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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Tecnocap S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Tecnocap S.p.A. and its subsidiaries ("Tecnocap Group" or "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those 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 Tecnocap S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Aspects

The consolidated financial statements of Tecnocap S.p.A. as at 31 December 2020 was subjected to an audit by another auditor who, on 26 July 2021, expressed an opinion without qualifications on these financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine 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 Directors are 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 they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

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 International Standards on Auditing (ISA Italia) 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 International Standards on Auditing (ISA Italia), 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 by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10

The Directors of Tecnocap S.p.A. are responsible for the preparation of the report on operations of Tecnocap Group as at 31 December 2021, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations, with the consolidated financial statements of Tecnocap Group as at 31 December 2021 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations is consistent with the consolidated financial statements of Tecnocap Group as at 31 December 2021 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Maria Santoro
Partner

Naples, Italy
25 July 2022

This report has been translated into the English language solely for the convenience of international readers.

Tecnocap S.p.A.

Management Report on the Consolidated Financial Statements and the Yearly Financial Statements of Tecnocap S.p.A. as at December 31, 2021.

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On the Consolidated Financial Statements and the Yearly Financial Statements of Tecnocap S.p.A. as at December 31, 2021.

Introduction

The Board of Directors' Report on operations is based on the Consolidated Financial Statements of the Tecnocap Group and on the Yearly Financial Statements of the Parent Company Tecnocap S.p.A. at 31 December, 2021, drafted in accordance with IAS/IFRS (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS)approved by the European Commission, supplemented by the relevant interpretations (*Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC*) issued by *the International Accounting Standard Board* (IASB) and in force at the close of the financial year.

The Consolidated Financial Statements are prepared on the basis of the Group's ability to operate as an operating entity. The Group , even within a difficult economic and financial context, caused by the COVID-19 pandemic, considers that there are no uncertainties (as defined by paragraph no. 25 of IAS 1) that may affect the company's ability to continue as a going concern.
In addition, the Tecnocap Group is closely monitoring the implications of the Russia-Ukraine conflict that broke out at the end of February 2022, given the interests arising from industrial activities in Ukraine related to the subsidiary Tecnocap UA LLC. At the date of this document, the impact of the conflict on the Group's business is limited and contained and no significant risks to business continuity are identified (as defined in paragraph 25 of *IAS 1*).

The Report must be read jointly with the Accounting Statements and related Explanatory Notes, which are integral parts of the Consolidated Financial Statements of the Tecnocap Group and of the Yearly Financial Statements of Tecnocap S.p.A.

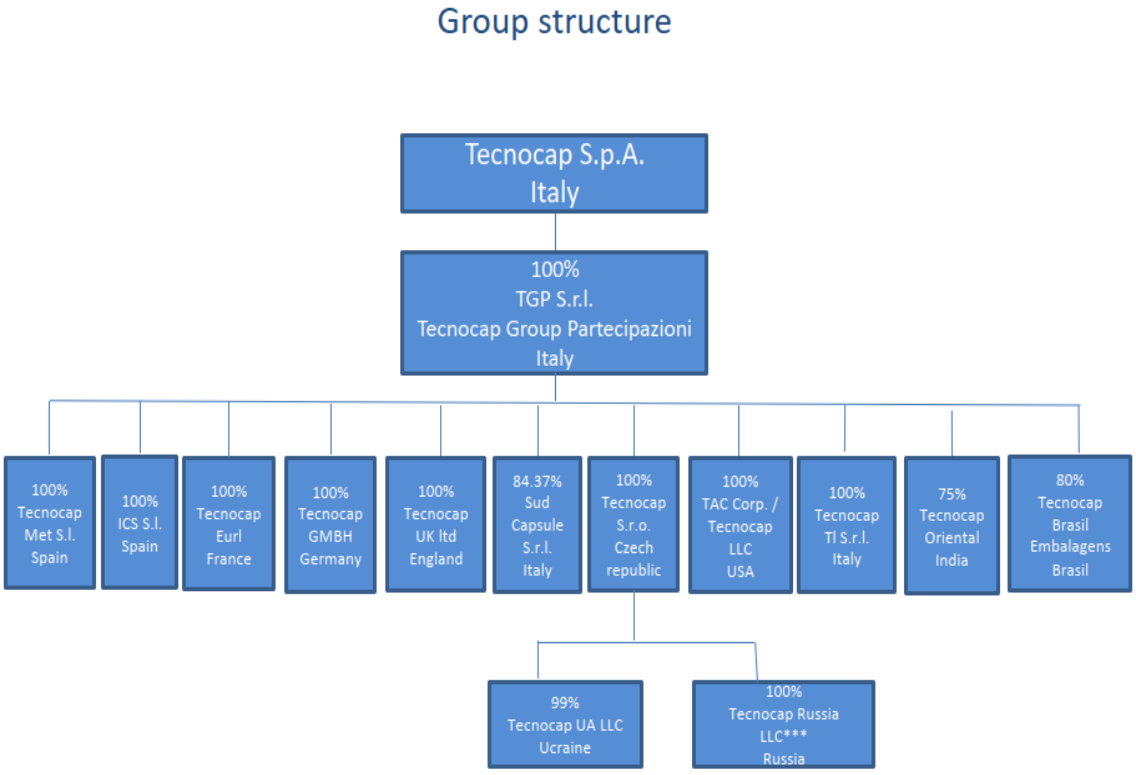
Dear Shareholders,

The Tecnocap Group, as you are well aware operates in the metal packaging sector. Its activities involve the manufacture of metal closures for glass and plastic containers, used in the food sector and in the pharmaceutical and cosmetics sectors, as well as the design, production, sale and leasing of machinery, plants and industrial equipment for the manufacturing and use of closures.

Through the Italian company Tecnocap TL S.r.l., the Tecnocap Group has expanded and diversified its business by integrating the production of aluminum aerosol bottles and bottles to the production of metal closures.

Over the last two years, the Tecnocap Group has expanded its business geographically by launching new companies in India and Brazil, emerging countries with high growth potential.

The Group structure is currently represented as follows:



It should also be noted that:

- Tecnocap Oriental was consolidated at 75%, also considering Simest's indirect shareholding of 20%, due to TGP's commitment to the repurchase of the stake by 2025;

- Tecnocap Brasil Embalagens has not been the subject of consolidation since it is not yet operational, of which the minority stake of 20% is held by the two Brazilian partners promoting the initiative;
- For Tecnocap Russia, a non-operational company held through Tecnocap SRO, Management has initiated the voluntary winding-up procedure;
- Tecnocap met, a company no longer operating with its registered office in Spain, is awaiting the initiation of the voluntary winding-up procedure.

Report on Operations

Group

The Tecnotap Group achieved a consolidated turnover of over Euro 223 million in 2021recording an increase in overall sales of over Euro 35 million compared to the previous year, Confirming the growth trends started in previous years and attributable to the increase in sales volumes of the various companies of the Group due to the combined effect of the acquisition of new market shares and the significant increase in sales to the main customers and multinationals of *Food and Beverage*, As a result of the increase in domestic consumption, which began with the beginning of the health emergency in 2020 but consolidated in 2021 thanks to the loyalty of the main customers for the attention and service provided by the Group in the most emerging phase. The Group reported a net improvement on the previous year, achieving a profit of more than Euro 16 million compared to Euro 9 million last year.

In terms of operating margin, the Group achieved *an adjusted EBITDA* of Euro 32.8 million in 2021, which, compared to Euro 26.5 million in 2020, with an increase of over Euro 6 million, which in percentage terms represents an increase of 24%.

Group Net Equity went from Euro 51.1 million at the end of 2020 to Euro 67.6 million at the end of 2021, recording an increase of nearly Euro 16 million, essentially due to the significant e economic result realised during the year, net of the effects related to the translation reserve and dividends distributed to the shareholders.

The Group financial debt amounted to Euro 70.1 million at the end of 2021, compared with Euro 66.8 million in the previous year, with an increase of Euro 3.3 million, mainly due to the start-up of new financing, to support new productive investments and increased working capital requirements, which influence available operating liquidity, as a result of the across-the-board increase in raw materials prices and energy costs recorded in the last quarter of the year.

Operating liquidity at the end of 2021 amounted to approximately Euro 18.6 million, down by approximately Euro 1.2 million compared to the previous year, mainly due to the increased stocks held at the end of the year and the increase in the price of the same. The Management is also continuing to pursue the strategy launched in previous financial years, to aim for a financial structure that is even more balanced with the time horizon of investments, more advantageous and more diversified in terms of sources, with the participation also of institutional investors (including CDP Cashier Deposits and Lending and Simest), Starting the new projects of alternative and sustainable finance in *Club deal format* between Banca Intesa San Paolo and CDP Cashier deposits and loans intended to support the realization of new productive investments in key C*ircular Economy* and possible greater financial needs to cope with extraordinary supplying's of raw materials and services, with a mechanism of pregiving of the passive interest charged.

Summary data of the economic and financial performance achieved by the Tecnocap Group in 2021 are shown below.

Summary Economic and Financial Data of the Group in 2021**:**

Economic indicators (in millions of Euro)

Description	2021 FY	2020 FY	Change
Revenue from sales and services	223.5	188.6	34.8
Adj. EBITDA	32.8	26.5	6.3
EBITDA %	14.7	14.1	0.6
EBIT	21.0	15.1	5.9
Pre-tax income	19.9	10.1	9.8
Consolidated net result	16.0	9.2	6.8

Asset and Financial Indicators (in millions of Euro)

Description	2021 FY	2020 FY	Change
Intangible assets and property, plant and equipment	112.9	101.6	11.4
Group net equity	67.6	51.1	16.5
NFP	70.1	66.8	3.3
Operating cash flow	18.6	19.8	(1.2)
Net cash flows generated/(absorbed)	11.6	5.3	6.3

Financial Indicators of the Level of Debt and Capitalisation:

Description	2021 FY	2020 FY	Change
NFP /EBITDA	2.1	2.5	(0.4)
NFP /PN	1.0	1.3	(0.3)

The Group's economic, asset and financial data reported in 2021 confirm the continuous and constant trend of growth initiated by Management in the previous years and in prospectively, as outlined in the new 2022-2025 Business Plan approved by the Board of Directors of the Parent Company, above all through the increase in turnover and the continuous improvement of economic margins, also due to the acquisition of new market shares by exploiting the increase in production capacity deriving from the considerable investments at global level, such as to allow a further strengthening of assets combined with a slight increase in consolidated financial debt.

The method for calculating EBITDA is shown below:

	2021	2020	Change
EBIT – Operating Result	**21,038,120**	**15,131,183**	**5,906,936**
+/- Extraordinary write-downs/(Restoration of value) of non-recurring credits	373,622	153,816	219,806
+/- Extraordinary and non-recurring costs and revenue	(48,357)	426,725	(475,082)
+/- Provisions for funds and restructuring costs	161,084	453,875	(292,791)
+ Amortisation/depreciation	11,319,819	10,376,113	943,705
EBITDA adj.	**32,844,288**	**26,541,713**	**6,302,575**

Adjusted Group EBITDA amounted to more than Euro 32.8 million at December 31, 2021, compared to Euro 26.5 million in the previous year, with an increase of more than Euro 6 million. This improvement is attributable to higher sales revenues and to the continuous efficiency of the production process, mainly thanks to new investments in automation and data control and analysis.

Parent company

The Parent Company Tecnocap S.p.A. achieved in 2021 a turnover of more than Euro 87 million, an increase of more than Euro 9 million compared to the previous year, thanks to the increase in sales volumes resulting from the acquisition of new market shares with a considerable increase in sales to the main customers and multinationals of *Food and Beverage* that have wished to reward the attention and service provided by our Group in the most critical phases by

increasing their respective volumes of capsules. In terms of operating margins, the Parent Company achieved an *adjusted EBITDA* in 2021 of over Euro 13 million (+19% compared to the previous year), equal to over 15% of sales, along with an excellent net profit of Euro 7.3 million, continuing the growth trend initiated in previous years.

Net equity reached Euro 44.5 million at December 31, 2021, compared to Euro 41.1 million in the previous year, with an increase of more than Euro 3 million due to the combined effect of the further capitalization of the profit for the year, along with a moderate distribution of dividends to shareholders.

It should be noted that the Company has 304,575 own shares in its portfolio for an overall nominal value of Euro 158,379.

The net financial indebtedness amounts to Euro 10.1 million at the end of 2021, compared to Euro 16.7 million at the end of 2020, with a significant decrease of more than Euro 6.5 million. This excellent result was achieved thanks to the increased operating liquidity generated by the Parent Company due to the better use of the different direct and reverse factoring lines in the management of receipts and payments.

Summary data of the economic and financial performance achieved of the Parent Company Tecnocap S.p.A. in 2021 achieved.

Summary Economic and Financial Data of the Parent Company in 2021:

Economic indicators (in millions of Euro**)**

Description	2021 FY	2020 FY	Change
Revenue from sales and services	87.4	78.1	9.3
Adj. EBITDA	13.1	11.1	2.1
EBITDA %	15.0	14.2	0.9
EBIT	10.2	8.0	2.2
Pre-tax income	8.7	6.2	2.6
Net profit / loss	7.3	6.9	0.4

Asset and Financial Indicators (in millions of Euro)

Description	2021 FY	2020 FY	Change
Intangible assets and property, plant and equipment	27.2	27.9	(0.8)
Net equity	44.5	41.1	3.3
NFP	10.1	16.7	(6.5)
Operating cash flow	12.1	10.5	1.6
Net cash flows generated/(absorbed)	10.8	1.4	9.4

Financial indices of the level of indebtedness and capital:

Description	2021 FY	2020 FY	2020 FY
NFP /EBITDA	0.8	1.5	(0.7)
NFP /PN	0.2	0.4	(0.2)

The method for calculating EBITDA is as follows:

	2021	2020	Change
EBIT – operating profit	**10,159,408**	**7,952,169**	**2,207,239**
+/- Extraordinary and non-recurring costs and revenue	(25,258)	273,668	(298,926)
+/- Provisions for funds and restructuring costs	7,828	46,408	(38,580)
+ Amortisation/depreciation	2,991,600	2,798,068	193,532
Adj. EBITDA	**13,133,578**	**11,070,312**	**2,063,266**

The adjusted EBITDA of the Parent Company amounted to more than Euro 13 million as at December 31, 2021, compared to around Euro 11 million in the previous year, with an increase of more than Euro 2 million. The improvement in EBITDA is mainly due to the substantial increase in turnover and the further reduction in operating costs thanks to the continuous efficiency of the production process and to a continuous revision of the structure costs.

Macroeconomic Scenario

2021 was characterized by a moderate recovery in global economic activity, despite the growing difficulties in sourcing the Raw materials and the resulting rise in supply costs. Moreover, the persistence of the health emergency, with the spread of variants of the Covid-19 virus, has obscured growth prospects in the short run, even with financial markets stabilized by the continuation of an accommodative monetary policy aimed at ensuring the normal functioning of the credit system. Compared with 2020, however, the spread of vaccines has made it possible to significantly limit the enormous social, employment and impact on overall economic performance, consumer propensity and industrial investment. The pandemic has not stopped producing negative effects on the economy, but, on the contrary, it has continued to be one of the biggest sources of uncertainty about global growth prospects. 2021 was also the year of inflation's return, triggered by a demand-side revival that has characterized the world's economic environment in recent months , as opposed to a limited supply of productive firms that can meet it. at least partly as a result of the adoption of new restrictive

measures to contain the spread of the virus that has led to bottlenecks in supply chains. Moreover, the rise in commodity and Raw materials prices, which was very strong at the end of 2021 and continued in 2022, should persist longer than expected. This will trigger global economic uncertainty that will cause the 2022 growth estimates to decline, with concrete risks of *global stagflation*.

In 2021, the world economy experienced GDP growth of +5.7%, fully recovering from the 2020 decline following the pandemic. This is thanks to unprecedented monetary and fiscal regulatory support, progress in global vaccination campaigns, and rapid demand recovery. In the United States in particular, massive measures to support households and businesses – particularly the two fiscal stimulus packages that were approved between late 2020 and early 2021 – enabled the economy to recover almost completely as early as the year. By recovering pre-pandemic levels of GDP in mid-2021. After the 3.4% decline in 2020, overall growth in 2021 stood at 5.6%. Both investment and consumption of goods and services, supported by the record accumulation of savings by households, have driven the recovery. The labor market, despite rapid and substantial improvement, has seen overall employment grow below expectations, with unemployment falling in 2021 from 6.7% to 3.9%. In this context, wage growth has helped to accelerate inflation, already burdened by rising costs for Raw materials and energy sources. The consumer price index increased by 7% overall. To counter the strongest and most durable inflationary pressures that were initially projected, the Federal reserve gradually adopted a more aggressive stance in the last quarter of 2021. It is foresight a faster reduction in net bond purchases by starting *a tapering process* and confirming a first increase in official rates as early as 2022.

In the eurozone, the recovery has been similar, with a sharp rise in early 2021 but with signs of a slowdown in the past period. The main causes are the deceleration of consumption as a result of price increases, especially those relating to goods (including basic necessities) and energy services, and the reduction in manufacturing production, due to difficulties in supplying supplies worldwide. In November 2021, the labor market recorded a 7.2% drop in unemployment compared to 8.1% at the end of 2020. After losing 6.4% in 2020, GDP was 5.2%, thanks also to the investments generated by the use of Next Generation EU funds disbursed in the second half of 2021.

Outside the euro area , in the United Kingdom, GDP growth stood at 6.5%, with a very high number of infections at the end of the year , resulting in difficulties in the procurement of personnel, the procurement of goods and the Raw materials and, in general, in international

trade. The Omicron variant of the virus has been the largest element of uncertainty for domestic demand, characterized by moderate consumption growth and investment growth.

Despite the pandemic, China was the only major economy to save itself from recession in 2020, with growth at 2.3% and an acceleration of 8.1% for 2021.

Noteworthy is the Indian economy, which, after falling by 7.3% in 2020, has returned to GDP by 9% in 2021.

For currency markets, the Euro/Dollar exchange rate averaged 1.18 in 2021, an increase of +3.5% compared to the previous year. In the fourth quarter, by contrast, expectations of more restrictive monetary policy in the US than in the eurozone favored the dollar, with a rate of 1.13 as of December 2021. The Czech Crown opened in 2021 with an appreciation phase, which brought it below 25.8. Subsequently, the currency saw a sharp depreciation, going to touch the maximum value at 26.4. The currency then saw a strong appreciation trend, which led it to reach the minimum period of 24.85 at the end of December 2021. The Indian rupee opened 2021 at around 90 and then had a phase of strong appreciation that brought the currency toward the end of March below 86. In the final part of the year, the rupee had a slight depreciation, reaching a closing value of 84.23, below the period average of 87.48.

In this general context, after a 2020 characterized by the effects of the health emergency due to the spread of Covid-19, the Italian economy recorded in 2021 an exceptionally intense growth thanks to the strong recovery of production activity. The progress of the vaccination campaign and the recovery of mobility have had important results on the confidence and behavior of businesses and consumers, with growth that was strengthened in the second quarter of 2021 and continued in the third, driven by national demand. In particular, household spending has recovered sharply, especially in services, while business investment has continued to expand. Foreign trade has also contributed positively to growth.

Overall, GDP grew by 6.6% in 2021, recovering much of the fall in 2020 when it fell by 8.9% , but not enough to return to pre-covid levels. Inflation, which registered 4.2% annually in December 2021, was also up during the year, driven by the sharp rise in energy prices.

Growth estimates, unfortunately, have been revised downward following the outbreak of the Russia-Ukraine conflict at the end of February 2022, which is a cause of considerable concern, both for humanitarian reasons and for the economic impact. The International Monetary Fund reports a serious situation, which will worsen if the conflict continues further. In addition to Ukraine, the repercussions of the conflict pose considerable economic risks on the European continent and globally. The international monetary fund is assessing the potential implications,

including for the functioning of the financial system on Raw materials markets and its direct impact on countries with economic ties to the region.

In this macroeconomic context, the Tecnocap Group, through its sustainable business model, has achieved and exceeded the economic and financial objectives set for 2021, clearly improved compared to the previous year thanks to the exceptional results in terms of sales volumes, by constantly monitoring the impacts of the pandemic as well as the conflict on its industrial activity and the opportunities arising from the new growth forecasts of the global economy since 2022.

Sector and Market of Reference

The Tecnocap Group operates in the metal packaging sector, through the industrial manufacture of metal closures for glass and plastic containers, aluminum aerosol cylinders and bottles, mainly used for food and beverage packaging, and *in the cosmetics and pharmaceutical sectors Cosmi & Pharma*.

The Group provides its customers with an integrated packaging system, through the design and manufacture of metal packaging, which can help to strengthen the brand identity of its customers and at the same time guarantee the integrity and long preservation of the product.

The Tecnocap Group's business model, called "*Closing System*", is based on the provision of products made from technical specifications provided by customers alongside the installation of capping machines to automatically close those products and a technical assistance service carried out at the operating sites of its customers in order to guarantee the correct maintenance of the machines supplied.

Analyzing the economic trends of the packaging market, particularly Metal Packaging, shows how this sector is closely connected to the reference food and beverage markets, considered essential and characterized by a particularly non-cyclical nature compared to other manufacturing sectors. This characteristic made it possible to mitigate the negative economic effects deriving from the health crisis. It is also possible to observe that the metal packaging sector, being able to guarantee stable growth even in phases of economic depression, and above all being able to supply other more appealing and profitable reference markets as well as pharma and cosmetics, in addition to spirits and wine, is confirming itself as to be increasingly more appealing for operators and international investors Lastly, metal materials for packaging are increasingly evidently benefitting from the anti-plastic campaigns conducted at global level, especially by younger generations and millennials, so as to orient market participants

increasingly towards transitioning to the use of more sustainable metal and aluminum packaging. The packaging sector for food products should in the coming years benefit from the growing focus towards the topics of nutrition of the planet and on food waste, since it can contribute with air-tightness, preservation and safety of packaging to their improvement and development.

The Tecnocap Group continues its growth and diversification strategy, aiming to become a global operator in the light metal packaging sector, confirming the world's third player in the metal capsule market. In addition, the Group has expanded its production and commercial scope, by including in the range of products offered also aluminum aerosol cylinders and bottles for cosmetic product packaging, the pharmaceutical sector, food products and beverages. The Group's main competitors worldwide are multinational companies:

► Silgan Holdings;

► Crown Holdings;

► Eviosys Packaging, a company founded in September 2021 following the acquisition by the KPS Capital Partners Fund of the EMEA Food and Consumer Packaging Division of Crown Holdings.

