial liabilities	6,564	13,518
Other financial liabilities	**30,416**	**26,788**
Thereof current	4,140	10,809
Thereof non-current	26,276	15,979

With regard to the increase in the lease liabilites see also note 2 ("Significant changes in the reporting period").

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

In accordance with the shareholder agreement of 9 September 2020 between Aluflexpack AG and one existing shareholder of Top System, a put option is granted to the non-controlling shareholder that conveys the right to sell their 20% interest in Top System to Aluflexpack AG. In addition, a call option is granted to Aluflexpack AG to buy the remaining 20% interest in Top System. The option price for the share options (20% of the entire share capital) is based on a calculated enterprise value for 100% of the shares. The written put option is recognized as "other financial liability" and no interest of non-controlling shareholders is presented since it is deemed to have acquired the 20% interest at the date of acquisition. The liability is recognized at the present value of the exercise price of the option which amounts to € 3,857k (2020: € 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 € 2,700k (2020: € 1,300k).

22. Accruals

Accruals comprise the following significant items:

(€k)	31/12/2021	31/12/2020
Audit, tax advisory and legal advisory	169	136
Outstanding invoices	378	473
Customer bonuses, rebates and discounts	1,397	1,560
Other accruals	394	240
Accruals	**2,338**	**2,409**

23. Other liabilities

The split of other liabilities is as follows:

(€k)	31/12/2021	31/12/2020
Deferred income	228	70
Other tax payables	1,932	1,855
Other	5,479	2,632
Other liabilities	**7,639**	**4,557**
thereof current	4,236	4,183
thereof non-current	3,404	374

24. Personnel expenses

Personnel expenses contain the following items:

(€k)	2021	2020
Wages and salaries	29,695	27,647
Severance and redundancy	370	295
Compulsory social security expenses	1,879	1,674
Pension expenses	363	251
Stock option plans (share based payments)	398	1,622
Other personnel expenses	772	355
Total	**33,477**	**31,844**

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

At the end of 2021, the Aluflexpack Group had 1,342 employees (2020: 1,296).

25. Share-based payment arrangements

Employee stock option program – cash settled

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

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

The total carrying amount of liabilities at the end of the reporting period is € 733k (2020: € 1,607k).

The total intrinsic value of liabilities for vested benefits at the end of the reporting period is € 49k (2020: € 556k).

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

						December 31, 2021	
Phantom stocks	**Phantom stocks 1 January**	**Expired (-)**	**Exercised (-)**	**Granted (+)**	**Not exercised (-)**	**Total phantom stocks**	**Thereof exercisable**
Number of outstanding phantom stocks	164,589	-2,644	-68,349			93,596	7,005
Weighted average exercise price			34.13			34.13	

The phantom stock outstanding as of December 31, 2021 had an exercise price of CHF 16.80 and an average weighted remaining contractual life of around 2 years.

The weighted average share price on the exercise date of the phantom stock exercised in 2021 was CHF 34.13 (2020: 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 December 31, 2021 were as follows:

	December 31, 2021	December 31, 2020
Fair value (CHF)	9.18	17.25
Share price (CHF)	24.00	34.10
Exercise price (CHF)	16.80	16.80
Volatility (%)	53.00	27.52
Expected life (years)	4	4
Risk-free interest rate (based on government bonds, %)	-0.74	-0.82

Due to the fact that Aluflexpack AG has been listed end of 2020 for 1.5 years, the expected volatility in 2020 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.

Management stock option program (MSOP) – equity settled

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

Expense recognised in profit or loss

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

26. Other operating income

Other operating income contains the following items:

(€k)	2021	2020
Own work capitalised	33	51
Income from disposal of recycling products	7,209	4,656
Income from insurance	348	2,239
Grants and public benefits	447	288
Other	2,154	1,127
Other operating income	**10,191**	**8,361**

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

In 2020, an insurance compensation regarding the fire at the manufacturing facility Eliopack in the amount of € 2,132k is shown in "income from insurance".

27. Other operating expenses

Other operating expenses comprise the following items:

(€k)	2021	2020
Energy costs	8,445	7,769
Maintenance from third parties	2,547	2,357
Freight-out costs and customs duties	7,136	6,427
Accrual of provisions for bad debt	77	1,755
Commissions	260	229
Legal advice, audit and consulting fees	2,124	1,601
Rental and leasing expenses	982	797
Travel expenses	302	326
Phone and postal charges, IT supplies	643	591
Insurance	870	784
Marketing, advertising and entertainment expenses	416	347
Directors' remuneration	126	82
Taxes other than income taxes	555	702
Other operating expenses	2,900	4,409
Total other operating expenses	**27,383**	**28,176**

In 2020, fire related costs in the amount of € 1,443k are shown in "Other operating expenses".

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)	2021	2020
Foreign currency exchange gains	4,143	161
Other	3,267	1,491
Other financial income	**7,410**	**1,652**
(€k)		
Foreign currency exchange losses	4,803	1,305
Other	2,259	3,555
Other financial expenses	**7,062**	**4,860**

In 2021, other financial income in the amount of € 2,232k (2020: € 1,491k) relates to the valuation of derivative positions and € 1,035k relates to the remeasurement of the put option Top System.

In 2021, other financial expenses in the amount of € 2,049k (2020: € 3,395k) relates to the remeasurement of the put option Omial Novi d.o.o., Process Point Service AG and Arimpeks (excluding effects of currency translation).

29. Income taxes

Amounts recognised in profit or loss

(€k)	2021	2020
Current year tax expense	-3,734	-2,965
Deferred tax expense/income	-27	-284
Tax expense for the year	**-3,761**	**-3,248**

Reconciliation of effective tax rate:

(€k)	2021	2020
Result before tax	17,929	12,234
Income tax rate of the entity	17.9%	17.6%
Tax using the Group's weighted average applicable tax rate	-3,211	-2,153
Effect of tax rates in foreign jurisdictions	-76	-210
Changes in estimates related to prior years	0	-444
Current year losses for which no deferred tax asset is recognised	-696	-446
Utilisation of unrecognised tax losses brought forward	56	22
Non-tax deductible expenses	-59	-30
Other	225	12
Income tax	**-3,761**	**-3,248**

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)	2021	2020
Net balance at 1 January	-4,066	-3,498
Recognised in profit or loss	-27	-284
Acquired in business combinations	0	-1,173
Other	849	889
Net balance at 31 December	**-3,244**	**-4,066**

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

(€k)	31/12/2021	31/12/2020
within 4 years	355	0
within 5 years	14,331	339
within 6 years	3,058	13,706
within 7 years	4,821	2,925
no expiration	6,732	6,946
Total tax loss carryforwards as of end of period	**29,297**	**23,916**

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

As of 31 December 2021, deferred tax assets in the amount of € 32k were recognised based on the aforementioned assessments (2020: € 138k). 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	31/12/2021 net	Deferred tax assets	Deferred tax liabilties	31/12/2020 net
Intangible assets	17	2,575	-2,558	17	3,803	-3,786
Property, plant and equipment	6	403	-397	147	437	-290
Other non current receivables and assets	65	0	65	75	192	-117
Inventories	69	309	-240	55	327	-272
Trade receivables	18	134	-116	9	130	-121
Other current receivables and assets	8	647	-639	12	52	-40
Non-current financial liabilities	541	0	541	288	0	288
Liabilities for employee benefits	218	0	218	238	0	238
Current financial liabilities	148	2	146	148	0	148
Trade payables	2	1	1	11	0	11
Other current liabilities	6	303	-297	5	268	-263
Tax loss carried forward	32	0	32	138	0	138
Offset	-696	-696	0	-765	-765	0
Total deferred tax assets / liabilities	**434**	**3,678**	**-3,244**	**378**	**4,444**	**-4,066**

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

30. Related parties

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

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

30.1 Overview

The significant transactions with related parties in 2021 and 2020 are lease contracts resulting in lease expenses and the sale and leaseback transaction between Aluflexpack Novi d.o.o. and WertInvest Nekretnine d.o.o.