The metal closures sector in which Tecnocap operates is characterized by various barriers to entry, due to the high technical properties of the product, the technological complexity of the production process and the high quality technical service to be provided to customers.

Tecnocap is a direct supplier of the main global multinationals belonging to *the "Baby Food*" sector, a sector with high specialization and high technical-quality risk. The result is a strong focus on Research and development and on offering innovative solutions that are increasingly in line with the standards of excellence in consumer health and safety and with minimal environmental impact.

In order to meet a growing demand for increasingly sustainable metal closures, the Group has recently completed significant investments in technologies that strengthen environmental performance, consumer safety performance and correct and long-term product preservation.

The Tecnocap Group's operating, production and commercial facilities are as follows:

- Cava de' Tirreni plant (Italy) owned by Tecnocap S.p.A.;
- Lecco plant (Italy) leased to Tecnocap TL S.r.l.,
- Factory in Strmilov (Czech Republic) owned by Tecnocap S.r.o.;

- Soposhyn plant (Ukraine) owned by Tecnocap UA L.L.C.;
- Glen Dale plant (West Virginia, USA) owned by Tecnocap L.L.C.;
- Warren (Ohio) plant leased to Tecnocap L.L.C. where lithography is carried out;
- Factory in Aprilia (Italy) , leased to Tecnocap S.p.A., where capsulating machines are assembled, supplied to clients for rent and technical assistance is managed between visits, interventions and analysis of possible problems;
- Factory in Scafati (Italy) leased to the Sud Capsule S.r.l;
- Valencia plant (Spain) rented to International Closures Solution S.L. (Hereinafter also "ICS").
- Murbad plant in the industrial area of Mumbai (India) owned by Tecnocap Oriental Pvt.Ltd.
- Factory in Sao Paulo (Brazil) leased to Tecnocap Brasil Embalagens Ltda.

The Group also has three R&D and Engineering centers installed within the parent company Tecnocap S.p.A. and the US subsidiary Tecnocap LLC.
The structure of the Tecnocap Group includes the Italian Parent Company Holding Industriale Tecnocap S.p.A. which, through the sub-holding vehicle company, TGP Tecnocap Group Partecipazioni S.r.l., holds the Group's strategic interests in Italian and foreign subsidiaries.

The French company Tecnocap EURL, the German company Tecnocap GmbH and the company in the United Kingdom Tecnocap UK Ltd, on the other hand, are commercial service units with their own employees.
In addition, for all other relevant markets, the Group has commercial offices through sales officers and commercial distributors.

The Tecnocap Group geographical markets of reference are: Western Europe (in which the main countries are Italy, Germany, Spain and France), Eastern Europe (in which the main countries are the Czech Republic, Ukraine and Poland), North America and North Africa. Recently introduced are the far East markets, through the company Tecnocap Oriental in India and South America, with the launch of the Brazilian company Tecnocap Brasil Embalagens.

Main events and operations for the financial year

- During 2021, the Group closely monitored the impact of the pandemic on business. Tecnocap, whose activity is closely linked to the agri-food and pharmaceutical supply chains, considered essential activities, has continued to operate, safeguarding the health of its employees in full compliance with the regulations in force and guaranteeing the higher volumes required by all the Group's production plants, without suffering any slowdown and interruption, promptly fulfilling the orders of the customers. Moreover, the prospective analysis of the impact of Covid on our business confirms the positive effects, in terms of higher sales volumes, deriving from the increase in consumption of retail long-term food products, a phenomenon that is increasingly structural and consolidated in consumer habits and choices.

- During 2021, the construction of the new production plant on Indian territory was completed, which allowed the subsidiary Tecnocap Oriental to complete the installation of the new production lines necessary to expand the production capacity of metal closures, intended for the local market and in perspective to the whole Asian area. These investments were also made through the intervention of Simest (CDP Group) through the participation in the share capital of Tecnocap Oriental, with the obligation to repurchase by the TGP subholding company and the subsequent disbursement of shareholder loan, with the further participation of a Venture Capital Fund, Managed in agreement with the Ministry of Foreign Affairs and International Cooperation on facilitated terms.

- During 2021, the Group identified in Brazil the production site in which to start the industrial project for the production and marketing of metal capsules, which will allow newco under Brazilian law , Tecnocap Brasil Embalagens Ltda., To serve the local market and subsequently the Group's commercial development in South America.

- During the year, Business Management confirmed sustainability, innovation and digitization as the main *drivers* of its business strategy, considering technological and digital innovation in accordance with its sustainable business model. Therefore, an Innovation and Sustainability Committee has been set up and launched to coordinate the various activities and promote the new ESG (*Enviromental, Social, Governance) objectives* and to organize

the drafting of the Sustainability Report with reference to the international GRI (*Global Reporting Initiative*) standards. The contents presented in this document outline the sustainable growth strategy, the action plan and corporate social responsibility policies, in line with the United Nations Organization's Sustainable Development Goals (SDGs). For further details, see the paragraph "*production and environnement*".

The Company adopted the new concept coined by Deloitte of *Innovability,* considering the complementarity and integration of the two areas of innovation and sustainability as a decisive factor of competitiveness and business success.

In 2021, in order to increase the transparency and the degree of accuracy and reliability of the information reported in the Sustainability Report, as well as in order to improve the reliability of the company information system and the data collection process, The Group has entrusted Deloitte with the task of Sustainability Financial Statement Audit for the three years 2021-2023, with the aim of obtaining "*limited assurance*".

In the course of the year, the Company Management has appointed Cerved to obtain the ESGe Rating, in order to achieve an objective assessment of our sustainability level according to the GRI international standards. The Group has also embarked on the evolutionary path from a sustainable society to a benefit company, as well as being B-Corp certified internationally, to become a company with positive impact on the planet and society, generating results and economic values but also common benefits, environmental and social issues for shareholders and different business stakeholders.

- In June 2021, in line with the environmental protection and sustainability strategies adopted by the Group, Tecnocap TL installed and started an engineered cogeneration plant at its production plant that allows the production of thermo-electric energy using natural gas. This investment will enable ambitious goals of energy efficiency and independence to be achieved, adapting perfectly to the production cycle.

  Placed in a container adjacent to the factory and equipped with a complete recovery circuit of water and medium-voltage electrical connection, the cogeneration plant delivers an electric power of 1,013 kWe and a thermal power of 1,009 kWt for 5,650 hours equivalent of operation per year used in the production process.

  The plant will allow an important energy rationalization and a significant reduction of the estimated climate-altering emissions up to a nominal 1,400 tons CO2 equivalent. Further added value of the investment is represented by the positive impact on the energy

resilience capacity of the plant which, thanks to the co-generator, can continue to operate even in the event of malfunctions and maintenance operations on the public electricity grid, it also includes the possibility of handing over some of the excess energy to the public grid, with obvious economic benefits.

- In 2021, in partnership with nine other investment firms, Tecnocap joined the Campania Venture association, A Corporate Venture Capital project launched by the European House-Ambrosetti that will contribute significantly to scouting activities and to the promotion of investments in startups and innovative companies with high growth potential in *the fields of Digital Transformation* and *Sustainability*. The Group is considering its participation in the 2022 edition and its participation in the Fintech District of Milan and the Forward Factory Incubator for the development of Digital Mnumanufacturing, with the aim of participating in a first Open Innovation project in Italy.

- During 2021, the public-owned company Invitalia S.p.A. decided to grant the remaining non-refundable contribution to the Parent Company within the framework of the industrial development project **CDS000409 Quality Pack**, the purpose of the investment is to retrain production processes through the acquisition of new technologically advanced machinery and the adaptation of the industrial building. The disbursement will take place in the course of 2022.

- In 2021, in the context of projects aimed at the realization of investments in technologies and systems of production processes and to support research and innovation activities, the Company obtained a financing at M/L term for a total amount of Euro 15,000,000, With participation on a C*lub deal basis* by Intesa Sanpaolo and CDP Cashier Depositi and Prestiti. This financing is a concrete example of alternative and sustainable finance , as it provides a premium interest-reduction mechanism for that part of the resources intended to support productive circular *economy investment* , with the fundamental objective of improving eco-efficiency. Reduce product climate emissions and environmental impacts, and develop innovative solutions for raw materials, energy, waste and water management. The funding is part of the broader plan of resources made available by the PNRR to support investments aimed at greater environmental and social sustainability.

- During the financial year 2021 , the Parent Company, as part of the "*Digital Transformation*" process, continued the investment project "*Industria 4.0*" , which has been in operation for a few years, considerably improving production efficiency through the automation and interconnection of its production processes. In particular , the projects for the use of digital technologies oriented to product innovation and of the different phases of the processes have been completed with a particular focus on innovative capsules and different packaging solutions advanced and connected.

- During 2021, Management assigned the position for the certification of the accounts for the three-year period 2021-2023 to Deloitte & Touche, recognized as one of the main international standing auditors in place of EY. The replacement and the new assignment are part of the company's policy of ensuring maximum transparency and compliance of company information in the interests of shareholders and of the various company stakeholders.

Analysis of the Main Asset and financial data

With reference to the analysis of the Group's asset and financial data, the composition of the net financial position is shown below:

Net financial position	31/12/2021	31/12/2020	Change
Cash and cash equivalents	(20,577,291)	(8,986,907)	(11,590,384)
Other current financial assets	(1,176,054)	(574,935)	(601,119)
Current financial liabilities	36,926,361	36,816,735	109,626
Short-term net financial position	**15,173,016**	**27,254,893**	**(12,081,877)**
Other non-current financial assets	(2,022,923)	(2,239,064)	216,141
Non-current financial liabilities	56,925,320	41,739,724	15,185,596
Net financial position	**70,075,413**	**66,755,553**	**3,319,860**

The Group's net financial position at the end of 2021 amounted to Euro 70.1 million, compared to approximately Euro 66.7 million in 2020.

The amount of the Group's net financial debt increased by more than Euro 3 million, mainly due to the start-up of new M /L-term loans aimed at supporting new productive investments and the greatest extraordinary requirement of working capital, partly offset by the increased operating liquidity generated by the Parent Company.

The composition of the net financial position of the Parent Company is shown below:

Net financial position	31/12/2021	31/12/2020	Change
Cash and cash equivalents	(13,786,003)	(2,984,028)	(10,801,975)
Other current financial assets	(112,684)	(32,309)	(80,375)
Current financial liabilities	13,594,678	14,796,507	(1,201,829)
Short-term net financial position	**(304,009)**	**11,780,169**	**(12,084,178)**
Other non-current financial assets	(19,806,009)	(18,182,391)	(1,623,618)
Non-current financial liabilities	30,244,267	23,074,642	7,169,626
Net financial position	**10,134,250**	**16,672,420**	**(6,538,170)**

The net financial position of Tecnocap S.p.A. goes from 16.7 million in 2020 to 10.1 million in 2021 with a reduction of over 6 million. This excellent result was achieved by the Parent Company through the reduction of current financial liabilities, through the repayment of the installments of the loans due during the year and the complete repayment of the loan received in the past from the shareholder Me.de.ad, despite the increase in non-current financial liabilities. Due to the acquisition of new M/L-term loans from primary institutional investors,

mostly still present in the major Cash and cash equivalents together with the resources generated by the considerable increase in turnover.

The data relating to the Group's cash flow statement are shown below:

Cash flow statement	2021 FY	2020 FY	Change
Cash and cash equivalents at beginning of the year	8,986,907	3,654,661	5,332,246
Net cash flow from operating activities	18,606,014	19,806,798	(1,200,784)
Cash flows from the investment activity	(22,794,392)	(8,504,459)	(14,289,933)
Financial flows from the financing activity	11,338,368	(1,579,171)	12,917,539
Translation differences	4,440,393	(4,390,922)	8,831,315
Cash and cash equivalents at Year End	**20,577,291**	**8,986,907**	**11,590,384**

The Cash and cash equivalents at December 31, 2021 amounted to more than 20 million euros, compared to about Euro 9 million in the previous year.

The cash flow generated by operating activities amounted to Euro 18.6 million, compared to Euro 19.8 million in the previous year. The decrease is due to the increased absorption of liquidity to meet the increase in working capital requirements.

The data relating to the Parent Company's cash flow statement are shown below:

Cash flow statement	2021 FY	2020 FY	Change
Cash and cash equivalents at beginning of the year	2,984,028	1,573,351	1,410,678
Net cash flow from operating activities	12,060,704	10,455,320	1,605,383
Cash flows from investment activities	(3,276,145)	(3,158,425)	(117,720)
Cash flows from financing activities	2,017,416	(5,886,217)	7,903,633
Cash and cash equivalents at Year End	**13,786,003**	**2,984,028**	**10,801,974**

The Parent Company Tecnocap S.p.A. closed the financial year 2021 with Cash and cash equivalents of around Euro14 million, generated mainly by the cash flow from operating activities, which amounts to Euro 12.1 million, and from the cash flows resulting from the start of new financing.

With reference to the Group's net assets, the following composition is provided:

	2021 FY	2020 FY	Change
Share capital	6,319,490	6,319,490	0
Legal reserve	1,679,656	1,335,029	344,627
Other reserves	43,553,595	34,217,080	9,336,515
Profit (loss) for the financial year	16,001,067	9,197,602	6,803,465
GROUP NET EQUITY	**67,553,808**	**51,069,201**	**16,484,607**
Borrowed Capital	840,213	799,504	40,709
Profit (loss) for the financial year from minority interest	112,231	40,709	71,521
NET ASSETS OF THIRD PARTIES	***952,444***	***840,213***	***112,231***
CONSOLIDATEDNET EQUITY	**68,506,252**	**51,909,414**	**16,596,838**

The Group Net equity amounted to over Euro68.5 million at December 31, 2021, compared to 51 million in 2020. The increase of more than Euro16 million is attributable essentially to the 2021 financial year result.

With reference to the Parent Company's shareholders' equity, the following composition is provided:

	2021 FY	2020 FY	Change
Share capital	6,319,490	6,319,490	0
Legal reserve	1,679,656	1,335,029	344,627
Other reservations	29,154,037	26,556,499	2,597,538
Profit (loss) for the financial year	7,296,982	6,892,546	404,436
NET EQUITY	**44,450,165**	**41,103,564**	**3,346,601**

The Net Equity as at December 31, 2021 of Tecnocap S.p.A. amounted to Euro 44.5 million, an increase in value compared to 31 December 2020 of around Euro 3.3 million, l attributable to the positive result for 2021, up compared to the economic result in 2020, Net of the low dividend distribution for the year, continuing the profit capitalisation policyin order to strengthen the Group's capital and financial solidity.

The Company holds 304,575 own shares for an overall nominal value of 158,379.

Management Outlook

The results of the management obtained in 2021 by the Tecnocap Group and the Parent Company Tecnocap S.p.A. derive from the choices carried out in previous years and made to develop volume growth in the approved business plan for the period 2022 – 2025.

In particular, it is highlighted how through the results achieved, the Group and Tecnocap S.p.A. obtained a continuous improvement in the economic and financial-asset performance indicators. With reference to future prospects, the strategic objectives outlined by the Management of the Tecnocap Group use:

- Increase in the total sales volumes of metallic Closures from the next three years, after a predictable and physiological decline in 2022. The growth will especially concern the most innovative, sustainable and premium capsules dedicated to *food* and *beverage*, considering the structural extension of the change in eating habits in favor of domestic consumption compared to those outside the home, due to the still contained recovery of ordinary sociality. Another decisive factor will be the success of the campaigns of

information, awareness and contrast to *plastic waste* and to the pollution of microplastics, which will affect the choices of the new generations of consumers, increasingly attentive to the environmental and social impacts of the products and consequently to the packaging choices of the major brands.

- Increased sales of aluminum aerosol cans and bottles still contained but constant, considering a resumption of consumption of cosmetics from 2022 and the continuous transition from plastic to aluminum for the packaging of many food products as a result of increasing environmental attention and the continuous growth of the new e-*commerce sales channel,* it needs aluminum packaging that is lighter and stronger than conventional.
- The management pursues a careful policy of supplying and limiting the costs of the Raw materials and the energy costs, at a stage still characterized by material shortages and price increases due to the strong demand of raw materials on the Chinese market and the still slow recovery of production after the difficult economic situation caused by the pandemic which is delaying the balance between supply and demand for many produced in different markets.
- Constant control of the financial structure, implemented through a suitable diversification of external financing sources, aiming to further increase mid/long-term financial resources, in line with the objectives of business development.
- The possible start of new packaging businesses, to be combined and integrated with the operational ones, exploiting the wide and consolidated international commercial network and the synergies for the supply of new materials, in order to strengthen and consolidate the growth of volumes expected in the next three years.

Furthermore, the possibility of further growth in volumes through external routes is foreseen thanks to the various strategies of *M&A* that will allow penetration in the Asian and South American areas not yet served by the Group through the possible acquisition of promising and scalable target companies, by aiming for greater geographical diversification of markets.

The strategy of sustainable growth, both internally and externally, adopted by the management should allow the Tecnocap Group to aim in the coming years to a further growth in turnover and operating margin by transferring part of the higher production costs to sales prices according to the different market areas and continuing a systematic review of the main Operating expenses

for productive and industrial efficiency such as to strengthen the indices of leverage and capital solidity.

The Business plan has been prepared on the basis of forecasts and assumptions that, due to their nature, are hypothetical and have elements of uncertainty inherent to future management dynamics because of the volatility connected to future events, such as the increase of the revenue volume and margins provided in the plans, also with affects the corporate financial situation and on the process to balance the net working capital.

In light of the positive overall results achieved in past years, which have in fact confirmed the targets predicted in the previous business plans and the scenarios currently available, supported by the favorable forecasts described, it is considered that the Company and the Group would be able to achieve the results outlined by the approved plan, despite difficulties due to the pandemic crisis and the Russia-Ukraine conflict, the financial statements were drawn up on the basis of the going concern assumption.

Investment policy of the Group and the Parent Company

The Group places a particular focus on production investments in order to follow the contiguous changes originating from the market and to satisfy the increasing demand of customers who are more aware of food safety and the environment. In this sense, investments by the Group and the Parent Company were directed, partly to improve the productive eco-efficiency of the machinery already installed and partly to purchase new machinery and equipment with digital equipment according to the "Industria 4.0" plan, As part of *the Digital Transformation process* launched in 2020, for the automation and interconnection of production processes and the collection and analysis of production data through the use of analytics predictive analytics tools and technologies.

The cash flows used in 2021 for the Group's investment activity amounted to Euro 22.8 million, confirming the continuous investment policies started in previous years, aimed at strengthening capacity and production efficiency for the acquisition of new market shares in emerging and developed geographical areas.

In the field of sustainability, for the years 2021 and 2022, Group productive investments were also identified in a circular Economy to include them in new projects of Sustainable Finance that

provide for special economic rewards and conditions to reach environmental and social targets, proposed by the main international financial institutions.

The Tecnocap Group considers the strategy of continuous investments in production capacity, eco-efficiency and productive innovation combined with *R&D activities* to be the main factor of corporate competitiveness for the creation of long-term value in the interests of shareholders and of the various corporate stakeholders.

Research and development

The Group's Research and development activities are mainly concentrated in *the R&D and engineering centers* of the parent company Tecnocap S.p.A.

During 2021 our *R&D Department* continued the development of packaging solutions that are increasingly safe for health and have a lower environmental impact, in line with market expectations. This has been made possible following the constant updating of the technologies and the search for new materials to be used in the production process increasingly eco-efficient, recyclable and biodegradable, also equipped with the necessary technical and mechanical functions to guarantee the resistance and hermetic sealing of the Closures. For these projects, our *R&D Department* is cooperating with qualified research centers and university departments.

During 2021, our *Engineering Department* continued to develop new technical solutions for the production process, to be transferred exclusively to the various companies of the Group.

Company Management pays particular attention to Research & Development activities in order to equip itself with the *know-How* of technical information which can then be made available exclusively to the Group companies, as an effective competitive advantage over to the competition.

Strategies and objectives

The metal packaging sector is increasingly more strategic within the world economy for long-lasting food safety and preservation, in terms of nutrition, food waste and consumer health. The Tecnocap Group designs and creates metal packaging for its customers who can strengthen *their brand identity* and guarantee product integrity and preservation. *Packaging*, as understood by

the Group, is not only functional but also a valuable *marketing tool.* In order to enhance the position it has gained until now in the market, Tecnocap provides assistance to its customers, using a team of specialists, to develop *more* and more effective and personalized designs, with an absolute focus on the primary functions of the packaging being the safety and the proper preservation of the product and proposing new sustainable packaging developed with the research into new materials, chemical formulas and avant-garde technologies in order to package e increasingly healthier food products, -the "*Free from"* and "*rich in" foods*. Furthermore, a view to providing comprehensive customer service, Tecnocap guarantees 24-hour technical assistance capable of resolving issues at customers which may crop up from the use of our packaging machines. The Aprilia (LT) Technical assistance division responsible for this area relies on the work of specialized technicians and mechanics.

The products created are divided mainly into two macro categories:

- Metal closures, intended for the food, cosmetics and *personal care,* pharmaceutical and nutraceutical sectors;
- Aluminum aerosol cylinders and bottles mainly intended for the cosmetics, *personal care*, para pharmaceutical and food sectors.

Tecnocap's business model consists in the supply of an integrated packaging system between products, plants and services such as to guarantee its customers the best performance in the use of the products.

The business model proposed by the Tecnocap Group, called *"Closing System",* provides for the supply of lightweight packaging, the installation of capping machines for the automatic vacuum closure of metal capsules and 24-hour technical assistance by specialized personnel, to guarantee the safety and integrity of food products.

The Tecnocap Group, founded in 1993, has become, over the years, the third world player in the metal closures sector, through a continuous organic growth in volumes and a targeted M&A growth strategy through various company acquisitions carried out in Italy and abroad.

Moreover, with the acquisition in the aluminum aerosol cylinders and bottles sector, the Group has extended the range of products offered to its customers, achieving an initial production diversification exploiting the commercial and technical experiences acquired in the metal closures sector, with the aim of becoming a veritable global leader in metal packaging.