The transactions and outstanding amounts with related parties were included in the following items in 2021 and 2020:

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

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

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 December 31, 2019				**0**
Interest	64			
Transactions with affiliated companies	**64**	**0**	**0**	**0**
Financing activity	**64**	**0**		**0**
Total	**104**	**1,567**	**3**	**56**

30.2 Remuneration paid to the Group Management

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

(€k)	2021	2020
Short- and long-term employee benefits	1,004	1,073
Remuneration to Management members of AFP	**1,004**	**1,073**

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 de-consolidated 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 recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v) Transactions eliminated on consolidation

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

32.2 Currency translation

i) Foreign operations

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

ii) Foreign currency transactions

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

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

1 €	Closing rate		Average rate	
Currency	31/12/2021	31/12/2020	2021	2020
HRK (Croatian Kuna)	7.5156	7.5519	7.5284	7.5384
PLN (Polish Zloty)	4.5969	4.5597	4.5652	4.4430
CHF (Swiss Franc)	1.0331	1.0802	1.0811	1.0705
TRY (Turkish Lira)	15.2335	9.1131	10.5124	8.0547

32.3 Financial instruments

32.3.1 Recognition and initial measurement

i) Recognition and initial measurement

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

ii) Classification and subsequent measurement

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

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

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

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

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

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

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

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

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

32.3.2 Derivative financial instruments

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

32.3.3 Equity

Share capital

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

Dividends

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

32.4 Intangible assets

32.4.1 Goodwill

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

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

32.4.2 Research and development

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

32.4.3 Other intangible assets

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

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

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

32.5 Property, plant and equipment

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

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

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

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

32.6 Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain 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 26,5% and in Turkey 25%.

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 2021, Aluflexpack AG held shares in the following companies:

Name of the company	Directly held/ Indirectly held	Location	Country	Currency	Interest	Share capital
AFP Group GmbH	Directly held	Wien	AT	EUR	100.00%	35,000
Arimpeks Aliminyum San. İç ve Dış Tic. A.Ş	Directly held	Istanbul	TR	TRY	100.00%	2,000,000
Top-System sp.z.o.o.	Directly held	Tarnowo Podgorne	PL	PLN	80.00%	1,000,000
Aluflexpack Novi d.o.o	Indirectly held	Umag	HR	HRK	100.00%	1,000,000
Omial Novi d.o.o.	Indirectly held	Omis	HR	HRK	97.00%	7,274,728
Aluflexpack Polska sp. z.o.o	Indirectly held	Poznan	PL	PLN	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 2020, 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

Non-Controllig Interest (NCI) is only recognized within equity for Eliopack SAS.

The following table summarises the information relating to each of the Group's subsidiaries that has NCI, before any intra-group eliminations.

	2021 Eliopack SAS	2020 Eliopack SAS
NCI percentage	20%	20%
Non current assets	21,318	16,226
Current assets	10,802	10,606
Non current liabilties	-13,478	-10,211
Current liabilities	-12,051	-10,862
Net assets	**6,591**	**5,759**
Net assets attributable to NCI	1,318	1,152
Revenue	34,707	27,291
Profit	832	1,051
OCI	0	0
Total comprehensive income	**832**	**1,051**
Profit allocated to NCI	166	210
OCI allocated to NCI	0	0

34. Events after the balance sheet date

Regarding the changes in the Group Management see note 2 ("Significant changes in the reporting period").

The impact on the 2022 annual financial statements of the crisis in Ukraine and related international sanctions imposed on Russia and Belarus cannot yet be fully assessed. From today's perspective, the Management Board of Aluflexpack AG is confident in the stability of the Group's supply chains. However, in the current environment, the supply of various energy sources such as electricity or natural gas could be impacted. In addition, prices for these energies, which were already at a high level in 2021, may have an impact on the Group's annual financial statements in 2022.

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

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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 2021 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 116 to 166) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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.

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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 135

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.13 Revenue and earnings recognition, page 164

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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 19.3 million as of 31 December 2021, 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 137

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.4 Intangible assets, page 161

— Notes to the Consolidated Financial Statements, Significant accounting policies, 32.8 Impairment, page 162

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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.

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— 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

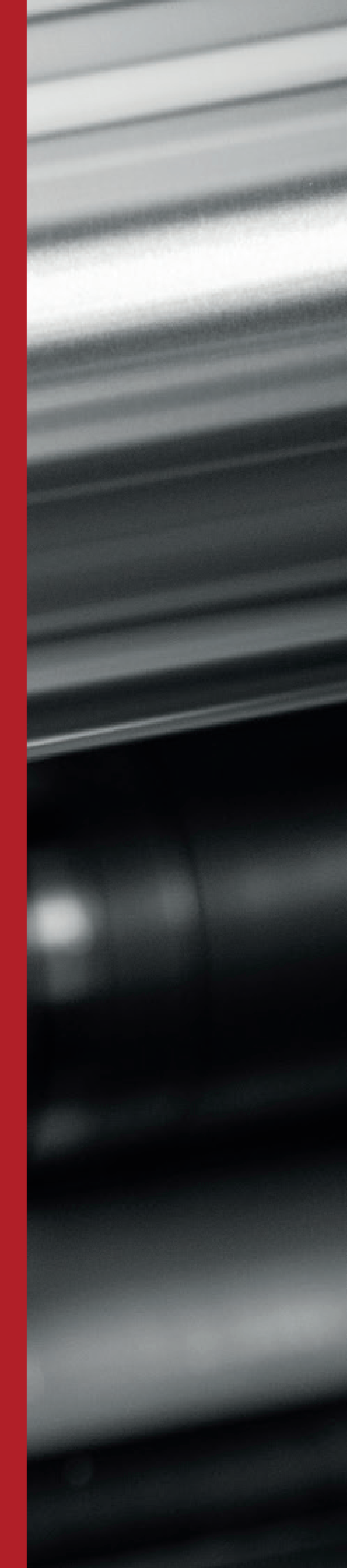
Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 15 March 2022

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

Statutory Accounts



Balance Sheet as of 31 December (CHF)	Notes	2021	2020
ASSETS			
Current assets			
Cash and cash equivalents		623,816.27	22,486,016.28
Trade receivables			
- from holders of participations		2,870.01	2,780.81
- from entities in which the entity holds a participation		70,297.04	99,098.94
Other short-term receivables			
- from third parties		77,519.29	80,423.63
		774,502.61	**22,668,319.66**
Non-current assets			
Financial assets	2.1	100,426,638.12	91,751,897.58
Investments	2.2	45,112,457.59	36,541,882.37
		145,539,095.71	**128,293,779.95**
TOTAL ASSETS		**146,313,598.32**	**150,962,099.61**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Trade accounts payable			
- to third parties		336,549.58	170,256.35
- to holders of participations and governing bodies		47,065.42	566.10
- to entities in which the entity holds a participation		102,159.47	104,053.53
Short-term interest-bearing liabilities			
- to third parties		1,067,632.01	0.00
Other short-term liabilities			
- to third parties	2.3	454,578.63	1,258,219.00
- to holders of participations and governing bodies		14,945.00	0.00
Accrued expenses and deferred income		507,064.60	406,497.30
		2,529,994.71	**1,939,592.28**
Long-term liabilities			
Other long-term liabilities			
- to third parties	2.3	303,990.22	562,337.08
		303,990.22	**562,337.08**
Total liabilities		**2,833,984.93**	**2,501,929.36**
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	144,058,204.14
-Other capital reserves		5,432,844.55	5,432,844.55
Accumulated losses			
Accumulated losses brought forward		-18,330,878.44	-15,171,598.76
Loss for the year		-4,980,556.86	-3,159,279.68
		143,479,613.39	**148,460,170.25**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**146,313,598.32**	**150,962,099.61**