The business plan for the next four years presents ambitious but substantial economic and financial objectives of turnover, margins, operating liquidity, debt, and capitalization,

confirmed by the results achieved in recent years, which should confirm the Tecnocap Group as the global leader in metal packaging with over Euro 300 million in overall turnover. Moreover, the Group's strategy is to expand its production range through the acquisition of industrial companies that allow the diversification of its offer.

Organization and Corporate Governance

The Corporate Governance system is manifested through strict *compliance*, understood as the application and respect of regulations, behaviors and processes aimed at ensuring an efficient and transparent execution of the organizational and operative business activities, through an effective functioning of the government bodies and control systems.

Corporate governance is based on principles of reliability and transparency in the management of information in the interests of all shareholders and of the various business stakeholders.

A qualified, authoritative and above all responsible governance is the key factor of the ESG parameters, both in investment choices and as a decisive element in implementing a sustainable development model in which companies are oriented to pursue the interests of all their stakeholders, this is to create long-term value and generate common benefits rather than maximize profits for shareholders at the expense of other stakeholders.

The companies of the Group adopt the traditional system of corporate governance, or *conventional Governance*, by virtue of which the governing body of the company that takes the main decisions is the Board of Directors; The supervisory body for the observance of the law, the Articles of Association and the principles of correct administration is the Board of Statutory Auditors, while the Auditing Company exercises legal control of the accounts and that the financial statements represent in a truthful and correct way the financial and financial situation of the company; The Rating Agency assesses the financial strength and credit merit of the Company.

With regard to the functions and responsibilities of the various corporate bodies, it is hereby announced that:

The Shareholders' Meeting is authorized to resolve in ordinary and extraordinary session on issues reserved to it by the Law or the Articles of Association.

The Board of Directors is given the widest powers for the ordinary and extraordinary management of the Company, without limitation, with the right to perform all the acts it deems necessary to for the implementation and achievement of the social purpose, except only those which the law reserves to the Shareholders' Meeting.

The Board of Directors of Tecnocap S.p.A., appointed for three financial years, is renewed on the date of approval of the last three -year financial statements and is composed of four directors, among them an independent Director in possession of the requirements of expertise and professionalism. The Chairman of the Board of Directors, Michelangelo Morlicchio, exercises the powers of ordinary and extraordinary administration, excluding those not delegated as provided by paragraph 4 of Article 2381 of the Italian Civil Code.

The Board of Directors of the sub-holding of TGP Tecnocap Group Partecipazioni S.r.l., in office for three financial years, is renewed at the date of approval of the last three-year financial statements and is composed of three members, including the Chief Executive Officer, Dr. Massimo Santomauro, who exercises the powers of ordinary and extraordinary administration, Excluding the non-delegable ones as provided by paragraph 4 of Article 2381 of the Italian Civil Code, and the Legal Representation of the Company.

The Board of Statutory Auditors is responsible by law for the task of overseeing: observance of the law and the Articles of Association and compliance with the principles of correct administration It also monitors the adequacy of the Company's organizational structure for the aspects of competence, its Internal control and risk management system and the accounting administration system, as well as the system's reliability in correctly representing the management events.

The Board of Statutory Auditors, composed of three regular members and two alternate members in office for three years, shall be renewed on the date of approval of the last financial statements for the three-year period.

The Auditing Company carries out the statutory audit of the accounts the verification of the truthfulness and correctness of the financial statements according to Italian Legislative Decree 39 of 27 January 2010. As of 2021, the auditing firm Deloitte & Touche S.p.A. took on the new position for the three-year period 2021 - 2023.

In addition to the conventional Governance system, the Parent Company has had extraordinary Governance system, consisting of the Compliance function and the Supervisory Body pursuant to Model 231/01, to verify compliance with and observance of the various national and international laws and regulations and to prevent the commission of offenses and violations by company managers and company officials. In relation to the constant monitoring of the adequacy of the model 231/01 adopted by the Company, Tecnocap in 2021 updated the procedures in order to transpose new cases of crime to be taken over concerning tax offenses and offenses against the Public Administration; The novelties introduced were specifically approved by the Board of Directors at the beginning of 2022.

The supervisory body, consisting of an internal member and two external lawyers in accordance with Legislative Decree no. 231/01, regulates corporate liability for administrative offenses arising from violations, put into practice by managers and employees in the interests or for the benefit of the company. For the sending of reports, suggestions, clarifications, and other information, Tecnocap has activated a specific e-mail address of the supervisory body: odv.tecnocap@gmail.com.

Tecnocap has voluntarily implemented the Organisation, management and control of the Company, prepared according to Legislative Decree no. 231/2001 and updated by transposing Law 179/2017 on the administrative responsibility of entities. The supervisory body is obliged to periodically report any critical issues arising in the company system regarding the application of the model and to prepare at the beginning of each year the checks to be carried out. Within the model are the Code of Ethics, the Internal Regulations and the Mapping of powers, the Manual of Protocols and the Sanctioning System, which are instruments for risk management.

During 2021, the Supervisory Body met regularly, including through videoconferencing systems, and met with Management and the Internal Compliance function. In order to monitor evolutions within the company and the compliance with the procedures and obligations regarding health and safety at work and on the procurement management, as well as all the checks required by the Model pursuant to Legislative Decree 231/2001. As of December 31, 2021, there were no legal proceedings outstanding, nor any other type of proceeding regarding anti-competitive behaviour, antitrust violations or monopoly violations.

In 2021, Tecnocap received the Legal Rating from the Competition and Market Authority with a score of 2 stars + to confirm its attention to the issue of Compliance in Corporate Governance.

During 2021, the Company completed the project concerning *the Antitrust Compliance Program*, with the aim of assessing and preventing the risks arising from the conclusion of

market agreements and the establishment of commercial relations against customers that do not comply with the regulations, by providing adequate training for the staff concerned and the application of the relevant procedures.

With reference to the European directive 2019/1937 on whistleblowing, although not yet transposed by our national legislation, Tecnocap has provided itself with a special procedure for the management of reports of wrongdoing and irregularities by its employees through a reporting model, also in anonymous form, provided that they have the characteristics of completeness, detail and soundness and such as to be adequately detailed, through communication channels such as email: tecnocapwhistleblowing@gmail.com.

With reference to the GDPR 2016/679 European Privacy Regulation for the protection of personal data in the company, the company has equipped itself with the different procedures prescribed by the regulations for the correct use and protection of personal data and constantly checks and updates the correct application in the various business activities.

The Company has acquired over the years *the status* of a private company issuing securities listed on non-regulated markets, becoming subject to the various requirements of Regulation (EU) No 596/2014 MAR (*Market Abuse Regulation*) which entered into force on 3 July 2016 and by the ExtraMOT Pro Regulation, in addition, particular attention is paid to the various directives and regulations issued by the competent authorities, such as Consob and the Bank of Italy.

Personnel and human capital

Tecnocap dedicates great attention to its personnel and to human capital, promoting respect for work and all workers and guaranteeing continuous basic training and specialization courses on specific skills and disciplines required by the "Industry 4.0" plan.

During the financial year, there were no deaths of personnel at the place of work recorded in the record book, nor accidents involving serious or very serious injury to personnel.

During the financial year there were no charges for occupational diseases on employees or former employees or bullying cases were filed. Tecnocap is a safe working environment where professionalism and talent are recognized and valued and personal growth is promoted through policies of motivation that provide recognition and result awards and full valorization of the most deserving figures.

In the same year, in compliance with anti-covid regulations and safety protocols, the Group favored, as far as possible, the smart working method and the reorganization of the working spaces in the company, in order to limit the possibility of contagion, thus, making it possible to immediately isolate suspicious cases without interrupting any activity. Tecnocap promotes fair and inclusive recruitment, retention and advancement practices in order to remove the economic and social obstacles that increase individual freedom and dignity.

The company has been working on the fight against corruption for several years, recognizing its negative effects on the country's socio-economic growth. This commitment was reflected in the tools implemented for the identification, prevention and control of the risks of corruption reported in the Organizational Model pursuant to Legislative Decree no. 231/01 and in the Code of Ethics, as an integral part thereof, to which reference is made for further details (see paragraph "Organisation and Corporate Governance").

Production and environment

The products produced by the Tecnocap Group are mainly made of tonplate and aluminum. Aluminium and iron ores are the third and fourth most present on Earth. In support of its environmental protection policies, metal is 100% recyclable and can be reused indefinitely without losing any physical property. Throughout the life cycle, potentially endless, from raw material extraction to production, to use and recycling, the advantages of metal, defined as permanent material, are incomparable to any other material, such as non-recyclable plastics, and represent the essence of sustainability and the circular economy.

As far as paints and inks are concerned, among the main materials applied to capsules, Tecnocap Group uses UV-drying paint systems, through which a double advantage is obtained: On the one hand, the reduction of VOC (volatile organic compounds) emissions, compared to the results obtained with solvent-based paints and a reduction in the purchase and management costs of abatement systems (e.g. activated carbon, post-combustion), while on the other hand there is a greater degree of safety for the health of consumers in the use of the obtained products .

As far as chemical components are concerned, technological progress is now leading to a complete reduction in the quantity of migration or release of plasticizers from the seals to food

products, through a constant series of research carried out both by internal staff and by external companies.

In this regard, Tecnocap also offers to the market closures with PVC-free seals, free of plasticizers and extremely low migrations. The process of applying such seals to the metal closures does not cause any emission into the atmosphere nor does it require the presence of plasticisers. From the point of view of energy efficiency, this type of seals does not require baking steps by means of an oven. This involves reducing the footprint of methane gas consumption and is a further positive aspect of the environmental impact. Finally, as a Research & Development activity, Tecnocap collaborates with the Universities for the development of "*environmentally friendly*" seals, biodegradable and made from "Bio-based" raw materials.

In addition, Tecnocap has signed an agreement with a large European aluminum producer group that allows the Group to produce and market a line of aerosols and bottles made entirely of recycled aluminum worldwide. The 100% recycled aluminum line is called "PURE" and represents the spearhead of the range of products already offered by Tecnocap in the field of circular economy, made with a certified lower percentage of recycled aluminum.

As regards the collection, management and recycling of waste, Tecnocap has adopted procedures for reducing production waste, installing a telematic system that in real time monitors production efficiency and promptly signals any anomalies; it also uses specialized external companies to dispose of non-recyclable waste, as required by the relevant legislation in the various countries in which it operates.

Tecnocap pays the utmost attention to emissions in the atmosphere, using the instruments necessary for filtering and reducing emissions by monitoring through external and independent bodies.

Moreover, the Tecnocap Group is aware that its responsibility is not limited to the negative impacts generated under its direct control, but extends to those that can occur throughout the product's life cycle. For this reason, Tecnocap adopts the LCA (*Life-Cycle Assessment) studies*, which allows to know in detail the environmental impact of the product, at every stage of the life cycle and, at the same time, the information base for the development of a coherent action plan to realize the vision of an increasingly responsible business model oriented to the substantial reduction of negative impacts. After completing the LCA studies on metal Closures and aluminum aerosol bottles and bottles, the Group analyzed the possible margins for improvement from an environmental point of view, through the progressively greater use of renewable or low environmental impact energy sources. In addition, these studies provided the

necessary basis for the development and achievement of *the EPD*, a certified environmental product declaration providing data on the life cycle of the product in accordance with the international standard ISO 14025.

In addition, during 2021, the Tecnocap Group appointed a specialized company to assist and advise in obtaining the "*Organization carbon Footprint, ISO 14067*" certification, a standard for quantifying and reporting greenhouse gas emissions at plant level, That will allow Tecnocap to identify and carry out the interventions necessary to reduce the polluting emissions of the capsule production plant.

Therefore, the Group, aware of the increasing importance of ESG (*Environmental, Social, Governance*) issues, in the first quarter of 2021 set up the Innovation and Sustainability Committee, a multidisciplinary collegiate body, composed of management functions of the entire organization and which meets at least quarterly and reports to the CFO & Investor Relations. The purpose of the Committee is to implement and integrate activities linked to the themes of digital transformation and sustainability. Its task is to ensure and support the implementation of the Sustainability Strategy and the definition of new objectives with a view to continuous improvement, involving experts to spread a transversal culture of Sustainability aiming to become a benefit company first and then obtain the B-Corp. certification. The Committee was also given ESG risk management and the task of drawing up and analyzing the results of the Annual Sustainability Report.

Over the years, the most important certifications have been obtained that guarantee the quality of the processes and products produced, as described below:

Tecnocap S.p.A.: UNI EN ISO 9001 – UNI EN ISO 14001 – CERT 122 BRC/IOP – SMETA for Pillars – ISO 45001;

Tecnocap llc: UNI EN ISO 9001- AIB International;

Tecnocap UA llc: UNI EN ISO 9001;

Tecnocap SRO: UNI EN ISO 9001 – UNI EN ISO 14001 - CERT 122 BRC/IOP - SMETA for Pillars;

Tecnocap TL S.r.l.: UNI EN ISO 9001.

The Tecnocap Group also pays particular attention to the objectives and policies for the health and safety of workers, in order to effectively control real and potential risks.

During the financial year, no damage to the environment was caused, and no definitive sanctions or penalties were imposed for offenses or environmental damage.

Human Rights and Social Aspects

The Tecnocap Group is committed to supporting , in its sphere of influence, the global standard of conduct in the field of human rights, by providing policies and procedures for the management of human resources in line with Italian law and with the main international standards in the field.

Furthermore, in respect of the employment contracts required in the category it belongs to, the Group pursues a balanced and proportional wage policy among the different company positions, nor does it use workers younger than the age admitted by the current regulations of the countries in which it operates, nor does it discriminate against the sex, race or religion of its workersFinally, while respecting the relationship with the Confederals, it guarantees freedom of association with trade unions and does not subject workers to working hours which exceed the limits of current legislation.

Financial capital

Tecnocap devotes great attention to its investors, shareholders and financiers, especially through *the Investor Relations Department*, which organizes regular informative meetings, also through remote communication tools, to illustrate the business performance and corporate strategies. In particular, institutional investors, such as those already present in the Tecnocap Group (EIB, CDP, Simest) increasingly request non-financial information together with financial information, in order to have a complete view of the choices and strategies of the companies in which they invest their capital, it gives priority to those companies that combine the pursuit of profit and the creation of value with respect for ethical principles and the presence of responsible governance.

Significant Events after the Close of the Financial Year

- Following the emergency for the pandemic from Covid-19, the Group is monitoring closely the economic effects on the company business generated by the Russia-Ukraine conflict in February 2022,C`onsidering the interests deriving from the presence on Ukrainian territory

of the subsidiary Tecnocap UA LLC and from the commercial relations with Russian customers.

The productive activity of the Ukrainian subsidiary based in the Livov area near the Polish border in the western part of the country less affected by the crisis, after a short period of precautionary restraint in the very early stages of the conflict, has almost normally resumed production thanks to the group management of the procurement of the raw materials and to the shared organization of the orders. As of the date of this document, the Ukrainian subsidiary revised the estimated 2022 budget values, estimating a limited reduction in overall sales.

- During 2022, the Group is monitoring with great attention the issue of the increase in the costs of supplying energy sources and the considerable increase in Raw materials prices worldwide, together with the general shortage and often unavailability of the main products and production materials, initially due to delays in the recovery of production after the blocks forced by the pandemic crisis and to the economic choices of the Chinese government in the commercial import policies, which have drastically reduced the resources available on the global market, and after the occurrence of the Russia-Ukraine crisis. In any case, the Group is managing the emerging situation by organizing and diversifying supplies and production, being able to rely on different industrial sites in Europe and in other market areas to contain part of the operational difficulties, it is also considering the possibility of adopting different financial instruments to cover the risks arising from the increase in prices of raw materials, in particular of steel and aluminum, while being able to rely on the consolidated relations with the main suppliers of raw materials, in order to guarantee the supply on time and on appropriate conditions.

- In the first quarter of 2022, the subsidiary Tecnocap TL needed a further recapitalization of Euro3 million by the sub-holding company TGP in order to stabilize the company's balance sheet and financial structure. This choice was necessary to make it easier to achieve social objectives both in the short and medium-term. In support of these objectives, Tecnocap TL has made important investments in order to improve its production capacity and efficiency and to expand the range of products offered to its customers.

- During 2022, relations with the Fintech District of Milan, an ecosystem of Fintech start-up companies, continued with great interest to evaluate and share the various digital financial

solutions, such as crowdfunding and digital factoring. Tecnocap looks with great interest at the new instruments offered by Digital Finance, with particular regard to the operations of ICO (initial Coin offering), STO (Security Token offering) and the new NFT (Non-Fungible Token) for the opportunities offered by new digital technologies such as Blockchain and cryptocurrencies.

- At the beginning of 2022, the Parent Company obtained an improvement in the financial strength and credit rating of the Crif agency on the basis of the brilliant results for the two-year period 2020-2021. The rating assessment had been postponed to allow the agency to assess more fully on the basis of the final and most recent results, confirming the stability of the outlook. The next rating that will be assigned on the basis of the final 2022 balance sheet in 2023 should, given the excellent economic and financial results of the current year, report a further improvement in our assessment.

- In the field of Sustainability, at the end of June 2022 the new European directive *CSRD on Corporate Sustainability Reporting will be issued*, which provides for new reporting and non-financial information obligations (through the drafting and presentation of the Sustainability Report) for the major listed companies from 2024 onwards, based on the new regulatory standards developed by EFRAG as an alternative to the widespread used international standards of the GRI.

- During 2022, the company started the project for the adoption of the new ERP system SAGE X3, first at the Parent Company level and then in the various subsidiaries in Italy and abroad. The new management system, which will be implemented through the involvement of the various company resources supported by external IT consultants, will allow the further process of automation and integration of the various company activities in continuous support of the sustainable business model.

- During 2022, after the crises and emergencies of the last two years, the company has intensified its commitment to risk Management, which is intended to prevent and manage the main systemic risks such as Cybersecurity risk, geopolitical risk, climate and health risks, deriving from the many operational activities, which could lead to the interruption of industrial activity and condition the assumption of business continuity.

- During 2022 our company received the prestigious Industry Felix Award organized by the "Industria Felix Magazine" in collaboration with the rating agency Cerved entitled "High Budget Honor"resulting among the best companies in Campania with an international vocation for management performance and financial reliability and receiving a special mention for the Sustainability Report on ESG targets and values.

- During 2022, the company Elite of Borsa Italiana today Euronext Group wanted to celebrate the anniversary of the first 10 years with the companies that participated in the first module of the program of 2012, demonstrating confidence and vision in a project that over the years has proved for many italian and european companies the gateway to the capital market and a bridge between listed companies and private companies to prepare them and accompany them toward a possible listing, thus contributing to sustainable growth of the real economy.

- During 2022, the company achieved the ESGe Rating from the agency Cerved for the first time on the basis of the 2020 Sustainability Report, with an absolutely positive assessment and score in the different areas of sustainability, especially in the environmental and governance sections, with room for improvement in the Social section.

Own Shares

Tecnocap S.p.A. holds 304,575 own shares in its portfolio for a nominal value of Euro 158,379 representing 2.5% of the Share Capital.

Risk management

With regard to risk management, see the explanatory notes to the financial statements and the previous section.

Objectives and Policies of the Company on Assuming, Managing and Covering Risk

Below is a set of qualitative information on the size of the enterprise's exposure to financial risks.

The Group's financial assets should be considered to have a good credit quality.

There are no financial assets considered to be of doubtful recoverability.

Please note that:

- The Group owns financial assets for which a liquid market exists and which are ready to be sold to satisfy liquidity requirements.
- there are debt instruments or other credit lines to take on liquidity requirements;
- there are different sources of financing.

In addition, the Group has adopted a policy to cover the interest rate risk of certain some loans. For details of the fair value situation of these derivative instruments, see the explanatory notes.

The Group is in talks with specialised companies to assess the potential use of financial instruments for risk coverage on the prices of raw materials.

Working with related parties

In accordance with IAS 24, the information with the Related parties is given below.

The following table gives a detail of the receivables and payables to Related parties:

Description	Trade and other receivables	Financial receivables	Commercial and other debts	Financial debts
Medea S.p.A.	2,867	0	11,061,538	29,905
Genoa Poliplast S.r.l.	6,622	0	255,873	2,747,873
Natural persons	0	0	503,356	780,553
TGP	4,593	17,542,327	91,087	0
Tecnocap LLC	829,587	0	0	0
Tecnocap s.r.o.	677,386	0	1,141,497	0
Tecnocap UA	1,021,737	0	0	0
South Capsule	2,933,313	0	33,424	0
Tecnocap TL S.r.l.	147,298	0	440,319	0
Tecnocap met	0	240,759	1,213	0
Tecnocap GMBH	0	0	82,478	0
Tecnocap EURL	2,398	0	167,463	0
Tecnocap UK	0	0	33,259	0
ICS	2,408,684	0	0	0
Tecnocap Oriental	845,850	0	0	0
Total	**8,880,334**	**17,783,085**	**13,811,506**	**3,558,331**

Description	Costs	Revenue
Medea S.p.A.	30,653,333	3,100
Genoa Poliplast S.r.l.	31,732	2,955
Natural persons	17,499	0
TGP S.r.l.	0	4,593
Tecnocap LLC	41,383	1,470,990
Tecnocap s.r.o.	10,257,098	7,359,249
Tecnocap UA LLC	0	374,126
Sud Capsules S.r.l.	129,346	8,777,038
Tecnocap Tl S.r.l.	0	37,957
Tecnocap EURL	266,628	0
Tecnocap UK	84,000	0
ICS S.L.	94,032	6,751,792
Total	**41,575,052**	**24,781,799**

Sales and purchases with Related parties are made on terms and conditions equivalent to those prevailing in free transactions. No guarantees have been provided or received for the credits and debts contracted with Related parties. In 2021, the Company did not record any loss of value in loans contracted with Related parties. This evaluation is carried out annually at the end of each financial year, assessing the financial position of Related party and the market in which it operates.

Allocation of the result for the financial year

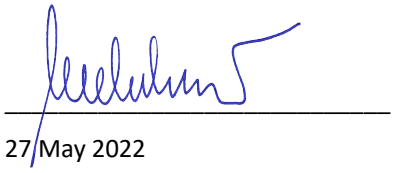
Dear Shareholders, we ask you to approve the Yearly Financial Statements and Consolidated Financial Statements as at December 31, 2021 formed of the following statements respectively:

- statement of financial position and consolidated statement of financial position;
- income statement and consolidated income statement;
- statement of comprehensive income and consolidated statement of comprehensive income;
- cash flow statement and consolidated cash flow statement:
- statement of changes in equity and consolidated statement of changes in equity;
- explanatory notes to the yearly financial statements and to the consolidated financial statements and related appendices.

The Board of Directors, in accordance with the legal provisions and the Articles of Association, proposes that the Shareholders' Meeting distribute the net profit for the year, equal to Euro 7,296,982, as indicated below:

- 5% of net profit, equal to the amount of Euro 364,849 pursuant to Article 2430 of the Italian Civil Code to the legal reserve;
- Euro 6,932,133 to the extraordinary reserve.

THE ADMINISTRATIVE BODY



27 May 2022

Tecnocap Group

Consolidated financial statements

as at December 31, 2021

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- **Consolidated statement of changes in equity**
- **Consolidated cash flow statement**

Explanatory notes

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	12/31/2021	12/31/2020
NON-CURRENT ASSETS			
Property, plant and equipment	**4**	**89,242,861**	**79,244,733**
Assets under construction and payments on account		12,288,403	5,746,230
Land and buildings		24,205,187	23,036,617
Plants and machinery		48,313,325	45,814,849
Equipment and other assets		4,435,946	4,647,037
Intangible fixed assets	**5**	**23,685,887**	**22,326,224**
Development costs		0	91,512
Patents, trademarks and other rights		105,272	124,182
Software		151,715	142,965
Goodwill		22,944,002	21,424,633
Other intangible assets		484,897	542,932
Rights of use	**6**	**5,439,560**	**4,359,408**
Financial fixed assets	**7**	**3,957,953**	**3,390,419**
Equity investments measured at cost		690,679	511,011
Other financial assets		3,267,275	2,879,408
Deferred tax assets	**8**	**3,400,176**	**3,542,628**
Non-current assets, Total		**125,726,436**	**112,863,412**
CURRENT ACTIVITIES			
Inventories	**10**	62,460,618	50,605,898
Tax receivables	**11**	2,441,601	3,039,487
Trade and other receivables	**12**	35,159,442	27,274,022
Cash and cash equivalents	**13**	20,577,291	8,986,907
Current assets, Total		**120,638,951**	**89,906,313**
Assets held for sale	**9**	-	-
ASSETS, TOTAL		**246,365,387**	**202,769,725**

LIABILITIES	Notes	12/31/2021	12/31/2020
NET EQUITY	**14**		
Share capital		6,319,490	6,319,490
Other reserves		45,233,250	35,552,109
Profit (loss) for the period		16,001,067	9,197,602
- Group Net Equity		***67,553,808***	***51,069,201***
- Minority interest Net Equity		***952,444***	***840,213***
Consolidated Net Equity		**68,506,252**	**51,909,414**
NON-CURRENT LIABILITIES			
Payables to Banks and other lenders	**15**	56,925,320	41,739,724
Employee severance indemnity and other employee benefits	**16**	1,837,774	1,744,535
Other provisions	**18**	170,522	424,464
Deferred tax liabilities	**17**	9,246,553	7,937,024
Other liabilities	**19**	1,899,520	1,986,254
Non-current liabilities, Total		**70,079,689**	**53,832,002**
CURRENT LIABILITIES			
Payables to Banks and other lenders	**15**	36,926,361	36,816,735
Tax payables	**20**	1,945,311	860,507
Trade and other payables	**21**	61,960,880	53,712,448
Other liabilities	**19**	6,946,893	5,638,618
Current liabilities, Total		**107,779,446**	**97,028,308**
LIABILITIES, TOTAL		**177,859,134**	**150,860,310**
NET EQUITY AND LIABILITIES, TOTAL		**246,365,387**	**202,769,725**

CONSOLIDATED INCOME STATEMENT

	Notes	2021	2020
OPERATING REVENUES		**230,904,921**	**192,576,030**
Revenue from sales and services	**22**	223,994,348	187,885,775
Other revenues and income	**23**	5,379,669	3,070,982
Increases in fixed assets for internal works	**24**	1,530,904	1,619,272
OPERATING COSTS		**209,866,801**	**177,444,846**
Raw materials, consumables and supplies	**25**	127,142,715	104,381,853
Other operating costs	**26**	29,601,135	24,850,599
Personnel costs	**27**	41,803,132	37,836,282
Depreciation of property, plant and equipment and rights of use and amortization of intangible assets	**28**	11,319,819	10,376,113
OPERATING EARNINGS		**21,038,120**	**15,131,183**
Interest and other financial income	**29**	338,741	44,336
Interest and other financial expenses	**29**	(2,903,454)	(3,168,768)
Exchange gains and losses		1,420,793	(1,952,328)
NET FINANCIAL INCOME AND EXPENSES		**(1,143,920)**	**(5,076,759)**
PRE-TAX INCOME		**19,894,200**	**10,054,424**
TAX EXPENSES/(INCOME)	**30**	**3,780,902**	**816,113**
Current taxes		2,853,600	1,678,426
Deferred tax assets/liabilities		927,302	(862,313)
PROFIT (LOSS) OF THE OPERATING ACTIVITY		**16,113,298**	**9,238,311**
Net gains (losses) deriving from assets held for sale		0	0
PROFIT (LOSS) FOR THE YEAR		**16,113,298**	**9,238,311**
- PROFIT (LOSS) for the year attributable to minority interest		**112,231**	**40,709**
- PROFIT (LOSS) FOR THE YEAR attributable to The Group		**16,001,067**	**9,197,602**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2021	2020
Consolidated profit/(loss)	**16,113,298**	**9,238,311**
Other components of the statement of comprehensive income		
Translation differences of foreign financial statements	4,440,393	(4,390,922)
Discounting effect IAS 19	(30,867)	19,915
Net (Loss)/profit from cash flow hedge	0	0
Other	0	0
Total other components of the statement of comprehensive income, net of taxes	**4,409,526**	**(4,371,007)**
Total comprehensive profit/loss, net of taxes	**20,522,824**	**4,867,304**
Attributable to:		
Shareholders of the parent company	20,410,593	4,826,595
Minority shareholders	112,231	40,709

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Reserves	Result	Total Group	Cap. and res. minority interest	Res. minority interest	Total minority interest
12/31/2019	**6,319,490**	**35,076,525**	**6,964,885**	**48,360,901**	**180,936**	**27,614**	**208,550**
2020 consolidated result attributable to the group			9,197,602	**9,197,602**			**0**
2020 consolidated result attributable to minority interest				**0**		40,709	**40,709**
Exchange rate difference and other minor impacts		(4,390,922)		**(4,390,922)**			**0**
Total statement of comprehensive income		***(4,390,922)***	***9,197,602***	***4,806,680***	***0***	***40,709***	***40,709***
2019 consolidated group result carried forward		6,964,885	(6,964,885)	**0**			**0**
2019 minority interest result carried forward				**0**	27,614	(27,614)	**0**
Dividends paid		(2,000,073)		**(2,000,073)**			**0**
Other changes		(98,307)		**(98,307)**	590,954		**590,954**
12/31/2020	**6,319,490**	**35,552,109**	**9,197,602**	**51,069,201**	**799,502**	**40,709**	**840,213**
2021 consolidated result attributable to the group			16,001,067	**16,001,067**			**0**
2021 consolidated result attributable to minority interest				**0**		112,231	**112,231**
Exchange rate difference and other minor impacts		4,440,393		**4,440,393**			**0**
Total statement of comprehensive income		***4,440,393***	***16,001,067***	***20,441,460***	***0***	***112,231***	***112,231***
2020 consolidated group result carried forward		9,197,602	(9,197,602)	**0**			**0**
2020 minority interest result carried forward				**0**	40,709	(40,709)	**0**
Dividends paid		(4,000,000)		**(4,000,000)**			**0**
Other changes		43,146		**43,146**			
12/31/2021	**6,319,490**	**45,233,250**	**16,001,067**	**67,553,808**	**840,212**	**112,231**	**952,444**

CONSOLIDATED CASH FLOW STATEMENT	12/31/2021	12/31/2020
CASH FLOWS FROM OPERATIONAL ACTIVITIES		
Result for the year	16,113,298	9,238,311
ADJUSTMENTS FOR NON-MONETARY ELEMENTS	**10,993,458**	**8,634,348**
- Depreciation of property, plant and equipment and amortisation of intangible assets	11,319,819	10,376,113
- Capitalisation	(1,530,904)	(1,619,272)
- Other	1,204,543	(122,493)
OPERATING EARNINGS BEFORE CHANGES IN WORKING CAPITAL	**27,106,756**	**17,872,659**
- Changes in inventories	(11,854,720)	(3,245,166)
- Change in trade and other receivables	(7,885,420)	(4,446,213)
- Changes in tax receivables	597,886	(970,019)
- Changes in trade payables	8,248,432	10,006,833
- Changes in other liabilities and tax payables	2,393,079	588,704
Changes in working capital	**(8,500,742)**	**1,934,139**
NET CASH FLOW FROM OPERATIONAL ACTIVITIES	**18,606,014**	**19,806,798**
CASH FLOWS FROM INVESTMENT ACTIVITIES	**(22,794,392)**	**(8,504,459)**
(Investments)/divestments in property, plant and equipment and intangible fixed assets	(22,226,858)	(8,295,101)
(Investments)/divestments in financial fixed assets and assets held for sale	(567,534)	(209,358)
FREE CASH FLOW	**(4,188,378)**	**11,302,338**
CASH FLOWS FROM THE FINANCING ACTIVITIES	**11,338,368**	**(1,579,171)**
Increase/(Decrease) in Net Equity excluding result of the year	(3,956,854)	(1,507,425)
Increase/(Decrease) in debt to Banks and Other lenders	15,295,222	(71,746)
Translation differences	4,440,393	(4,390,922)
NET LIQUIDITY GENERATED/ABSORBED DURING THE YEAR	**11,590,383**	**5,332,246**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**8,986,907**	**3,654,661**
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	**20,577,291**	**8,986,907**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT DECEMBER 31, 2021

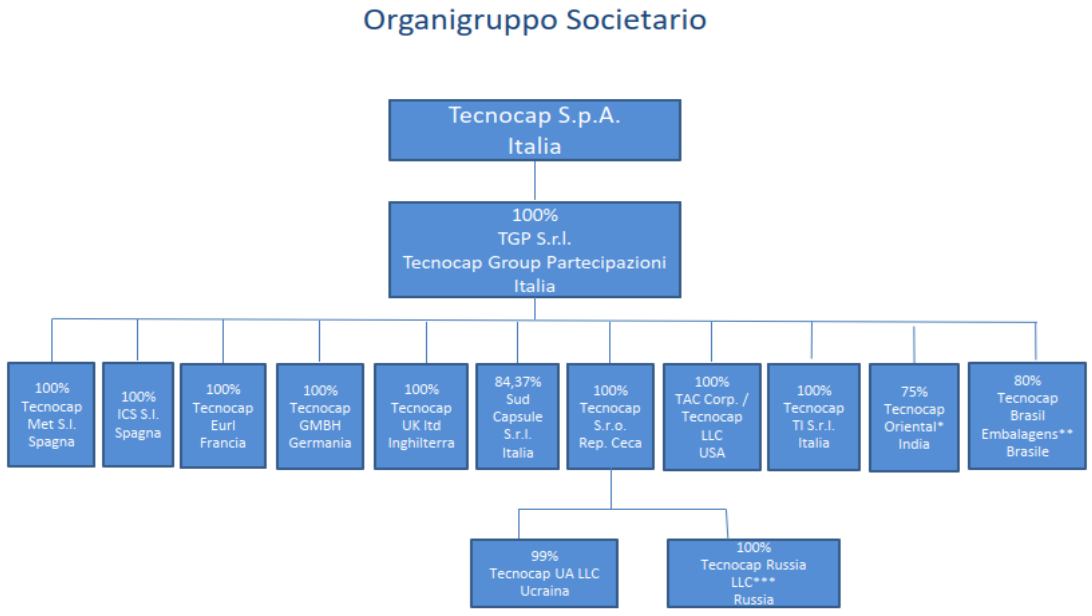
1. Company information

Tecnocap S.p.A. (hereinafter the "Parent Company" or "Tecnocap") is a limited company registered and domiciled in Italy. It is noted that the Company has benefited from the longer period of 180 days for the approval of the financial statements, compared to the established 120 day, in order to examine the correct preparation of the financial statements of the Group companies.

The Tecnocap Group, operating in the metal packaging sector, specializes in the industrial production of metal closures for metal, glass and plastic containers, used both in the industrial food packaging industry and in health and wellness products as well as design, production, sale and leasing of machinery, plants and industrial equipment for the manufacturing and use of the closures.

For several years, Tecnocap Group has expanded its range of products offered, adding to the production of metal capsules also the production of aluminum aerosol cylinders and aluminum bottles, thus realizing an initial diversification of its production offer.

The Group's corporate structure is represented graphically, as follows:



* Tecnocap Oriental has been consolidated at 75%, considering also the share indirectly owned by Simest of 20%, due to TGP's commitment to the repurchase of the stake by 2025.

** Tecnocap Brasil Embalagens has not been consolidated since it is not yet operational.

***For Tecnocap Russia, a non-operational company, Management has initiated the voluntary liquidation procedure.

The companies of the Group are mainly divided into manufacturing, commercial services and commercial distribution.

The manufacturing companies are:

Tecnocap S.p.A. – the Parent Company based in Italy, carries out the production of metal capsules and packaging as well as the design and construction of capping machines for closuring the packaging, through research and development and technical design activities;

Tecnocap S.r.o. – a company based in the Czech Republic, carries out the production of metal packaging, as well as lithography; this company controls the Ukrainian company **Tecnocap UA LLC** which carries out the same activities;

Tecnocap LLC (controlled through the vehicle company TAC Tecnocap Acquisition Company Corp.) – a company based in the U.S.A., which operates in the field of production of metal closures and lithography and has its own research and design center;

Tecnocap TL S.r.l. – a company established in 2017, based in Italy, which produces aluminum aerosol cylinders and bottles.

Tecnocap Oriental Pvt. Ltd. (hereinafter "TOPL") **–** a company based in India, established in 2020, which produces and sells metal closures.

In addition, in 2020 the company based in Brazil called **Tecnocap Brasil Embalagens Ltda** was established, which will be operational from 2023.

The commercial services companies are:

Tecnocap Eurl –based in France, a marketing and commercial promotion company for the French territory;

Tecnocap GmbH –based in Germany, a marketing and commercial promotion company for the German territory;

Tecnocap UK Ltd. –based in England, a marketing and commercial promotion company for the Anglo-Saxon territory;

Tecnocap Met S.l.u. – based in Spain, not operational from 2019 and pending liquidation.

The commercial distribution companies are:

Sud Capsules S.r.l. - a commercial company based in Italy, through which it is possible to better follow and serve the market segment, composed of many small and medium-sized national businesses;

International Closures Solution S.l. (hereinafter ICS) – a commercial company based in Spain for serving and developing the market of the Iberian Peninsula and North Africa.

Finally **, TGP Tecnocap Group Partecipazioni S.r.l** (hereinafter "TGP") - a sub-holding company of shareholdings based in Italy, and a company vehicle entirely owned by the Parent Company Tecnocap S.p.A., through which it holds the various strategic equity investments of the Tecnocap Group.

Starting from 2014, the Italian Parent Company Tecnocap S.p.A. opted for the taxation regime under the national consolidated tax convention, as a consolidator, as did its direct subsidiary TGP, and its indirect subsidiaries Tecnocap TL S.r.l. and Sud Capsule S.r.l., as consolidated companies.

2.1 Reporting principles and accounting standards

Pursuant to Regulation (EC) No 1606/2002 of July 19, 2002 , the consolidated financial statements as at December 31, 2021 have been prepared in accordance with the International Accounting Standards IAS/IFRS (hereinafter IFRS) approved by the European Commission, supplemented by the relevant interpretations (*Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC*) issued by *the International Accounting Standards Board* (IASB) and in force at the year-end.

The general principle adopted in the preparation of these financial statements is the historical cost principle, with the exception of the balance sheet items that, according to IFRS, are mandatorily recognized at *fair value*, as indicated in the measurement criteria of the individual items.

The financial statements consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Cash flow Statement, the Statement of Changes in Equity and the relevant Explanatory Notes.

The assets and liabilities in the Tecnocap Group's financial statements are classified according to the current/non-current criterion.

An asset is current when: (i) it is supposed that it is realized, or is held for sale or use, in the normal course of the operating cycle; (ii) it is held primarily for the purpose of trading it; (iii) it is expected to be realized within twelve months of the closing date of the financial year; (iv) it consists of cash or cash equivalents unless it is prohibited from exchanging or using it to settle a

liability for at least twelve months from the reporting date. All other assets are classified as non-current.

A liability is current when: (i) it is expected to expire in its normal course of the operating cycle; (ii) it is held primarily for the purpose of trading it; (iii) it must be settled within twelve months from the closing date of the financial year; (iv) the entity has no unconditional right to defer the settlement of the liability for at least twelve months from the reporting date. The Group classifies all other liabilities as non-current.

The income statement is presented for the period, classifying costs by nature; the Statement of comprehensive income/loss and the Statement of changes in equity have been prepared separately in accordance with IAS 1 Revised. The Cash Flow Statement have been prepared using the indirect method as permitted by IAS 7.

The financial statements were drafted on a going concern basis, pursuant to Article 2423 bis of the Italian Civil Code, as even within a difficult economic and financial context, caused by the resurgence of the Covid-19 virus and by the geopolitical tension related to the Russia-Ukraine crisis, It is not deemed that there are significant uncertainties and effects (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial statements) on the going concern assumption. In particular, the Group's capital strength and the results obtained in 2021 confirm the substantial stability of the business in which Tecnocap operates, whose activity, belonging to the typically anti-cyclical production chains of *Food* and *Pharma*, is not affected by the negative impact related to the aforementioned emergencies. In addition, the Group is closely monitoring the consequences and implications of the Russia-Ukraine conflict that emerged at the end of February 2022, considering the interests arising from the industrial activities on the Ukrainian territory of its subsidiary Tecnocap UA LLC. At the date of this document, the impact of the conflict on the Group's business is limited and no significant risks to the business continuity perspective are identified.

For more details on the Group's economic, financial and equity performance, please refer to the Management Report.

The preparation of the financial statements required the use of estimates by management; the main areas characterized by particularly significant valuations and assumptions, as well as those with significant effects on the statements presented are reported in paragraph 3, to which reference is made.

In compliance with Article 2497 bis of the Italian Civil Code, it is noted that the Tecnocap Group is not subject to management and coordination activities.

These financial statements, have been prepared in accordance with the IFRS principles, have been audited by the audit firm Deloitte & Touche S.p.A., which has also entrusted with the legally-required audit of the accounts.

Transactions in currencies other than the functional currency

The financial statements are presented in Euro, which is the functional currency.

The amounts shown shall be rounded to the unit, including the amounts indicated in the Explanatory Notes, unless otherwise indicated, in order to facilitate their reading and understanding.

Monetary assets and liabilities, denominated in foreign currency, are translated into the functional currency at the exchange rate of the reporting date.

The exchange rate differences realized or those deriving from the conversion of monetary items are recorded in the income statement, with the exception of the monetary items that constitute part of the coverage of a net investment in a foreign operation. These differences are recognized in the statement of comprehensive income until the sale of the net investment, and only then the total amount is reclassified to the income statement. The taxes attributable to foreign exchange differences on monetary items are also recognized in the statement of comprehensive income.

Non-monetary items measured at historical cost in a foreign currency is translated at the exchange rates on the date of the initial recognition of the transaction. Non-monetary items recorded at *fair value* in foreign currency are translated at the exchange rate on the date of determination of this value. The profit or loss arising from the conversion of the non-monetary items is treated consistently with the recognition of profits and losses related to the change in *the fair value* of the aforementioned items (i.e. the exchange rate differences on items whose change in *fair value* is recognized in the statement of comprehensive income or in the income statement are recorded, respectively, in the statement of comprehensive income or in the income statement).

Intangible assets

Intangible assets consist of non-monetary items that are unphysical, clearly identifiable and likely to generate future economic benefits for the company. These items are recognized at purchase and/or production cost, including expenses directly attributable during preparation to the activity to bring it into operation, net of accumulated amortization (except fixed assets with

an indefinite useful life) and of any impairment losses. The amortization begins when the asset is available for use and is systematically distributed according to the residual useful life of the asset, i.e. on the basis of its useful life. In the financial year in which the intangible asset is recognized for the first time, amortization is determined taking into account the actual use of the asset.

Goodwill

Goodwill is initially recorded at cost and represents the excess of the purchase cost compared to the quota pertaining to the buyer of the *fair value* related to the values of assets, liabilities and contingent liabilities identified at the purchase date.

According to IAS 36, goodwill is not subject to amortization, but *to impairment test*ing at least on an annual basis, at the time of preparation of the consolidated financial statements. If the recoverable amount (as defined below) is lower than its carrying amount, the asset is written down to its recoverable value. Where goodwill is attributed to a cash-generating unit that is partially sold/disposed, the goodwill associated with the sold/disposed unit is considered for the purpose of determining any capital gains/losses deriving from the transaction.

Improvements on third-party assets

Improvements on third-party assets with the characteristics of fixed assets are capitalized in the category of the asset to which they refer and are amortized according to their useful life or, if lower, according to the duration of the lease.

Development costs

An intangible asset generated in the development phase of an internal project is recorded as an asset if it is probable that the Group will benefit from expected future benefits attributable to the developed project and if the cost of the project-related asset can be measured reliably. Research costs are charged to the income statement. Similarly, if the Group purchases externally a fixed asset that qualifies as research and development expense, only the cost attributable to the development phase, if the above requirements are met, is recognized under fixed assets.

The costs for development projects are capitalized under the item “Assets under development” and are subject to amortization only when the development phase is completed and the developed project begins to generate economic benefits. During the period in which capitalized internal development costs eligible for capitalization are incurred, these are suspended in the income statement under the voice Increases in fixed assets for internal work. The amortization

of development costs is calculated over five years, the average duration representing the useful life of the benefits linked to the developed products.

Trademarks, patents and other rights

Trademarks and patents with a defined useful life are amortized using the linear method based on their estimated useful life and on the basis of the strategic plans envisaged for use.