Income statement (CHF)	Notes	2021	2020
Dividend income		366,535.26	0.00
Financial income	2.6	5,069,521.12	5,628,260.60
Other operating income		656,160.25	518,314.36
Total income		**6,092,216.63**	**6,146,574.96**
Personnel expenses	2.3	-1,353,112.69	-2,614,714.19
Other operating expenses	2.7	-1,196,044.05	-1,377,888.57
Financial expenses	2.8	-8,522,694.80	-5,289,067.43
Direct taxes		-921.95	-24,184.45
Total expenses		**-11,072,773.49**	**-9,305,854.64**
Loss for the year		**-4,980,556.86**	**-3,159,279.68**

Notes:

1. Principles

1.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves. Aluflexpack AG was founded on July 31, 2018 in Switzerland, the company address is Alte Aarauerstrasse 11, Reinach, Switzerland. Aluflexpack AG is registered in the commercial register with the number CHE-379.203.800.

1.2 Financial assets

Financial assets include long-term loans. Loans granted in foreign currencies are valued at the exchange rate on the reporting date, whereby unrealized losses are recorded but unrealized profits are not recognized (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 recognized accounting standard (IFRS), it has omitted additional information in the notes to the annual financial statements, the cash flow statement and the management report in accordance with the statutory provisions in these financial statements.

2. Disclosure on balance sheet and income statement items

2.1 Financial assets

(in CHF)	2021	2020
Loans granted to subsidiaries	100,426,638.12	91,751,897.58

2.2 Investments

a) Direct investments 2021

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	100.00	2,000,000
Top-System sp.z.o.o.	Tarnowo Podgorne	PL	PLN	80.00	1,000,000

b) 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

c) Significant indirect investments 2021

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 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

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 387k (2020: CHF 1,757k). The short-term liabilities to third parties are CHF 453k and other long-term liabilities to third parties amount to CHF 304k.

The total number of granted phantom stocks amounts to 173.182, 8.593 of these were exercised in 2020 and 68.349 in 2021, and 2.644 phantom stocks expired in 2021. The value of the residual 93.596 phantom stocks is CHF 674k as of December 31, 2021 (2020: CHF 2,835k).

No phantom stocks were granted to members of the Management Board or the Board of Directors.

2.4 Share Capital

As of December 31, 2021, 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 September 25, 2018. The Swiss Federal Tax Administration (ESTV) has confirmed the reported reserves from capital contributions as of December 31, 2018 in the amount of CHF 2,270,048.69 within the meaning of Art. 5 Para. 1 to VStG.

In the course of the IPO in June 2019, the premium from the capital increase (CHF 1,221k) and the premium on the issues of shares (CHF 146,000k) were allocated to reserves from capital contributions. Emission taxes in the amount of CHF 1,582k, commissions in the amount of CHF 3,832k and fees in the amount of CHF 19k were deducted 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 December 31, 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 5,070k (previous year: CHF 5,628k) and includes interest income from bank deposits, interest income from loans to subsidiaries and foreign exchange rate gains of CHF 4,046k (previous year: CHF 4,691k).

2.7 Other operating expenses

	2021	2020
Administrative expenses	389,956.75	161,229.57
Consulting expenses	806,087.30	1,216,659.00
	1,196,044.05	**1,377,888.57**

2.8 Financial expenses

	2021	2019
Bank interest, expenses and fees	92,550.50	58,739.57
Foreign exchange losses	8,379,672.21	5,191,852.41
Other financial expenses	50,472.09	38,475.45
	8,522,694.80	**5,289,067.43**

3. Other Information

3.1 Full-time equivalents

The annual average number of full-time equivalents did not exceed 10 in the reporting year (previous year: < 10).

3.2 Contingent liabilities

In accordance with the agreement of August 26, 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 December 31, 2020. In June 2021, the remaining 20% interest in Arimpeks was directly acquired by Aluflexpack AG.

In accordance with the agreement of September 9, 2020 between Aluflexpack AG and an existing Top System shareholder, the non-controlling shareholder is granted a put option that grants the right to sell the 20% stake in Top System to Aluflexpack AG. In addition, Aluflexpack AG is granted a call option to purchase the remaining 20% of the shares in Top System. This contingent liability was valued at CHF 3,985k as of December 31, 2021 (31 December 2020: CHF 5,320k).