The period and the amortization method applied to them are reviewed at the end of each financial year. Changes in the expected useful life or in the manner in which the future economic benefits linked to intangible fixed assets will be achieved by the Group, are recognized by appropriately modifying the amortization period or method and treated as changes in accounting estimates.

The amortization charges of intangible fixed assets with a defined useful life are recorded in the income statement in the cost category consistent with the function of the related intangible asset. The amortization rates based on the estimated useful life as at December 31, 2021, by category of intangible assets, are as follows:

Description	Rate Applied	Estimated Useful Life
Development costs	20%	5
Software	20%	5
Patents, trademarks and other rights	20%	5
Other	20%	5

Property, plant, machinery and other equipment

Recognition and measurement

Property, plant, machinery and other equipment are recognized at cost, net of the related accumulated depreciation and any impairment losses. The cost includes the purchase or production price and the costs directly attributable to bringing the asset to the place and in the conditions necessary for its operation; financial charges are also included if they meet the conditions envisaged by IAS 23.

Following the initial recognition, the cost criterion is maintained, depreciated based on the useful life of the asset and net of any loss in value, taking into account any residual value.

Land, including that pertaining to buildings, is accounted for separately and is not depreciated as it has an indefinite useful life.

Subsequent expenses

Costs of improvements and conversions with an incremental nature of tangible assets (since they determine probable future economic benefits that can be measured reliably) are recorded in assets as an increase in the reference fixed asset or as a separate asset. Maintenance or repair costs which have not led to any significant and measurable increase in production capacity, or in the useful life of the asset concerned, are recognized in the income statement for the year in which they are incurred.

Depreciation

Depreciation reflects the financial and technical deterioration of the asset and begins when the asset becomes available for use; it is calculated according to the linear model using the rate deemed representative of the estimated useful life of the asset.

The economic and technical lives of tangible assets, based on which the depreciation process is determined, are as follows:

Description	Rate Applied	Estimated Useful Life
Land	n.a.	indefinite
Buildings	3%	33 years
Plant and machinery	8% - 10%	13 - 10 years
Equipment and other assets	12% - 25%	8 - 4 years

The useful life of the individual assets is periodically retested, in order to determine the consistency with respect to the financial and technical deterioration.

If the asset subject of depreciation comprises distinctly identifiable elements whose useful life differs significantly from that of the other parts making up the asset, depreciation is calculated separately for each of the parts that make up the asset in application of the *component approach principle.*

In 2012, the Parent Company reduced the depreciation rate of plant and machinery to take into account the effective useful life of the assets, which was estimated, by technical expertise, as 13 years (compared to the previous 7 years of the financial years prior to 2012).

Impairment of assets

Intangible assets with an indefinite life are subject to a systematic testing of *impairment* at least annually and in any case if impairment indicators emerge.

Property, plant and equipment, as well as intangible assets subject to amortization, are

subjected to an impairment test if impairment indicators emerge. The reductions in value correspond to the difference between the book value and the recoverable value of an asset. The recoverable value is the greater between *the fair value* of an asset or cash-generating unit, less selling costs, and its value in use, defined based on the discounted future cash-flow method. The value in use is the sum of the cash flows expected from the use of an asset, or from their sum in the case of several unites generating flow. In the event that the recoverable amount is lower than the book value, the book value is reported at the recoverable value, recognizing the impairment in the income statement. If the impairment of the asset (excluding goodwill) is subsequently lost, the book value of the asset (or cash-generating unit) is increased until the new estimate of the recoverable value, without exceeding the value initially recorded.

Leases

Lease agreements are accounted in application of IFRS 16, according to which the Group assesses at the time of signing a contract whether it is, or contains, a lease. In fact, IFRS 16 establishes a single model for the recognition and measurement of lease agreements (including operating leases) for the lessee, with the recognition of the leased asset in the balance sheet assets ("Right of use"), against a financial liability. This does not apply to short-term lease agreements (i.e. lease agreements with a duration equal to or lower than twelve months) and those in which the underlying asset is a low-value asset (or underlying assets that do not exceed the value of Euro 5 thousand, when new), for which the Group continues to recognize the lease payments in the income statement.

The Group recognizes right of use assets at the start date of the lease (i.e. the date on which the underlying asset is available for use). Right of use assets are measured at cost, net of accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liability. The cost of right of use assets includes the amount of the lease liabilities recognized, the initial direct costs incurred, and the lease payments made at the start date or prior, net of all other incentives received. Right of use assets are depreciated on a straight-line basis as of the start date until the end of the useful life of the right of use asset or, if prior, at the end of the lease term.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right of use asset reflects the fact that the lessee will exercise the purchase option, the leasee must depreciate the right of use asset on a straight-line basis as of the start date until the end of the useful life of the underlying asset.

At the start date of the lease, the Group recognizes lease liabilities by measuring them at the present value of the lease payments due for the lease not yet made at that date. The payments due include fixed payments net of any incentives, variable lease payments that depend on an index or a rate, and the amounts that are expected to be paid by a way of guarantee of the residual value. The lease payments also include the exercise price of a purchase option if it is reasonably certain that such option will be exercised by the Group and the penalty payments for the early termination of the lease, if the lease duration takes into account the exercise by the Group of the lease termination option.

Variable lease payments that do not dependent on an index or rate are recognized as costs during the period in which the event or the condition that generated the payment occurs.

In calculating the present value of the payments due, the Group uses the incremental borrowing rate at the start date if the implicit interest rate cannot be easily determinable.

The carrying amount of lease liabilities is redetermined in the case of any modifications in the lease or due to the revision of contractual terms for the modification of payments; moreover, it is also redetermined if there are modifications with respect to the valuation of the purchase option of the underlying asset or due to changes in future payments deriving from a modification of the index or the rate used to determine such payments.

The depreciation of right of use assets and interest expenses accrued on the financial liability are recognized in the income statement.

Assets under finance leases (for which the Group assumes substantially all risks and benefits associated with the ownership of the asset) are recognized as assets and are therefore recorded, from the start date of the leasing contract, at *the fair value* of the leased asset or, if lower, at the present value of the lease payments. The corresponding liabilities to the lessor are recognized under financial liabilities. The amortization methods and subsequent valuation of the asset are consistent with those of the directly owned fixed assets.

Lease agreements, already previously classified according to IAS 17 as finance leases, have not undergone any modification with respect to the current accounting method, continuing as in the past.

Credits and financial assets

These are represented by equity investments, financial receivables, tax receivables, trade receivables, other current assets.

IFRS 9 provides the following types of financial assets:

• financial assets at *fair value* with counterpart in income statment;

• financial assets at amortized cost;

• investments held to maturity;

• financial assets available-for-sale.

The management determines their classification at the time of their first recognition according to the following parameters:

i. *Financial assets at fair value with a corresponding entry to the income statement*

This category includes the assets held for trading and the assets intended at the time of the initial recognition as financial assets at *fair value* with changes entered to the income statement, in addition to derivative instruments for which reference should be made to the specific paragraph. Assets held for trading are those assets acquired with the intention of being sold in the short-term. Gains or losses on assets held for trading are recognized in the income statement. As at December 31, 2021, the Group has not classified any financial assets at *fair value* with a corresponding entry in the income statement, which is not attributable to derivative instruments.

ii. *Financial assets at amortized cost*

The Group measures financial assets at amortized cost if both of the following requirements are met:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual financial flows; and

• the contractual terms of the financial asset give rise on specified dates to certain cash flows that are solely payments of principal and interest on the outstanding principal amount.

Financial assets at amortized cost are then measured using the effective interest method and are subject to *impairment testing*. Gains and losses are recognized in the income statement when the asset is eliminated, amended or revalued.

As at December 31, 2021, the Group recorded trade receivables, tax receivables, financial receivables related to loans toward related parties and third parties and other current assets.

iii. *Investments held to maturity*

Financial assets that are not derivatives and which are characterized by fixed or determinable payments are classified as “investments held to maturity” when the Group has the intention and the ability to keep them in its portfolio until maturity. Current assets include those whose that

the contractual expiry is expected within the following 12 months. If there is objective evidence of indicators of impairment, the value of the assets is reduced to such an extent as to be equal to the discounted value of the flows obtainable in the future: the losses in value determined through *impairment tests* are recorded in the income statement. Should the reasons for the previous write-downs ceases to exist in subsequent periods, the value of the assets is reinstated up to the value that would have derived from the application of the amortized cost if the impairment had not been carried out.

iv. *Financial assets available-for-sale*

Financial assets available-for-sale are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above three categories. These financial assets are measured at *fair value*, recognizing the changes in value with a corresponding asset item in a specific equity reserve ("reserve for assets available-for-sale"), except when the *fair value* cannot be reliably determined. In this case, the assets available-for-sale are valued at cost, adjusted for any impairment.

Financial derivatives

IFRS 9, the application of which became mandatory from January 1, 2018, replaces IAS 39 according to which derivative financial instruments were measured at *fair value* through profit or loss for the period, unless they were designated as hedging instruments. Also, on the basis of IFRS 9, derivatives are measured at *fair value* with a corresponding entry to the income statement, unless they are part of a hedging relationship; therefore, since there are no different rules for classification and valuation of derivatives in IAS 39 and IFRS 9, no transitional rules in relation to measurement of derivatives have been provided.

For the purposes of proper recognition, classification, presentation in financial statements and subsequent measurement, the existing financial derivative transactions in can be divided as follows:

- Hedging transactions defined under IFRS 9: these are cash flow hedges. For cash flow hedges, the accrued result is included in the net economic result when realized, while the forecast values are shown in net equity.
- Transactions not definable as hedge in accordance with IFRS 9, even though for hedging purposes: The Group may hold derivative instruments for the purpose of hedging its exposure to the risk of changes in rates. In line with the strategy chosen, the

Group has not engaged in derivative transactions for speculative purposes. If these transactions cannot be classified as hedges pursuant to IFRS 9, the accrued result and the forecast value are included in the operating earnings.

Determination of Fair value

The *fair value* of instruments listed on public markets is determined by reference to the quotations (*bid price*) at year-end. The *fair value* of unlisted instruments is measured by reference to financial valuation techniques.

Financial assets and liabilities measured at *fair value* are classified at the three hierarchical levels described below, based on the relevance of the information (input) used in determining the fair value itself. In particular:

Level 1: Financial assets and liabilities whose *fair value* is determined on the basis of quoted prices (unadjusted) on active markets for identical assets or liabilities;

Level 2: Financial assets and liabilities whose *fair value* is determined on the basis of inputs other than the quoted prices referred to in Level 1 but observable directly or indirectly;

Level 3: Financial assets and liabilities whose *fair value* is determined on the basis of unobservable input data.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower value between the purchase or manufacturing cost and the presumed net realizable value inferable from the market trend.

The purchase cost is inclusive of the costs incurred to bring each asset to the storage location.

The manufacturing cost of finished products and semi-finished products include direct costs and a proportion of indirect costs reasonably attributable to the products on the basis of the normal production capacity use, while financial charges are excluded. With regard to the work in progress, the valuation was made at the production cost of the year, taking into account the progress of the work performed.

The cost of inventories of raw materials, finished goods, goods for resale and semi-finished products is determined by applying the FIFO method. For raw materials, consumables and supplies, the presumed net realizable value is presented by the replacement cost. For finished and semi-finished products, the presumed net realizable value is the estimated selling price during the ordinary business activities, net of the estimated costs of completion and those

necessary to realize the sale. Obsolete or slow-moving items are written down in relation to their possibility of use or future realization, by inserting a specific value adjustment provision in the financial statement .

Assets held for sale

Assets held for sale refer to those assets whose book value will be recovered through the sale, which should be completed within 12 months from the date of classification in this item, rather than through continuous use. Assets held for sale are valued at the lower of their net book value and the *fair value* net of the related selling costs.

In accordance with IFRS 5, the data relating to assets held for sale are presented in two specific items of the balance sheet: “Assets held for sale” and “Liabilities directly related to assets held for sale”.

Cash and cash equivalents

Cash and cash equivalents include the cash balance, unrestricted deposits and other treasury investments with an original maturity that does not exceed three months. A cash investment is considered a cash equivalent when it is readily convertible into cash with non-significant risk of change in value and when it is intended to meet short-term cash commitments and is not held for investment purposes.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of bank overdrafts at year-end.

Net Equity

Share capital

The share capital comprises subscribed and paid up capital. The costs related to the issue of shares or units are classified as a reduction in the share capital net of the deferred tax effect.

Retained earnings/ (Losses carried forward)

This item includes the net results for the year regarding the part not distributed or allocated to reserve (in case of profits) or to be repaid (in case of losses). The item also includes transfers from other equity reserves when the restriction of which they were subject is lifted, as well as the effects of the recognition of changes in accounting policies and material errors.

Provisions for liabilities and charges

Provisions for liabilities and charges relate to costs of a determined nature and of a certain or probable existence which at the closing date of the financial year are indeterminate in the amount or the date of occurrence.

Provisions are made if the following conditions are met:

• there is a current obligation (legal or contractual) as a result of a past event;

• it is probable that an outflow of resources will be required to resolve the obligation;

• a reasonable estimate of the amount of the obligation can be made.

The funds are recorded at the present value of the financial resources expected to be used against the obligation.

The funds are periodically updated to reflect changes in cost estimates, completion time and any discounted value; the review of provision estimates are charged to the same item in the income statement that previously accepted the provision and in the income statement for the period in which the change occurred. In the event of discounting, the change in provisions due to the lapse of time or changes in interest rates is recorded in the item "Net financial income and charges".

Employee benefits

The following is a distinction between defined contribution plans, defined-benefit plans that are not fully funded, partially or fully funded defined benefit plans, and other forms of long-term benefits.

Defined contribution plans

Defined contribution plans are formalized plans for the supply of benefits after the termination of the employment relationship on the basis of which the Group makes payments to a separate entity (insurance company or pension fund) and will not have a legal or implicit obligation to pay additional contributions if the fund did not have sufficient assets, when the right accrues, to pay all employee benefits relating to the work performed during the current and prior periods. These contributions, paid in exchange for the work rendered by the employees, are recorded under costs in the relevant period.

Defined benefit plans and other long-term benefits

The cost of defined benefit plans is determined using the Projected Unit Credit Method, performing actuarial valuations at each year-end. The cost related to past work benefits is recognized immediately, to the extent that the benefits are already accrued, or otherwise amortized in a straight-line bases, within the average period in which the benefits are expected to accrue. The financial charges accrued on the basis of the annual technical discounting rate are immediately recognized in the income statement. Actuarial gains and losses are recognized through other changes in the Statement of Comprehensive Income in the specific item of net equity.

The liabilities for post-employment benefits recognized in the financial statements represent the present value of the liabilities for defined benefit plans. On the other hand, there are no other long-term employee benefits or benefits of termination of employment.

Financial liabilities

The Group's financial liabilities consist of medium/long-term loans, current and non-current financial liabilities relating to loans from related parties and third parties, short-term payables to banks, financial liabilities relating to financial leases.

Financial liabilities are initially recorded at market value (fair value) increased by transaction costs; subsequently, they are valued at amortized cost and, in other words, at initial value, net of the capital repayments already made, adjusted (up or down) based on amortization (using the real interest rate calculation method) of any differences between the initial value and the maturity value. Payables and other liabilities are classified under current liabilities, unless the contractual right to settle the obligation exceeds twelve months from the reporting date.

Revenues, other revenues and income

IFRS 15 applies, with few exceptions, to all revenues arising from contracts with customers. IFRS 15 establishes a five-step model to recognize the revenue arising from customer contracts and requires that revenues are recognized at an amount that reflects the consideration that the entity expects to receive in exchange for the transfer of goods or services to a customer.

Revenues are recognized in the income statement according to the matching and accruals principle of accounting and are recognized to the extent that it is probable that the Group will receive the economic benefits associated with the sale of goods or the provision of services and the amount thereof can be determined in a reliable manner. Revenues are recorded net of

returns, discounts, rebates and taxes directly associated with the sale of the product or the provision of the service. Sales are recognized at *the fair value* of the consideration received for the sale of products and services, when the following conditions are met:

- the substantial transfer of the risks and benefits connected to the ownership of the asset takes place;
- the value of the revenues is determined reliably;
- it is probable that the economic benefits deriving from the sale will be benefited by the company;
- the costs incurred, or to be incurred, are determined reliably.

Government grants

Government grants are recognized at fair value when it is reasonably certain that all the conditions necessary to obtain them have been met and that they will be received. Grants related to specific expenses are recognized under liabilities and credited to the income statement on a systematic basis over the year in order to offset the related expenses. Grants related to specific assets the amount of which is recognized under non-current assets are recognized under non-current liabilities and taken to profit or loss over the amortization/depreciation period of the relevant asset.

Costs

Costs are recognized in the Income Statement according to the criterion of direct association between the costs incurred and obtaining specific revenue items, unless specific provisions are contained in a standard.

Financial income and charges

Interest is recognized in the Income Statement on an accrual basis using the effective interest method, i.e. using the interest rate that renders all the incoming and outgoing flows financially equivalent (including any additions, discounts, commissions, etc.) that make up a determined operation.

Financial charges that are directly attributable to the acquisition, construction or production of an asset that requires a rather long period before being available for use are capitalized as part of the cost of the asset. All other financial charges are recognized as the cost for the period in which they are incurred. Financial charges are made up of interest and other costs incurred by an entity in connection with obtaining loans.

Current and deferred taxes

Current taxes are set aside in accordance with legislation in force. The payable for current taxes is accounted for in the Statement of financial position, net of any tax advances paid. Deferred tax assets and liabilities are recorded to reflect all the temporary differences existing at the reporting date between the value attributed to an asset/liability for tax purposes and that attributed according to the accounting standards applied. The valuation is carried out in accordance with the tax rates that are expected to be applied in the year in which these assets will be realized or these liabilities will be extinguished considering the rates in force or those already issued or substantially issued at the reporting date.

Deferred tax liabilities are recorded on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses or tax receivables to the extent that it is probable that future taxable income will be available against which such differences, losses or assets may be utilized.

The value of deferred tax is reviewed at each year-end and is reduced to the extent that it is no longer probable that sufficient fiscally recognized profits may become available in the future for the use of all or part of this credit. Taxes (current and deferred) relating to components recognized directly in equity are also charged to equity. Current and deferred tax assets and liabilities, are only offset if such offsetting is legally permissible and are, therefore, recognized as receivables or payables in the statement of financial position.

Deferred tax assets and deferred tax liabilities are determined by adopting the tax rates expected to be applicable, in the respective legal systems of the countries in which the Group companies operate, in the years in which the temporary differences will be cancelled out.

Dividends

Dividends are recognized when the shareholders' right to receive payment arises, in accordance with local regulations in force.

Transaction with Related parties

Transactions with related parties occur at normal market conditions.

Cash flow statement

The cash flow statement is prepared using the indirect method. The net cash flows from operating activities are therefore determined by adjusting the result for the period of the effects

deriving from changes in net working capital, non-monetary elements and all the other effects linked to investment and financing activities. Opening and closing cash and cash equivalents reflect the Group's net current financial position.

2.2 Consolidation Scope

The Consolidated Financial Statements of the Tecnocap Group include the balance sheet, income statement and financial data of Tecnocap S.p.A. and of all the companies with respect to which it has the right to exercise control, directly or indirectly.

The companies included in the Group's scope of consolidation as at December 31, 2021 are as follows:

Company name	Registered office	Share capital	Shareholders	Share of port. on capital (%)	Share Cons. of Group (%)
TGP S.r.l.	Italy	24,690,375	Tecnocap S.p.A.	100.00	100.00
Tecnocap GmbH	Germany	25,000	TGP S.r.l.	100.00	100.00
Tecnocap LLC	USA	83	TGP S.r.l.	100.00	100.00
Tecnocap Eurl	France	1,000	TGP S.r.l.	100.00	100.00
Tecnocap Met	Spain	1,650,000	TGP S.r.l.	100.00	100.00
Tecnocap S.r.o.	Czech Republic	4,757,188	TGP S.r.l.	100.00	100.00
Tecnocap UA LLC	Ukraine	3,695,892	Tecnocap S.r.o.	99.00	99.00
Tecnocap UK	Great Britain	1,000	TGP S.r.l.	100.00	100.00
Tecnocap TL S.r.l.	Italy	2,342,568	TGP S.r.l.	100.00	100.00
Sud Capsule S.r.l.	Italy	1,250,000	TGP S.r.l.	84.37	84.37
ICS SL	Spain	3,000	TGP S.r.l.	100.00	100.00
Tecnocap Oriental Pvt. Ltd.	India	110,119	TGP S.r.l.	75.00	75.00

2.3 Consolidation principles

For the purposes of the consolidated financial statements of the Tecnocap Group, prepared in accordance with IAS/IFRS accounting standards, the subsidiaries are consolidated on a line - by - line basis according to the full consolidation method.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. holds valid rights that give it the ability to direct the relevant activities of the investee);
- exposure or rights to variable returns deriving from its relationship with the investee;
- the ability to use its power over the investee to affect the amount of its returns.

The financial statements of the subsidiaries (if not under common control) are consolidated starting from the date on which control was acquired and until the date on which such control ceases.

The financial statements used to prepare the consolidated financial statements of the Tecnocap Group as at December 31, 2021 are the draft financial statements approved by the relevant Administrative Bodies. These financial statements have been modified, where necessary, in order to render them consistent with Group's accounting policies, which comply with IAS/IFRS.

At the closing date, the financial statements of foreign companies with a functional currency other than the Euro are converted into the presentation of currency as follows:

- all assets and liabilities are translated using the exchange rates in effect at the reporting date (current exchange rate method);
- the related revenues and costs are converted at the average exchange rates for the year.

The exchange rate differences resulting from the application of this method are recorded in other comprehensive income and classified as net equity items (Foreign exchange and other differences) until the sale of the equity investment.

In preparing the consolidated financial statements, all the assets, liabilities, costs and revenues of the consolidated companies are taken on line by line, attributing to minority shareholders the portion of Net Equity and the result for the year attributable to them.

The accounting value of the investment in each of the subsidiaries is eliminated against the corresponding share of the Net Equity of each of them, including any adjustments to *the fair value*, measured at the acquisition date, of the related assets and liabilities; any emerging residual difference is allocated to the goodwill item. If this difference is negative, it is recognized in the Income Statement at the time of acquisition.

The minority interest and the share of profit or loss attributable to third parties' interest attributable to consolidated subsidiaries are identified separately in the Consolidated Statement of Financial Position and in the Consolidated Income Statement. Losses attributable to minority interest exceeding the share of the investee's capital are allocated to minority interest.

All intra-group balances and transactions, including any unrealized profits deriving from transactions between companies subject to consolidation, are eliminated net of any theoretical tax effect, if significant. Intra-group losses are eliminated with the exception of cases in which these are representative of impairment.

Equity investments in associated companies are consolidated using the equity method. Pursuant to IAS 28, companies in which the Group is able to exercise significant influence are considered

as associated companies. The influence is presumed to be significant if the Group owns at least 20% of the voting rights in the investee's shareholders' meeting. Tecnocap does not directly and/or indirectly hold investments in associated companies. Investments in companies under joint control may be consolidated using the proportional consolidation method or, alternatively, with the condensed equity method. The Group does not hold investments in companies under joint control.

2.4 Changes in accounting standards and disclosures

The accounting standards adopted for the preparation of the consolidated financial statements as at December 31, 2021 comply with those followed for the preparation of the consolidated financial statements as at December 31, 2020.

Several other amendments and interpretations shall apply for the first time in 2021 but have no impact on the Group's financial statements. The Tecnocap Group has not adopted in advance any other standard, interpretation or amendment published but not yet in force.

Amendment to IFRS 16 COVID-19 related rent concessions beyond June 30, 2021

On March 31, 2021, the IASB published an amendment called "**Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendments to IFRS 16)**" extending by one year the period of application of the amendment issued in 2020. The document provides for lessees the right to account for the reductions in fees related to Covid-19 without having to assess, through the analysis of lease agreements, whether the definition of lease modification of IFRS 16 is respected. Therefore, the lessees who apply this option in 2020 accounted for the effects of the reductions in rent directly to the income statement at the date of the reduction. The 2021 amendment, which is only applicable to entities that have already adopted the 2020 amendment, applies from April 1, 2021 and can be adopted in advance. The adoption of these amendments had no effects on the Group's consolidated financial statements.

On August 27, 2020, the IASB published, in the light of the reform on interbank interest rates such as IBOR, the document "***Interest Rate Benchmark Reform—Phase 2***" which contains amendments to the following standards:

- *IFRS 9 Finacial Instruments;*
- *IAS 39 Financial Instruments: Recognition and Measurement;*
- *IFRS 7: Financial Instruments: Disclosures;*
- *IFRS 4 Insurance Contracts;*

- *IFRS 16 Leases*

These changes have no impact on the Group's consolidated financial statements as of December 31, 2021.

Finally, the accounting standards, amendments and International Financial Reporting Standards interpretations approved by the European Union, which are not yet mandatory and not adopted in advance by the Company as at December 31, 2021, are for information purposes.

On May 14, 2020, the IASB published the following amendments:

- ***Amendments to IFRS 3 Business Combinations***: the purpose of the amendments is to update the reference in IFRS 3 to the revised conceptual framework, without any change to the provisions of the Standard.
- ***Additions to IAS 16 Property, Plant and Equipment***: the purpose of the modifications is not to allow the amount received from the sale of goods produced in the testing phase of the asset to be deducted from the cost of the tangible assets. These sales revenues and related costs and will therefore be recognized in the income statement.
- **Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets**: the amendment clarifies that in the estimate on whether a contract is onerous, all costs directly attributable to the contract should be considered. Consequently, the assessment of whether a contract is onerous includes not only incremental costs (such as the cost of the direct material used in the processing), but also all costs that the company cannot avoid because it has entered into the contract (such as, for example, the portion of the depreciation of the machinery used to fulfill contract).
- **Annual improvements 2018-2020**: the changes were made to IFRS 1 First-Time-Adoption of International Financial Reporting Standards, to IFRS 9 Financial Instruments, to IAS 41 Agriculture and to the illustrative Examples of IFRS 16 leases.

All amendments will enter into force on January 1, 2022; the introduction of these changes is not considered to have any significant effect on the Group's consolidated financial statements.

3. Significant accounting estimates

The application of IAS/IFRS International Accounting Standards for the presentation of the financial statements requires that the company management make accounting estimates based on complex and/or subjective judgments, estimates based on past experience and hypotheses considered reasonable and realistic on the basis of the information known at the time of the estimate.

The use of these accounting estimates affects the values of assets and liabilities and information on contingent assets and liabilities at the reporting date, as well as the amount of revenues and costs in the financial year in question. The ensuring results may differ from those estimates, due to the uncertainty that characterizes the hypotheses and the conditions on which estimates are based.

Impairment of assets

The Group's assets are subject to *impairment tests* at least on an annual basis if they have indefinite life, or more often if there are indicators of impairment loss. Similarly*, impairment tests* are carried out on all the assets for which there are signs of impairment, even if the amortization/depreciation process has already started.

The *Impairment tests* are generally conducted using the *discounted cash flow* method: This method however, is highly sensitive to the assumptions contained in the estimate of future flows and interest rates used.

For these valuations, the Group uses the plans approved by the corporate bodies and financial parameters in line with those resulting from the current trend of the reference markets.

NOTES TO THE ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4. Property, plant and equipment

Property, plant and equipment as at December 31, 2021 amounted to Euro 89,242,861 (Euro 79,244,733 in the previous year).

The following table shows the breakdown of the item and the changes occurring in the course of the financial year:

Description	Assets under development	Land and buildings	Plant and machinery	Equipment and other assets	Total
Historical cost:					
As at 12/31/2020	5,746,230	33,764,146	104,973,093	12,731,332	157,214,800
Increases	17,176,904	833,717	6,456,279	591,119	25,058,019
Decreases	(5,244,753)	(186,742)	(4,767,244)	(90,951)	(10,289,690)
Reclassifications	(5,747,924)	623,000	5,015,681	109,243	(0)
Exchange rate effects and other movements	357,945	1,236,476	3,252,643	91,500	4,938,564
As at 12/31/2021	12,288,403	36,270,597	114,930,451	13,432,242	176,921,693
Depreciation :					
As at 12/31/2020	0	10,727,529	59,158,243	8,084,296	77,970,068
Charge for the period	0	1,038,085	7,969,442	920,172	9,927,699
Disposals	0	(139,433)	(2,893,506)	(85,246)	(3,118,185)
Exchange rate effects and other movements	0	439,230	2,382,946	77,076	2,899,252
As at 12/31/2021	0	12,065,410	66,617,126	8,996,297	87,678,834
Net book value:					
As at 12/31/2021	**12,288,403**	**24,205,187**	**48,313,325**	**4,435,946**	**89,242,861**
As at 12/31/2020	**5,746,230**	**23,036,617**	**45,814,849**	**4,647,037**	**79,244,733**
Changes	**6,542,173**	**1,168,570**	**2,498,475**	**(211,089)**	**9,998,128**

The following table shows the breakdown of *the net book value* of property, plant and equipment:

Description	Gross book value as at 12/31/2021	Accumulated depreciation and write-down as at 12/31/2021	Net book value as at 12/31/2021
Assets under construction and advances	12,288,403	0	12,288,403
Land and buildings	36,270,597	12,065,410	24,205,187
Plants and machinery	114,930,451	66,617,126	48,313,325
Equipment and other assets	13,432,242	8,996,297	4,435,946
Total	**176,921,693**	**87,678,834**	**89,242,861**

"Assets under construction" amounted to Euro 12,288,403 (Euro 5,746,230 in the previous year) recording an increase of Euro 6,542,173 as net balance between new investments under development and the launch of some production lines in 2021.

The item "Land and buildings" amounted to Euro 24,205,187 (Euro 23,036,617 in the previous year) and recorded a net increase of Euro 1,168,570 mainly due to the combined effect of costs incurred and capitalized relating to the expansion and upgrade of the production sites of the subsidiaries Tecnocap UA LLC and Tecnocap s.r.o. and to the positive fluctuation of the currency exchange rates applied to the financial statement items of foreign companies in currencies other than euro. The depreciation charge of the year is equal to Euro 1,038,085.

"Plant and machinery" amounted to Euro 48,313,325 (Euro 45,814,849 in the previous year) and recorded a net increase of Euro 2,498,475, confirming the significant investments made by the Group companies, aimed at improving and expanding its production capacity. The depreciation charge for the year was equal to Euro 7,969,442.

The "Equipment and other assets" consist of specific and trained equipment and formats, laboratory equipment, furniture and furnishings and means of transport.

This category amounted to Euro 4,435,946 (Euro 4,647,037 in the previous year) recording a slight net decrease of Euro 211,089 , due to the combined effect of the acquisition costs of new specific production equipment, the disposal of obsolete equipment and the positive fluctuation of currency exchange rates. The depreciation charge for the year was equal to Euro 920,172.

5. **Intangible fixed assets**

The following table shows the breakdown of "intangible fixed assets", which amounted to Euro 23,685,887 as at December 31, 2021 and the changes occurring in the course of the financial year:

Description	Development costs	Patents and trademarks	Software	Goodwill	Other intangible assets	Total
As at December 31, 2020	**91,512**	**124,182**	**142,965**	**21,424,633**	**542,932**	**22,326,224**
Increases	0	24,250	70,596	0	12,980	107,825
Amortization	91,512	43,159	61,953	0	70,732	267,356
Reclassifications	0	0	0	0	0	0
Effects of currency translations	0	0	108	1,519,369	(283)	1,519,194
As at December 31,2021	**0**	**105,272**	**151,715**	**22,944,002**	**484,897**	**23,685,887**
Changes	**(91,512)**	**(18,909)**	**8,750**	**1,519,369**	**(58,035)**	**1,359,662**

"Development costs", amounted to Euro 91,512 in the previous year and related to investments made in previous years for the development of new seals and new formats, were fully amortized in the year.

The "Patents and trademarks" category amounted to Euro 105,272 (Euro 124,182 in the previous year) and includes intellectual property rights and trademarks. The increase in the item, totaling Euro 24,250, is attributable to the implementations to the Sage X3 application software, whose use license was acquired by Tecnocap TL, in order to streamline and automate the various business activities and the production process. The amortization charge was equal to Euro 43,159.

In recent years, the Group developed several projects of Research and Development in the field of *R&D department* and the *Engineering department*, the costs of which were in part expensed and in part directly capitalized in the new and evolved assets, tangible and intangible, for exclusive use in the various companies of the Group, as another competitive factor.

"Software" amounted to Euro 151,715 (Euro 142,965 in the previous year). The increase of Euro 70,596 is mainly due to the costs incurred by the Parent Company for the development of applications used in production and sales activity. The Amortization charge for the year is equal to Euro 61,953.

Goodwill amounted to Euro 22,944,002 (Euro 21,424,633 in the previous year). The change of Euro 1,519,369 compared to the previous year is due to the positive fluctuation in currency exchange rates applied to the financial statements of foreign companies in currencies other than euro.

The item also comprises the following elements:

- Goodwill deriving from the financial statements of the US subsidiary Tecnocap LLC recognized for a value equal to Euro 18,986,000;
- Goodwill of approximately Euro 1,278,335 attributable to Tecnocap UA LLC;
- Goodwill of approximately Euro 1,732,619 attributable to the Sud Capsule S.r.l;
- Goodwill of approximately Euro 947,048 attributable to Tecnocap Oriental Pvt. Ltd.

In application of IAS 36, Goodwill values have been subjected to impairment tests in order to verify its full reliability and recoverability. The reference unit for carrying out the impairment test is the Cash generating Unit (CGU), which represents the most basic level of consolidation of assets and liabilities that generate cash flows that are largely autonomous with respect to the other CGUs, identified in Tecnocap LLC, Tecnocap Sro, Tecnocap UA LLC, Sud Capsule

S.r.l., Tecnocap TL S.r.l., International Closures Solutions S.l. and finally in Tecnocap Oriental Pvt. Ltd.

The unleveraged discounted cash flows for each CGU derived from the 2022-2025 business plans, i.e. those generated by the operating activities only. The prepared business plans have been formally approved in their guidelines by the Board of Directors of the Parent Company.

The determination of the value of the individual CGCs was made on the basis of the following main assumptions for the determination of residual value (Unleveraged Discounted Cash Flow Method), which are considered reasonable:

- Normalized free cash flow was assumed to be equal to the NOPLAT (*Net Operating Profit Less Adjusted Taxes*) of the last year of the explicit forecast period;
- The growth rate "g" has been assumed within the long-term growth rates of the gross domestic product of the individual countries of location obtained from analyzes and studies of accredited international research institutions; the growth rates were 1.70% for CGU of Tecnocap LLC, 4% for CGU of Tecnocap UA LLC, 0.97% for CGU of Sud Capsule S.r.l. and Tecnocap TL S.r.l., 2% for CGU of Tecnocap S.r.o., 1.51% for the CGU of International Closures Solutions S.l. and 4.05% for the CGU of Tecnocap Oriental Pvt. Ltd;
- The rate of weighted average cost of capital investment (WACC) used for the CGU of Tecnocap LLC is 5.83%; for the CGU of Tecnocap UA LLC it is 13.21%, for the CGU of Sud Capsule S.r.l. it is 6.78%, For the CGU of Tecnocap TL S.r.l. is 6.50%, for the CGU of Tecnocap s.r.o. it is 5.94%, for the CGU of International Closures Solutions S.L. it is 6.39% and finally for the CGU of Tecnocap Oriental Pvt. Ltd is 8.75%.

As at December 31, 2021 for the purposes of the impairment test on the carrying amounts recorded in the Group's consolidated financial statements, the analysis carried out shows that there are no negative differences between the recoverable amount and the carrying amount. The estimates obtained were submitted to sensitivity analysis in order to verify the variability of the recoverable amount of the CGU considered, within a WACC oscillation range of 2 percentage points, crossing it with a range of fluctuation of the "g" rate of 1 percentage point. No impairments emerged from these analyses.

6. Right of use assets

The right of use assets, deriving from lease or rental agreements or contracts for the use of third-party assets, amounted to Euro 5,439,560 as at December 31, 2021 (Euro 4,359,408 in the previous year).

RIGHT OF USE AS AT 12/31/2021	ASSETS	DEPRECIATION
Right of use – Land and buildings	2,613,988	607,294
Right of use – Plant and machinery	2,550,330	343,798
Right of use – Motor vehicles	263,058	148,521
Right of use – Other	12,185	25,150
Total	**5,439,560**	**1,124,763**

Rights of use assets include the category of "Land and buildings" for a value of Euro 2,613,988, related mainly to the lease agreements concluded by the Parent Company (Euro 385,840), Tecnocap TL (Euro 410,345), Tecnocap LLC (Euro 1,239,000) and Tecnocap Oriental (Euro 344,070) referring to the areas used for the production activities as well as depot.

The "Plant and machinery" category, equal to Euro 2,550,330, is attributable to the contracts entered into by Tecnocap TL (Euro 1,825,158), Tecnocap LLC (Euro 302,000) and Tecnocap S.r.o. (Euro 423,172) for the use of machinery and plants related to the production process.

The "Motor vehicles" category refers to lease agreements on the company car fleet held by various Group companies.

The "Other" category refers to the lease agreement for the telephone switchboard used by the Parent Company and to the forklift contract entered into by the subsidiary Sud Capsule.

Depreciation for the period amounted to a total of Euro 1,124,763.

7. Financial fixed assets

7.1 Equity Investments

"Equity Investments" amounted to Euro 690,679 (Euro 511,011 in the previous year), an increase of 179,668 compared to the previous year, as set out below:

Description	12/31/2021	12/31/2020	Change
Equity investments in other companies	690,679	511,011	179,668
Total	**690,679**	**511,011**	**179,668**

The following table shows the movement of the item in relation to the previous exercise:

Company name	12/31/2021	12/31/2020	Change
Emiliana Conserve S.r.l.	190,821	190,821	0
Agrofuturo S.c.a.r.l.	5,533	5,533	0
Consorzio C.I.E.S.	413	413	0
Banca Campania Centro	1,902	1,902	0
Banca Cajamar	5,368	5,368	0
Consorzio Packaging Salerno	750	750	0
BCC Scafati and Cetara	1,000	1,000	0
EastWest European Institute	20,000	20,000	0
ST Closures	301,000	273,000	28,000
Quota consortium Cial	57	57	0
Tecnocap Brasil Embalagens Ltda	162,168	12,167	150,001
MG Immobiliare S.r.l.	1,667	0	1,667
Total	**690,679**	**511,011**	**179,668**

The increase in the item is mainly due to the capital increase subscribed by the sub-holding company TGP Tecnocap Group Partecipazioni S.r.l. in the subsidiary Tecnocap Brasil Embalagens.

7.2 Non - current financial assets

"Non-current financial assets" amounted to Euro 3,267,275 as at December 31, 2021 (Euro 2,879,408 in the previous year), recording an increase of Euro 387,867.

Details of the changes in the item are shown below:

Description	12/31/2021	12/31/2020	Change
Other financial assets	3,267,275	2,879,408	387,867
Total	**3,267,275**	**2,879,408**	**387,867**

This item includes, among others, the Euro 1,950,000 financial loan which the Parent Company has recorded in respect of the special purpose vehicle Elite Basket Bond S.r.l. following its participation in 2017 in a transaction for the collective issue of ten-year bonds with another nine companies, Euro 772,916 for the receivable for the life insurance policy of the Director of Tecnocap S.p.A. and Euro 170,270 for security deposits in favor of third parties.

8. Deferred tax assets

The following table shows the breakdown of the item "Deferred tax assets", equal to Euro 3,400,176 as at December 31, 2021 (Euro 3,542,628 in the previous year):

Description	12/31/2021	12/31/2020	Change
Deferred tax assets	3,400,176	3,542,628	(142,452)
Total	**3,400,176**	**3,542,628**	**(142,452)**

The allocation of deferred tax assets was carried out by assessing the existence of the assumptions of future recoverability of the same on the basis of the Group's industrial plans.
The breakdown of deferred tax assets by type and by company is shown below:

Description		2021			2020		
		Taxable amount	Rate %	Tax effects	Taxable amount	Rate %	Tax effects
A)	**TEMPORARY DIFFERENCES**						
	Deferred tax assets						
Tecnocap S.p.A.	Trademark and Know How	1,763,229	28.97%	510,807	2,015,117	28.97%	583,779
Tecnocap S.p.A.	Excess interest expenses ROL	1,854,955	24.00%	445,189	1,854,955	24.00%	445,189
Tecnocap S.p.A.	Excess interest expense ROL Tax consolidation	736,481	24.00%	176,755	2,765,217	24.00%	663,652
Tecnocap S.p.A.	Bad debt provision	145,029	24.00%	34,807	141,028	24.00%	33,847
Tecnocap S.p.A.	Goodwill	79,722	28.97%	23,096	91,111	28.97%	26,395
Tecnocap S.p.A.	Tarsu	0	24.00%	0	960	24.00%	230
Tecnocap S.p.A.	Patent box	587,222	28.97%	170,043	441,859	28.97%	128,006
Tecnocap LLC	Other	1,633,333	27.00%	441,000	1,788,462	26.00%	465,000
Tecnocap LLC	Provisions and write-downs temporarily not deductible	2,440,741	27.00%	659,000	938,462	26.00%	244,000
TGP	Currency losses	36,264	24.00%	8,703	98,822	24.00%	23,717
TGP	Excess interest expense ROL Tax consolidation	797,509	24.00%	191,402	797,509	24.00%	191,402
TGP	Remuneration not paid	107,683	24.00%	25,844	109,696	24.00%	26,327
Tecnocap s.r.o.	Provisions and write-downs temporarily not deductible	684,713	19.00%	130,096	709,545	19.00%	134,813
Tecnocap s.r.o.	Various	315,554	19.00%	59,955	481,250	19.00%	91,438
Tecnocap TL	Various	308,806	27.90%	86,157	214,952	27.00%	58,039
Tecnocap S.p.A.	Elimination of Intragroup profits on disposal of assets	1,509,561	28.97%	437,320	1,473,225	28.97%	426,793
	Total deferred tax assets	**13,000,802**		**3,400,176**	**13,922,168**		**3,542,628**
B)	**DEFERRED TAX ASSETS AT YEAR-END**			**3,400,176**			**3,542,628**
C)	**DEFERRED TAX ASSETS AT THE END OF THE PREVIOUS YEAR**			**3,542,628**			**3,111,548**
B-C)	**EFFECT OF DEFERRED TAX ASSETS ON PROFIT OR LOSS**			**(142,452)**			**431,080**

9. Assets held for sale

The "Assets held for sale" are equal to Euro zero (Euro zero in the previous year).

10. Inventories

The "Inventories" as at December 31, 2021 amounted to Euro 62,460,618 (Euro 50,605,898 in the previous year).

The breakdown of the item and the changes during the year are described and commented on below:

Description	12/31/2021	12/31/2020	Change
Raw materials, consumables and supplies	34,378,922	25,672,883	8,706,039
Work in progress and semi-finished products	8,817,883	8,743,949	73,934
Finished products	19,459,418	17,350,350	2,109,069
Payments on account	93,474	105,771	(12,297)
Allowance for write-down Raw materials, supplies	(70,253)	(577,198)	506,945
Allowance for write-down Semi-finished and finished products	(218,826)	(689,856)	471,030
Total	**62,460,618**	**50,605,898**	**11,854,720**

The increase for the year of Euro 11,854,720 is mainly attributable to the higher inventories of raw materials necessary to meet production needs in line with the increase in turnover. As at December 31, 2021, inventories are shown net of a total write-down of Euro 289,079 (Euro 1,267,054 in the previous year) relating to finished products for Euro 218,826 and to raw materials for Euro 70,253.

11. Tax receivables

As at December 31, 2021, "Tax assets" amounted to Euro 2,441,601 (Euro 3,039,487 in the previous year).

The breakdown is provided below:

Description	12/31/2021	12/31/2020	Change
Direct taxes	550,603	621,276	(70,672)
VAT	903,701	2,225,657	(1,321,956)
Other	987,296	192,554	794,743
Total	**2,441,601**	**3,039,487**	**(597,886)**

The item tax receivables recorded a decrease in 2021 of Euro 597,886 compared to the previous year, mainly attributable to the significant decrease in the Parent Company's VAT credit due to

the combined effect of its use in compensation, the increase in national turnover and the increase in non-taxable purchases.

As at December 31, 2021, the item also includes tax assets claimed by the Parent Company and the subsidiary Tecnocap TL pursuant to Law 160/2019 and Law 178/2020, both of which incentivize investments in capital goods.