3.3 Significant shareholders

The following shareholders held more than 5 percent of voting rights as of December 31:

Shareholder	Percentage of voting rights as of December 31, 2021	Percentage of voting rights as of December 31, 2020
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 December 31, 2021	Number of shares as of December 31, 2020
Martin Ohneberg, president board of directors	533,167	533,167

Group management	Number of shares as of December 31, 2021	Number of shares as of December 31, 2020
Igor Arbanas, CEO	52,375	52,375
Johannes Steurer, CFO	52,375	52,375

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

There are no conversion or option rights in favor of members of the the Board of Directors.

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.

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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 2021, 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 174 to 178) for the year ended 31 December 2021 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

As of 31 December 2021, the financial statements of Aluflexpack AG include investments in subsidiaries in the total amount of CHF 45.1 million. The company annually reviews investments in subsidiaries for impairment indicators and performs a detailed impairment assessment if necessary.

The impairment assessment of investments requires the use of a number of key assumptions and judgements, in particular in relation to estimated future cash flows, future growth rates, profitability levels and discount rates, and is therefore a key area that our audit was focused on.

Our response

We assessed management's identification of potential impairment indicators based on our own analysis of financial information of the investments and our business understanding.

With regard to investments for which a detailed impairment assessment was performed, our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the valuation model used for the impairment testing, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures.

In particular, we performed the following:

- Gaining an understanding and assessing the reasonableness of business plans and forecasts by back-testing historical forecasts to actual results;
- Comparing business plan data against the latest plans approved by the board of directors and forecasts approved by management;
- Challenging the robustness of the key assumptions used to determine the recoverable amount, forecast cash flows, long-term growth rates, profitability levels and the discount rates based on our understanding of the commercial prospects of the related investments and by comparing them with publicly available data, where possible;
- Conducting a sensitivity analysis on key assumptions;
- Recalculating the recoverable amount and its surplus over the carrying amount to assess the headroom for selected investments.

For further information on investments refer to the following:

- Disclosure on balance sheet and income statement items, 2.2 Investments, page 176

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, 15 March 2022

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

List of abbreviations used

Numerical abbreviations

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

Currency abbreviations

€	Euros; the abbreviation "EUR" is also sometimes used in Aluflexpack's consolidated financial statement
CHF	Swiss Franc
HRK	Croatian Kuna
PLN	Polish Złoty
TRY	Turkish Lira

Other abbreviations

AG	Aktiengesellschaft
AGM	Annual General Meeting
ASI	Aluminium Stewardship Initiative
Capex	Capital expenditure
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
CFO	Chief Financial Officer
CGU	Cash generating unit
CO2e	Carbon dioxide equivalent
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
DBO	Defined benefit obligation
EBIT	Earnings before interest and taxes
EBITDA	Earnins before interest, taxes, depreciation, amortisation
ESG	Environmental Social and Governance
FESE	Federation of European Securities Exchange
FVOCI	Fair value through other comprehensive income
FVTPL	Fair value through profit and loss

Other abbreviations (continued)

FX	Foreign exchange
FY	Full year
GHG	Greenhouse gas
HY	Half year
IAS	International Accounting Standards
IFRIC	International Financial Reporting Interpretations Committee
IPO	Initial public offering
ISO	International Organisation for Standardisation
KPI	Key performance indicator
LME	London Metal Exchange
MENA	Middle East and North Africa
MWH	Megawatthours
NCI	Non-controlling interest
OCI	Ohter comprehensive income
PPE	Property, plant and equipment
PSU	Performance Share Units
PY	Previous year
Q	Quarter
R&D	Research and development
ROCE	Return on Capital Employed
ROU	Right-of-use
SE	Special effects
SOG	Share Ownership Guidelines
TSR	Total Shareholder Return
UV	Ultraviolet
VAT	Value added tax
WACC	Weighted average cost of capital
yoy	year-on-year

Disclaimer

Some of the information contained in this annual report may be forward-looking in nature. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, meaning that actual results may differ materially from those in this annual report as a result of various factors. Aluflexpack AG is not obliged to publicly update or revise any forward-looking statements.