12. Trade and other receivables

"Trade credits and other receivables", net of write-downs, amounted to Euro 35,159,442 as at December 31, 2021 (Euro 27,274,022 in the previous year), as detailed below:

Description	12/31/2021	12/31/2020	Change
Trade receivables	31,789,452	24,785,830	7,003,622
Other receivables	3,369,990	2,488,191	881,798
Total Trade and other receivables	**35,159,442**	**27,274,022**	**7,885,420**

The trade receivables by geographical area are shown below:

Country	Amount	%
Italy	10,661,273	33.54%
EU	13,817,020	43.46%
Non- EU	7,311,160	23.00%
Total	**31,789,452**	**100%**

The changes in the bad debt provision, which as at December 31, 2021 amounted to Euro 2,205,920 (Euro 2,438,653 in the previous period) are as follows:

Description	12/31/2020	Increases	Decreases	12/31/2021
Bad debt provision	2,438,653	301,685	534,417	2,205,920
Total	2,438,653	301,685	534,417	2,205,920

13. Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents" equal to Euro 20,577,291 as at December 31, 2021 (Euro 8,986,907 in the previous year):

Description	12/31/2021	12/31/2020	Change
Cash	141,110	68,164	72,946
Bank current accounts	20,436,181	8,918,742	11,517,438
Total	**20,577,291**	**8,986,907**	**11,590,384**

The significant increase of Euro 11,590,384 is due to the higher revenues deriving from the increase in total sales volumes achieved during the year, in addition to the greater use of direct factoring with the non-recourse clause and to the talking out of medium/long-term loans

received by the Parent Company from banking institutions and institutional investors, aimed at supporting the sustainability path undertaken by Tecnocap through the realization of productive investments in the *circular economy* (please refer to the Management Report for this purpose).

14. Net Equity

The following table shows the changes of the "Consolidated Net equity" from 12/31/2019 to 12/31/2021.

	Share Capital	Reserves	Result	Total Group	Cap. and res. minority interest	Res. Minority interest	Total minority interest
12/31/2019	**6,319,490**	**35,076,525**	**6,964,885**	**48,360,901**	**180,936**	**27,614**	**208,550**
2020 consolidated result attributable to the group			9,197,602	**9,197,602**			**0**
2020 consolidated result attributable to minority interest				**0**		40,709	**40,709**
Exchange rate difference and other minor impacts		(4,390,922)		**(4,390,922)**			**0**
Total statement of comprehensive income		***(4,390,922)***	***9,197,602***	***4,806,680***	***0***	***40,709***	***40,709***
2019 consolidated group result carried forward		6,964,885	(6,964,885)	**0**			**0**
2019 minority interest result carried forward				**0**	27,614	(27,614)	**0**
Dividends paid		(2,000,073)		**(2,000,073)**			**0**
Other changes		(98,307)		**(98,307)**	590,954		**590,954**
12/31/2020	**6,319,490**	**35,552,109**	**9,197,602**	**51,069,201**	**799,502**	**40,709**	**840,213**
2021 consolidated result attributable to the group			16,001,067	**16,001,067**			**0**
2021 consolidated result attributable to minority interest				**0**		112,231	**112,231**
Exchange rate difference and other minor impacts		4,440,393		**4,440,393**			**0**
Total statement of comprehensive income		***4,440,393***	***16,001,067***	***20,441,460***	***0***	***112,231***	***112,231***
2020 consolidated group result carried forward		9,197,602	(9,197,602)	**0**			**0**
2020 minority interest result carried forward				**0**	40,709	(40,709)	**0**
Dividends paid		(4,000,000)		**(4,000,000)**			**0**
Other changes		43,146		**43,146**			
12/31/2021	**6,319,490**	**45,233,250**	**16,001,067**	**67,553,808**	**840,213**	**112,231**	**952,444**

The reconciliation between the net equity and the result for the year of the Parent Company operating income and the respective figures of the consolidated financial statements are shown below:

Reconciliation between statutory result and consolidated result	12/31/2021	12/31/2020
Operating result Tecnocap	7,296,982	6,892,546
Operating result of subsidiaries	11,251,746	5,204,311
Allocation to third parties of the result	112,231	40,709
Elimination of I/C capital gains/losses	(446,935)	(207,768)
Total economic effects from group consolidation	(2,212,957)	(2,732,196)
Consolidated result pertaining to the group at year-end	**16,001,067**	**9,197,602**
Reconciliation between statutory and consolidated NE	**12/31/2021**	**12/31/2020**
Statutory Net Equity Tecnocap SpA at year-end	**44,450,165**	**41,103,564**
Reopening of entries already present in the consolidated NE at the end of the previous year		
Economic effects from consolidation of previous years attributable to the group	(20,065,865)	(17,333,669)
Previous year results of the investee companies attributable to the group carried forward	33,208,895	28,004,585
New entries with effect on the consolidated NE of the year		
Exchange rate difference and other minor impacts	12,176,569	2,026,917
Economic effects from consolidation of the financial year	(2,212,957)	(2,732,196)
Group consolidated net equity at year-end	**67,553,808**	**51,069,201**

The Group's net equity as at December 31, 2021 amounted to Euro 67,553,808, an increase compared to the value in the previous year (Euro 51,069,201) due to the combined effect of the profits achieved and capitalized by the Group in 2021 and the positive effects on the foreign exchange rates.

The composition of the main other reserves is as follows:

Description	12/31/2021	12/31/2020
Share premium reserve	13,165,592	13,165,592
Legal reserve	1,679,656	1,335,029
Extraordinary statutory reserve	18,423,909	15,875,990
Other reserves	11,268,856	7,860,364
Consolidation reserve	(28,998)	(28,998)
Retained earnings/ (losses carried forward)	724,235	(2,655,869)
Total	**45,233,250**	**35,552,109**

15. Non-current and current payables to banks and other lenders

Current and non-current payables to banks and other lenders amounted to Euro 93,851,681 as of December 31,2021 (Euro 78,556,459 in the previous year), recording an overall increase of Euro 15,295,222, mainly attributable to the talking out of a new medium/long-term loan in favor

of the Italian Parent Company for a total amount of Euro 15,000,000 with the participation on a club deal basis of Intesa San Paolo and CDP Cassa Depositi e Prestiti, which represents a concrete example of alternative and sustainable finance, as it provides for a premium interest-reduction mechanism in relation to that part of the resources intended to support the realization of productive investments in a *circular economy,* while the additional resources provided by CDP have been collected and set aside on a prudential basis to face with the potential risks of price increase and material shortage in the extraordinary supplies of production raw materials.
Here is the detail:

Description	12/31/2021	12/31/2020	Change
Payables to banks and other lenders - Non-current	56,925,320	41,739,724	15,185,596
Payables to banks and other lenders – Current	36,926,361	36,816,735	109,626
Total	**93,851,681**	**78,556,459**	**15,295,222**

Financial liabilities represent the main item of the Group's consolidated Net Financial Position (NFP), which recorded an increase of Euro 3 million compared to last year, from Euro 66.8 million at the end of 2020 to Euro 70.1 million at the end of 2021. Please refer to the Management Report for more details.

15.1 Payables to banks and other lenders – Non-current

The breakdown of "Payables to banks and other lenders - Non-current" is shown below:

Description	12/31/2021	12/31/2020	Change
Payables to Banks	33,859,517	26,860,062	6,999,455
Payables to other lenders	19,990,307	11,838,022	8,152,285
IAS 17 Finance lease liabilities	29,822	183,788	(153,966)
IFRS 16 lease liabilities	3,045,674	2,857,852	187,822
Total	**56,925,320**	**41,739,724**	**15,185,596**

Non-current payables to banks amounting to Euro 33,859,517, include the portion over one year of mortgage loans and unsecured loans, the short-term portion of which amounts to Euro 14,097,428.

A breakdown of mortgages and loans by maturity is provided below:

Loans	< 1 year	Between 1 year and 5 years	Beyond 5 years	Nominal value 12/31/2021
Mortgage loan Intesa Sanpaolo	166,666	0	0	166,666
Mortgage loan MPS	210,301	560,673	0	770,975
Unsecured loan Credito Popolare	402,712	1,031,815	0	1,434,527
Unsecured loan BCC Campania Centro	86,156	0	0	86,156
Unsecured loan Credit Agricole	249,074	398,454	0	647,528
Unsecured loan UBI Carime No. 4728	157,348	278,944	0	436,292
Unsecured loan UBI Carime No.1697	438,873	1,228,708	0	1,667,581
Unsecured loan BCC Campania Centro	51,594	13,093	0	64,688
Unsecured loan BPER	335,218	713,894	0	1,049,112
Unsecured loan UBI Carime	117,672	0	0	117,672
Unsecured loan Banca Sella	774,271	0	0	774,271
Unsecured loan Banca Nazionale del Lavoro	330,811	332,342	0	663,153
Unsecured loan UniCredit No.087	395,951	815,146	0	1,211,096
Unsecured loan Intesa SanPaolo 151	260,934	838,606	0	1,099,540
Unsecured loan Banca Popolare di Milano	239,022	470,406	0	709,427
Unsecured loan Intesa San Paolo	1,583,865	5,973,294	0	7,557,159
Unsecured loan UniCredit no. 9736	600,240	0	0	600,240
Derivatives	0	13,011	69,000	82,011
LT loan RB € 1.5 mln	187,500	18,017	0	205,517
LT loan RB € 1.7 mln	200,000	600,064	0	800,064
LT loan RB € 845k	84,504	338,016	197,186	619,706
LT loan RB € 2mln	249,960	999,840	65,406	1,315,206
LT loan ČSOB € 1.55 mln	195,000	265,037	0	460,037
LT loan ČSOB € 2.25 mln	281,250	913,846	0	1,195,096
LT loan ČSOB € 1.42 mln	173,214	521,443	0	694,658
LT loan ČSOB € 2.38 mln	300,000	1,200,000	525,163	2,025,163
LT loan ČSOB € 2.4 mln	300,000	1,200,000	795,185	2,295,185
LT loan RB € 4 mln	222,222	1,777,776	1,154,632	3,154,630
Credobank	1,040,516	0	0	1,040,516
Credobank	495,658	0	0	495,658
ProCredit Bank	45,004	0	0	45,004
ProCredit Bank	48,428	136,069	0	184,497
ProCredit Bank	407,792	0	0	407,792
ProCredit Bank	31,332	86,014	0	117,346
ProCredit Bank	40,291	216,254	46,702	303,247
ProCredit Bank	291,049	0	0	291,049
FUIB multicurrency loan 647k	0	649,011	0	649,011
FUIB multicurrency loan 699k	0	284,582	0	284,582
FUIB multicurrency loan 414k	28,897	329,746	0	358,643
Huntington Bank	838,000	4,464,000	0	5,302,000
Huntington Bank	1,228,000	0	0	1,228,000
Loan BPSO 300k	74,992	114,331	0	189,323
Loan UniCredit 1100k	119,552	980,448	0	1,100,000
Loan BCC Scafati and Cetara 300k	27,788	116,876	134,856	279,520

Loans	< 1 year	Between 1 year and 5 years	Beyond 5 years	Nominal value 12/31/2021
Loan Ubi Carime 500k	166,963	126,016	0	292,979
Loan BPSO 1000k	194,535	773,325	0	967,860
Loan BCC Scafati and Cetara 1000k	161,571	675,296	43,795	880,662
Loan BPM 700k	128,077	571,923	0	700,000
Loan BCC Scafati and Cetara	25,745	182,735	91,520	300,000
Banca Promos	11,731	0	0	11,731
Banca di Credito Popolare	97,146	362,893	0	460,039
Cajamar	0	0	164,131	164,131
Total	**14,097,428**	**30,571,943**	**3,287,575**	**47,956,945**

Mortgage loan Intesa Sanpaolo

This financing was stipulated by Tecnocap S.p.A. in 2006 for an amount of Euro 2,000,000; it is guaranteed by mortgages on company properties. It matures in 2022 by reimbursement in half-yearly instalments; an Interest Rate Swap contract has been concluded to cover the rate change.

Mortgage loan Monte dei Paschi di Siena

This financing was stipulated by Tecnocap S.p.A. in 2005 for an amount of Euro 4,000,000; it is guaranteed by mortgages on the Company's property. It matures in 2025 by reimbursement in half-yearly instalments.

Unsecured loan Credito Popolare

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated by Tecnocap S.p.A. in 2020 for an amount of Euro 2,000,000; the maturity is foreseen in 2025 by reimbursement in monthly installments.

Unsecured loan BCC Campania Center (formerly BCC di Salerno)

This financing was stipulated by Tecnocap S.p.A. in 2017 for an amount of Euro 500,000; the deadline is foreseen in 2022 by reimbursement in monthly installments.

Unsecured loan Credit Agricole

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated by the Parent Company in 2020 for an amount of Euro 1,000,000; the deadline is foreseen in 2024 by reimbursement in monthly installments.

Unsecured loan UBI Carime

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated by Tecnocap S.p.A. in 2020, for an amount of Euro 555,000; the repayment of the share capital is foreseen from 2021 by monthly installments expiring in 2024. To cover the rate change, an Interest Rate Swap contract was concluded, the Fair value of which is negative and equal to Euro 1,201.

Unsecured loan UBI Carime

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated by Tecnocap S.p.A. in 2020, for an amount of Euro 2,000,000; the maturity is foreseen in 2024 by reimbursement in monthly installments. To cover the rate change, an Interest Rate Swap contract was concluded, the Fair value of which is negative and equal to Euro 2,594.

Unsecured loan Banca Campania Centro S.p.A.

This financing was stipulated in 2018 for an amount of Euro 250,000; the deadline is expected in 2023 by reimbursement in quarterly installments.

Unsecured loan Banca Popolare dell'Emilia Romagna S.p.A.

This financing was stipulated by Tecnocap S.p.A in 2018 for an amount of Euro 2,000,000; the deadline is expected in 2025 by reimbursement in quarterly installments.

Unsecured loan UBI Carime

This financing was stipulated in 2018 by the Parent Company for an amount of Euro 1,200,000; the maturity is foreseen in 2022 by reimbursement in monthly installments.

Unsecured loan Banca Sella S.p.A.

This financing was stipulated by the Parent Company in 2018 for a sum of Euro 3,000,000; the maturity is expected in 2022 by means of reimbursement in quarterly installments. To cover the rate change, an Interest Rate Swap contract was concluded, the Fair value of which is negative and equal to Euro 3,099.

Unsecured loan Banca Nazionale del Lavoro S.p.A.

This financing, assisted by a 50% guarantee for SACE S.p.A., was stipulated in 2019 for an amount of Euro 1,500,000; the deadline is foreseen in 2023 by reimbursement in quarterly installments.

The Parent Company complied with the financial covenants provided for in the financing contract.

Unsecured loan Unicredit Corporate Banking

This financing was stipulated in 2019 for an amount of Euro 2,000,000; the deadline is expected in 2024 by means of reimbursement in quarterly installments. To cover the rate change, an Interest Rate Swap contract was concluded, the *Fair value* of which is negative and equal to Euro 6,117.

Unsecured loan Intesa San Paolo S.p.A.

This financing was stipulated in 2019 for an amount of Euro 1,600,000 by the parent company and the deadline is in 2025 by means of reimbursement in monthly installments.

Unsecured loan Banca Popolare di Milano

This financing was stipulated by Tecocap S.p.A. in 2019 for an amount of Euro 1,200,000 and the deadline is in 2024 by means of reimbursement in monthly installments..

Unsecured loan Intesa SanPaolo

This financing was stipulated by Tecnocap S.p.A. in 2021 for an amount of Euro 8,000,000 with maturity in 2026 through reimbursement in quarterly installments.

Unsecured loan Unicredit

This financing was stipulated by Tecnocap S.p.A. in 2021 for an amount of Euro 1,000,000 with maturity in 2022 by means of reimbursement in monthly installments.

Raffeisen Bank Loan no. 1

The financing was stipulated in 2015 by Tecnocap s.r.o. for an amount of Euro 1,500,000 with maturity as of 2023 and the reimbursement is foreseen in quarterly installments.

Raffeisen Bank Loan no. 2

The financing was stipulated in 2017 by Tecnocap s.r.o. for an amount of Euro 1,700,000 with maturity as of 2025 and the reimbursement is foreseen in quarterly installments.

Raffeisen Bank Loan no. 3

The financing was stipulated in 2018 by Tecnocap s.r.o. for an amount of Euro 845,000 with maturity as of 2026 and the reimbursement is foreseen in monthly installments.

Raffeisen Bank Loan no. 4

The financing was stipulated in 2019 by Tecnocap s.r.o. for an amount of Euro 2,000,000 with maturity as of 2027 and the reimbursement is foreseen in monthly installments.

CSOB Loan no.1

This financing was stipulated by Tecnocap s.r.o. in 2016 for a sum of Euro 1,550,000; the deadline is foreseen in 2024 by reimbursement in monthly installments.

CSOB Loan no.2

This financing was stipulated by Tecnocap s.r.o. in 2018 for an amount of Euro 2,250,000; the deadline is foreseen in 2026 through reimbursement in quarterly installments.

CSOB Loan no.3

The financing was stipulated in 2018 by Tecnocap s.r.o. for an amount of Euro 1,420,000 with maturity as of 2025 and the reimbursement is foreseen in monthly installments.

CSOB Loan no.4

The financing was stipulated in 2019 by Tecnocap s.r.o. for an amount of Euro 2,380,000 with maturity as of 2028 and the reimbursement is foreseen in quarterly installments.

CSOB Loan no.5

The financing was stipulated in 2021 by Tecnocap s.r.o. for an amount of Euro 2,400,000 with maturity as of 2029 and the reimbursement is foreseen in quarterly installments.

Raffeisen Bank Loan no. 5

The financing was stipulated in 2021 by Tecnocap s.r.o. for an amount of Euro 4,000,000 with maturity as of 2031 and the reimbursement is foreseen in monthly installments.

Credobank Loan no. 1

This financing was stipulated in 2018 by Tecnocap UA for Euro 1,045,000 by means of reimbursement in monthly installments.

Credobank Loan no. 2

This financing was stipulated in 2019 by Tecnocap UA for Euro 475,000 by means of reimbursement in monthly installments.

Procredit Loan no. 1

This financing was stipulated in 2016 by Tecnocap UA with a maturity of 2025 through the reimbursement in monthly installments.

Procredit Loan no. 2

This financing was stipulated in 2017 by Tecnocap UA with a maturity of 2022 through the reimbursement in monthly installments.

Procredit Loan no. 3

This financing was stipulated in 2019 by Tecnocap UA with a maturity of 2023 through the reimbursement in monthly installments.

Procredit Loan no. 4

This financing was stipulated in 2020 by Tecnocap UA with a maturity of 2025 through the reimbursement in monthly installments.

Procredit Loan no. 5

This financing was stipulated in 2020 by Tecnocap UA with a maturity of 2027 through the reimbursement in monthly installments.

Procredit Loan no.6

This financing was stipulated in 2021 by Tecnocap UA with a maturity of 2022 through the reimbursement in monthly installments.

FUIB loan no.1

This financing was stipulated in 2021 by Tecnocap UA with a maturity of 2024 through the reimbursement in monthly installments.

FUIB loan no.2

This financing was stipulated in 2021 by Tecnocap UA with a maturity of 2024 through the reimbursement in monthly installments.

FUIB loan no. 3

This financing was stipulated in 2021 by Tecnocap UA with a maturity of 2026 through the reimbursement in monthly installments.

Huntington Bank Loan

The financing was stipulated in 2009 by Tecnocap LLC for an amount of US$2,750,000, and subsequently increased in 2010 for an additional US$6,500,000. In October 2020, the previous funding was renegotiated, obtaining a new funding of US$7,200,000.
The deadline is expected in 2027 with reimbursement by monthly installments; the Company has respected the covenants provided for in the financing contract. To cover the rate change, an Interest Rate Swap contract was concluded, the Fair value of which is negative and equal to Euro 69,000.

Unsecured loan Banca Popolare di Sondrio no.1

The financing was stipulated in 2018 by Tecnocap TL S.r.l. for an amount of Euro 300,000; the deadline is foreseen in 2023 through the reimbursement in monthly installments.

Unsecured loan UniCredit Corporate Banking

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2020 by Tecnocap TL S.r.l. for Euro 1,100,000, with a deadline of 2028.

Unsecured loan Banca di Credito Cooperativo di Scafati e Cetara

This financing was stipulated in 2019 for an amount equal to Euro 300,000 by Tecnocap TL S.r.l. with a maturity foreseen in 2024 through the reimbursement in monthly installments.

Unsecured loan UBI Carime

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2020 by Tecnocap TL S.r.l. for Euro 500,000, with a deadline of 2023.

Unsecured loan Banca Popolare di Sondrio no.2

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2020 by Tecnocap TL S.r.l. for Euro 1,000,000, with a deadline of 2027.

Unsecured loan Banca di Credito Cooperativo di Scafati e Cetara

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2021 by Tecnocap TL S.r.l. for Euro 1,000,000, with a deadline of 2027.

Unsecured loan Banca Popolare Milano

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2021 by Tecnocap TL S.r.l. for Euro 700,000, with a deadline of 2026.

Unsecured loan Banca di Credito Cooperativo di Scafati and Cetara

This financing, assisted by the Central Guarantee Fund of the MCC Mediocredito Centrale, was stipulated in 2021 by Tecnocap TL S.r.l. for Euro 300,000, with a deadline of 2031.

Unsecured loan Banca Promos

The financing was stipulated in 2018 by Sud Capsule S.r.l. for an amount of Euro 400,000 with maturity at 2021 and the reimbursement is foreseen in monthly installments. The Company has requested and obtained a moratorium of certain installments, moving the original deadline to 2022.

Unsecured loan Banca Credito Popolare

The financing was stipulated in 2021 by Sud Capsule S.r.l. for an amount of Euro 500,000 with maturity at 2026 and the reimbursement is foreseen in monthly installments.

Cajamar loan

The financing was stipulated in 2020 by the ICS for an amount of Euro 250,000 with maturity in 2025 by means of reimbursement in monthly installments.

"Other non-current financing" as at December 31, 2021 amounted to Euro 19,990,307 (Euro 11,838,022 in the previous year).