Published and edited by

Aluflexpack AG, Reinach, Switzerland

17 March 2022

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Studio Sonda

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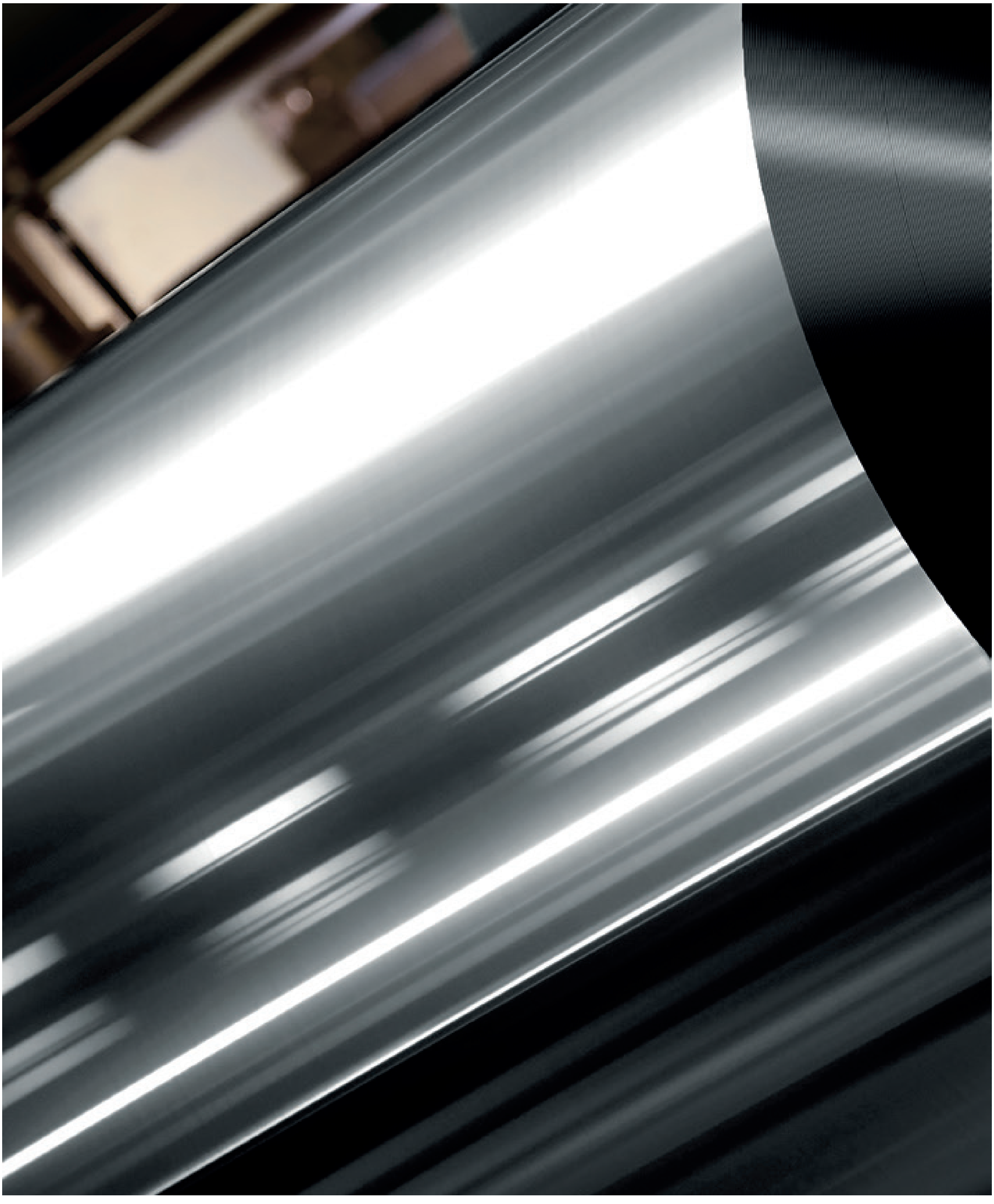
This annual report can be downloaded at

www.aluflexpack.com



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