A breakdown of the item is provided below:

Description	12/31/2021	12/31/2020	Change
Elite Basket Bond loan	8,007,450	9,584,465	(1,577,015)
Individuals	759,954	759,954	0
Payables to Genoa Poliplast	677,125	677,125	0
Payables to Genoa Poliplast	700,000	700,000	0
Payables for Treasury Stock purchase (toward Genoa Poliplast)	114,400	114,400	0
Payables to Genoa Poliplast	1,200,000	0	1,200,000
Financing Cash deposits and loans	5,222,898	0	5,222,898
Simest financing	593,000	0	593,000
Simest financing	2,200,000	0	2,200,000
Simest financing	515,480	0	515,480
Other	0	2,078	(2,078)
Total	**19,990,307**	**11,838,022**	**8,152,285**

The item recorded an increase by Euro 8,152,285 compared to the previous year, mainly due to the combined effect of the reclassification of a portion of the financial debt from long-term to short-term of the Elite Basket Bond loan, the subscription of new loans provided by institutional investors, such as CDP Cashier Depositi e Prestiti and Simest, and the disbursement of a Loan by the shareholder Genoa Poliplast S.r.l.

The Parent Company issues a financial debt of Euro 8,007,450 following the transaction at the end of 2017, called *Elite Basket Bond*, a highly innovative financial instrument consisting of a collective ten-year bond issue for a total value of Euro 122 million, created by Tecnocap together with 9 other medium-sized companies belonging to the Elite platform of Borsa Italiana, characteriszd by the release of a joint and mutual guarantee of the issuing companies in favor of institutional investors. The share of Tecnocap is equal to 13 million Euros. The bond was signed by the vehicle company Elite Basket Bond, which subsequently issued a single type of securities, the amount and maturity of which is equal to the sum of the individual instruments, subscribed by CDP Cassa Depositi e Prestiti and the European Investment Bank.

At December 31, 2021, the Parent Company issues a debt for Euro 114,400 against the shareholder Genoa Poliplast S.r.l. against the contract signed for the purchase of n. 31,597 of Treasury Stock, a debt of Euro 677,125, related to the conversion of commercial debt into financial debt in 2013, a debt for financing of Euro 700,000, expiring in 2025. Finally, during

2021, the partner Genoa Poliplast S.r.l. provided a further financing to Tecnocap S.p.A. for Euro 1,200,000 interest-bearing interest, expiring in 2026.

At December 31, 2021, the Parent Company issues a financial debt of Euro 5,222,898 toward CDP Cassa Depositi e Prestiti, following the provision of a financing of Euro 7,000,000, intended to support international investment strategies in *a circular economy* and to finance any extraordinary supply of Raw materials in the event of price increases and product shortages, in compliance with well defined objectives and commitments ESG, well integrated with the economic and financial targets of the business plan.

In addition, during the year, the Parent Company has signed a subsidized rate loan of Euro 600,000 with Simest S.p.A., pursuant to art. 7 and 8 of the DM of September 7, 2016, aimed at supporting the soundness of the assets and in order to increase the capacity to compete on foreign markets. The financing expires in 2027, with a pre-amortization period of 2 years.

At December 31, 2021, the Group signed a debt of Euro 515,480 to Simest following the acquisition of a stake in the subsidiary Tecnocap Oriental, with the obligation to repurchase by the sub-holding company TGP, It is the subsequent grant of a financing directly to Tecnocap Oriental for Euro 2,200,000 with the participation of a Venture Capital Fund managed in agreement with the Ministry of Foreign Affairs and International Cooperation. These funds were contracted to support the start-up and production development process of the Indian subsidiary.

Non-current payables for financial leases amount to Euro 3,075,496 (Euro 3,041,641 in the previous year).

Below is the breakdown by maturity of the leasing debt:

Description	< 1 year	1- 5 years	over 5 years
IAS 17 Finance lease liabilities	150,410	29,822	0
IFRS16 lease liabilities	1,579,412	3,045,674	0
Total	**1,729,822**	**3,075,496**	**0**

The item “IAS 17 finance lease liabilities” is equal to a total of Euro 180,232 and includes the liabilities from financial lease agreements stipulated in previous years and valued on the basis of IAS 17; the item “IFRS 16 lease liabilities” is equal to a total of Euro 4,625,086 and includes liabilities relating to lease and rental agreements recognized in accordance with IFRS 16.

15.2 Payables to banks and other lenders – Current

"Payables to banks and other lenders - Current" amounted to Euro 36,926,361 as at December 31, 2021, recording an increase of Euro 109,626 compared to the previous year.

A breakdown of the item is provided below:

Description	12/31/2021	12/31/2020	Change
Payables to Banks	31,839,135	31,738,945	100,190
Payables to other lenders	3,357,404	3,538,383	(180,979)
IAS 17 Finance lease liabilities	150,410	242,685	(92,275)
IFRS 16 lease liabilities	1,579,412	1,296,721	282,690
Total	**36,926,361**	**36,816,735**	**109,626**

Current "Payables to Banks" amount to Euro 31,839,135 and include Euro 14,097,428 for the short-term portion of payables to banks for loans and unsecured loans, and Euro 17,741,707 for short-term payables for advances.

Current "Payables to other lenders", amounting to Euro 3,357,404, mainly include the short-term portion of the Bond Loan to Elite Basket Bond and the short-term portion of the loan to Cassa Depositi e Prestiti, recorded by the Parent Company.

16. Employee severance indemnity and other employee benefits

The "Employee severance indemnity and other employee benefits" item amounts to Euro 1,837,774 (Euro 1,744,535 in the previous year). The amount is shown net of the discounting effect of Euro 30,867. The assumptions used to calculate the discounting according to the provisions of IAS 19:

Description	12/31/2021
Annual technical discounting rate	0.65%
Annual inflation rate	1.75%
Annual rate of increase TFR	2.81%
Annual rate of increase in salaries	2.50%

The sensitivity analysis was carried out by considering a coefficient of +/- 0.5%.

The breakdown and movements during the year are described and commented on below:

Description	12/31/2021	12/31/2020	Change
Employee severance indemnity	912,727	945,471	(32,745)
Other benefits	925,047	799,064	125,983
Total	**1,837,774**	**1,744,535**	**93,238**

Other benefits relate to the end-of-office entitlement to be paid to the director, in part paid to subscribe to a policy for social security purposes. Below is a breakdown of the changes in the employee severance indemnity fund:

Description	
Final value at 12/31/2020	**945,471**
Accrual of the year	108,887
Liquidations made	(110,765)
Actualization effect	(30,867)
Final value at 12/31/2021	**912,727**

17. Deferred tax liabilities

Deferred tax liabilities amounted to Euro 9,246,553 as at December 31, 2021 (Euro 7,937,024 in the previous year). A breakdown of this item is provided below:

Description	12/31/2021	12/31/2020	Change
Deferred tax provision	9,246,553	7,937,024	1,309,529
Total	**9,246,553**	**7,937,024**	**1,309,529**

Deferred tax liabilities have been calculated on the temporary differences between the assets recognized in the financial statements and the corresponding values recognized for tax purposes, on the basis of the rates that will be applied when the differences are cancelled.

The following table shows the Deferred tax provision:

Description		12/31/2021			12/31/2020		
		Taxable amount	Rate%	Tax effects	Taxable amount	Rate%	Tax effects
	TEMPORARY DIFFERENCES						
	Deferred taxes						
Tecnocap Spa	Capital gains	55,402	24%	13,297	110,804	24%	26,593
Tecnocap Spa	Deferred taxes on dividends from investments	4,958,243	1.2%	59,499	4,958,243	1.2%	59,499
Tecnocap s.r.o.	Difference between fiscal and statutory value of Property, plant and equipment and Intangible fixed assets	10,406,671	19%	1,977,268	11,882,887	19%	2,257,749
Tecnocap s.r.o.	Other	632,133	19%	120,105			
Tecnocap L.L.C.	Difference between fiscal and statutory value of Property, plant and equipment and Goodwill	25,970,370	27%	7,012,000	20,677,778	27%	5,583,000
TGP	Deferred taxes on dividends from investments	848,600	1.2%	10,184	848,600	1.2%	10,183
TGP	Uncashed dividends	2,085,767	1.2%	25,030			
TGP	Evaluation Foreign exchange gains	121,544	24%	29,171			
A)	**Total deferred taxes at year-end**	**45,078,731**		**9,246,553**	**38,478,312**		**7,937,024**
B)	**Deferred taxes at end of previous year**			**7,937,024**			**8,397,546**
A-B)	**Effect on deferred taxes on profit or loss for the year**			**1,309,530**			**(460,523)**

18. Other provisions

The "other provisions" amounted to Euro 170,522 as at December 31, 2021 (Euro 424,464 in the previous year); the increase of this item is mainly attributable to the American subsidiary in response to potential compensation for a trade union dispute with its employees.

19. Other current and non-current liabilities

The non-current portion of this item as at December 31, 2021 amounted to Euro 1,899,520 (Euro 1,986,254 in the previous year), while the current portion was equal to Euro 6,946,893 (Euro 5,638,618 in the previous year).

Below is a breakdown of other non-current liabilities:

Description	12/31/2021	12/31/2020	Change
Accrued liabilities and deferred income	1,843,151	1,559,592	283,559
Tax payables	34,545	69,091	(34,545)
Other debts	21,824	357,572	(335,748)
Total	**1,899,520**	**1,986,254**	**(86,734)**

The item reflects a net decrease of Euro 86.734 due to the combined effect of the increase in accruals and accrued income mainly attributable to the repayments on public contributions due to investments in capital goods under laws 160/2019 and 178/2020 and to the decrease in other payables.

Below is a breakdown of other current liabilities:

Description	12/31/2021	12/31/2020	Change
Payables to employees	2,937,521	2,941,301	(3,779)
Payables to social security institutions	924,504	795,615	128,888
Accrued liabilities and deferred income	335,176	223,839	111,337
Other debts	2,749,692	1,677,863	1,071,829
Total	**6,946,893**	**5,638,618**	**1,308,275**

20. Tax payables

Tax payables as at December 31, 2021 amount to Euro 1,945,311 (Euro 860,507 in the previous year); a breakdown of the item is shown below:

Description	12/31/2021	12/31/2020	Change
VAT payables	275,681	93,698	181,982
Payables for current taxes	1,202,215	270,413	931,802
Payables for withholding taxes on employees/self-employed individuals	360,111	419,608	(59,497)
Other tax payables	107,305	76,788	30,517
Total	**1,945,311**	**860,507**	**1,084,804**

The item includes the debt for VAT of Euro 275,681 attributable to the subsidiaries ICS, Tecnocap UA and Tecnocap TL, the debt for tax withholding on workers' incomes of Euro 360,111, paid as at January 2022. The item also includes Euro 1,202,215 for income tax liabilities of the various companies of the Group, an increase compared to the previous year, in line with the increase in operating income.

21. Trade and other payables

"Trade and other payables" as at December 31, 2021 amounted to Euro 61,960,880 (Euro 53,712,448 in the previous year).

Below are recorded the debts by geographical area:

Country	12/31/2021	%
Italy	43,524,215	70.24%
EU	14,436,027	23.30%
Non-EU	4,000,638	6.46%
Total	**61,960,880**	**100%**

"Trade payables" do not generate interest expense and are normally adjusted for 60/90 days. For the terms and conditions relating to related parties, see paragraph 31 *"Other information".*

NOTES TO THE ITEMS OF THE INCOME STATEMENT

22. Revenue from sales and services

Revenue from sales and services as at December 31, 2021, amounted to Euro 223,994,348 (Euro 187,885,775 in the previous year).

The breakdown of this item is described and commented below:

Description	12/31/2021	12/31/2020	Change
Sale of goods	214,128,707	180,532,970	33,595,737
Supply of services	9,325,418	8,100,309	1,225,109
Changes in inventories of products in processing, semi-finished and finished products	540,223	(747,504)	1,287,727
Total	**223,994,348**	**187,885,775**	**36,108,572**

During the 2021 financial year, the Group achieved an actual growth in turnover of over 34 million euro, equal to approximately 18.6%, from 188.6 million euro in 2020 to more than 223.5 million euro in 2021, confirming the growth trends started in previous years and attributable to the increase in sales volumes of the various companies of the Group due to the combined effect of the acquisition of new market shares and the significant increase in sales to the main customers and multinationals of *Food and Beverage*, as a result of the trend of increase in domestic consumption that began with the beginning of the health emergency in 2020 and consolidated during the year 2021, thanks to the loyalty of the main customers for the service and the attention given by our Group in the most emerging phase.

23. Other revenues and income

The "other revenues and income" amounted to Euro 5,379,669 (Euro 3,070,982 in the previous year) and mainly refer to the sales of Raw materials and waste materials made by the subsidiaries, in addition to the public contributions paid to the Parent Company and to the subsidiary Tecnocap TL relating to investments in capital goods.

24. Increases in fixed assets for internal work

The increases in "fixed assets for internal works" amount to Euro 1,530,904 (Euro 1,619,272 in the previous year) and refer to the internal construction of production plants and machinery carried out in Tecnocap S.p.A., Tecnocap S.r.o., Tecnocap LLC and Tecnocap TL S.r.l., mainly related to the following projects:

- integration of assembled equipment;

- Implementation of TO capsule production lines;
- development and modernization of aerosol cylinder production lines;
- construction of capping machines.

25. Raw materials, consumables and supplies

The cost for Raw materials, consumables and supplies as at December 31, 2021 amounted to Euro 127,142,715 (Euro 104,381,853 in the previous year).

A breakdown of the item is provided below:

Description	12/31/2021	12/31/2020	Change
Raw materials, consumables and supplies	118,960,811	98,580,862	20,379,949
Consumables and miscellaneous	12,610,576	9,164,335	3,446,241
Changes in inventories of raw materials, subsidiaries and consumables	(4,428,672)	(3,363,345)	(1,065,328)
Total	**127,142,715**	**104,381,853**	**22,760,862**

The cost of Raw materials and subsidiaries and consumables increased by Euro 22.760.862 compared to the previous year, net of the change in inventories, due to the increased requirements needed to cope with the significant increase in volumes produced and sold, in addition to the increase in raw materials prices recorded in the last quarter of the year.

26. Other Operating costs

The "Other Operating costs" as at December 31, 2021 amounted to Euro 29,601,135 (Euro 24,850,599 in the previous year).

A breakdown of the item is provided below:

Description	12/31/2021	12/31/2020	Change
Purchases of services	26,344,670	22,678,424	3,666,246
Costs for leased assets	282,309	192,447	89,862
Other operating expenses	2,439,450	1,372,036	1,067,414
Provisions and write-downs	534,706	607,691	(72,985)
Total	**29,601,135**	**24,850,599**	**4,750,537**

26.1. Costs for services

Costs for services as at December 31, 2021 amounted to Euro 26,344,670 (Euro 22,678,424 in the previous year).

The breakdown is provided below:

Description	12/31/2021	12/31/2020	Change
Transport	8,701,269	7,782,517	918,752
Utilities (water, gas, electricity)	5,677,661	4,865,128	812,533
External processing	491,803	163,850	327,953
Maintenance	3,386,728	1,961,203	1,425,525
Technical and legal advice	1,099,163	1,129,380	(30,217)
Auditors', statutory auditors' and directors' fees	389,701	343,245	46,456
Services equivalent to those provided by employees	390,750	266,164	124,586
Commissions	528,268	435,133	93,134
Advertising	108,030	67,388	40,642
Post and telephone	194,241	204,115	(9,874)
Insurance	622,232	555,037	67,195
Representation expenses	130,201	119,265	10,936
Business travel and transfers	379,478	224,941	154,537
Updating and training	118,701	99,330	19,371
Other purchases of services	4,126,445	4,461,726	(335,282)
Total	**26,344,670**	**22,678,424**	**3,666,246**

The item recorded an increase compared to the previous year, equal to Euro 3,666,246, mainly due to the increase in transport costs, the increase in energy costs and the maintenance costs of production lines due to the increased production and sales volumes.

27. Personnel costs

The following table provided a breakdown of "Personnel costs", equal to Euro 41,803,132 as at December 31, 2021 (Euro 37,836,282 in the previous year):

Description	12/31/2021	12/31/2020	Change
Salaries and wages	31,397,130	28,117,511	3,279,619
Social security contributions	6,378,190	6,063,876	314,313
Employee severance indemnity	744,445	681,451	62,994
Other costs	3,283,367	2,973,443	309,924
Total	**41,803,132**	**37,836,282**	**3,966,850**

The increase in the item, equal to Euro 3,966,850, compared to the previous year is attributable to the larger workforce recruited by manufacturing companies to handle increased production.

Below is a breakdown on staff by geographical area:

Country	No. of employees 12/31/2021	No. of employees 12/31/2020
Italy	268	257
Czech Republic	330	343
USA	247	229
Spain	6	6
Ukraine	149	135
Germany	5	5
France	2	2
Great Britain	2	2
India	73	17
Total Group employees	**1,082**	**996**

It is noted that the Group uses seasonal labour during the periods in which it must use the greater production capacity required by the market, typically in the summer months, in which the orders of some typically seasonal productions are concentrated.

28. Amortization and depreciation

Amortization and depreciation, amounting to Euro 11,319,819 as at December 31, 2021 (Euro 10,376,113 in the previous year) are composed of the items listed below.

28.1 Property, plant and equipment

The depreciation of property, plant and equipment is equal to Euro 9,927,699 as at December 31, 2021 (Euro 9,049,488 in the previous year).

The breakdown is provided below:

Description	12/31/2021	12/31/2020	Change
Depreciation Land and buildings	1,038,085	937,506	100,579
Depreciation Plants and production machinery	7,969,442	7,305,912	663,530
Depreciation Furniture and Equipment	749,965	648,737	101,228
Depreciation Other property, plant and equipment	170,207	157,332	12,875
Total	**9,927,699**	**9,049,488**	**878,212**

28.2 Intangible fixed assets

Amortization of intangible assets amounted to Euro 267,357 at December 31, 2021 (Euro 263,304 in the previous year).

The breakdown is provided below:

Description	12/31/2021	12/31/2020	Change
Amortization Development costs	91,512	91,512	0
Amortization Patents, trademarks and similar rights	43,159	38,309	4,850
Amortization software	61,953	66,002	(4,049)
Amortization other intangible fixed assets	70,732	67,480	3,252
Total	**267,357**	**263,304**	**4,053**

28.3 Rights of use

The Depreciation of rights of use amounted to Euro 1,124,763 as at December 31, 2021 (Euro 1,063,322 in the previous year). The breakdown is provided below:

Description	12/31/2021	12/31/2020	Change
Depreciation Right of use - Land and buildings	607,294	577,038	30,256
Depreciation Right of use - Plant and machinery	343,798	315,317	28,481
Depreciation Right of use - Cars	148,521	168,589	(20,068)
Depreciation Right of use - Other	25,150	2,377	22,773
Total	**1,124,763**	**1,063,322**	**61,441**

29. Interest and other financial expenses/income

The following table provides a breakdown of net financial income and expenses equal to Euro 1,143,920 as at December 31, 2021 (Euro 5,076,759 in the previous year):

Description	12/31/2021	12/31/2020	Change
Interest and other financial expenses/income	(2,564,713)	(3,124,432)	559,719
Exchange gains and losses	1,420,793	(1,952,328)	3,373,121
Total	**(1,143,920)**	**(5,076,759)**	**3,932,840**

Interest and financial expenses declined considerably due to the improved conditions of financial debt, and significant Foreign exchange gains due to positive currency fluctuations compared to the previous year.

30. Income taxes

Income Taxes for the period amounted to Euro 3,780,902 (Euro 816,113 in the previous year), of which current taxes for Euro 2,853,600 and prepaid and deferred taxes for Euro 27,302. The composition of the tax expenses/(income) is as follows:

Description	12/31/2021	12/31/2020	Change
Current taxes	2,853,600	1,678,426	1,175,174
Net deferred tax assets/liabilities	927,302	(862,313)	1,789,616
Total	**3,780,902**	**816,113**	**2,964,789**

The Parent Company Tecnocap S.p.A. adheres to the National consolidated tax convention, as a consolidator, as did its direct subsidiary TGP Tecnocap Group Partecipazioni S.r.l. and its indirect subsidiaries Tecnocap TL S.r.l. and Sud Capsule S.r.l., as consolidated companies. In addition, the Tecnocap Group, through its foreign subsidiaries, pays corporate taxes on profits generated in various jurisdictions, such as the Czech Republic, Ukraine, the United States and Spain.

31. Other information

The following information is required by the IAS/IFRS, by the SIC/IFRIC interpretative documents, by Consob communications and resolutions and by the national legislation, with reference to the applicable provisions of the Italian Civil Code and other provisions issued by the national legislator.

31.1 Contingent liabilities and commitments

Below are the guarantees provided by the Parent Company in addition to the guarantees received.

Guarantees provided by Tecnocap in favour of	In the interest of	Type	Guaranteed amount	Warranty value
BANCA INTESA	OWN	2ND MORTGAGE ON PROPERTY	3,500,000	166,667
MPS	OWN	1st MORTGAGE ON PROPERTY	8,000,000	773,492
MB FACTA	I.C.S. S.L.	SURETY	1,250,000	880,899
BANCA SELLA	LUMOR SRL	SURETY	180,000	125,973
BANCA IFIS	SUD CAPSULE SRL	SURETY	300,000	9,510
BANCA PROMOS	SUD CAPSULE SRL	SURETY	546,000	11,731
BANCO BPM	SUD CAPSULE SRL	SURETY	500,000	329,616
BCC SCAFATI E CETARA	SUD CAPSULE SRL	SURETY	800,000	
UNICREDIT SPA	SUD CAPSULE SRL	SURETY	1,170,000	460,649
LAMINAZIONE SOTTILE	TECNOCAP LLC	SURETY	200,000	200,000
MITSUY & CO.	TECNOCAP SRO	SURETY	6,000,000	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	2,936,680	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	5,056,722	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	460,037	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	1,195,096	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	2,295,185	
LAMINAZIONE SOTTILE	TECNOCAP SRO	SURETY	300,000	
RAIFFESEIN	TECNOCAP SRO	LETTER OF COMFORT	3,218,280	
RAIFFESEIN	TECNOCAP SRO	LETTER OF COMFORT	2,200,000	
U.S. Steel Kosice sro	TECNOCAP SRO	SURETY	4,500,000	
VINNOLIT	TECNOCAP SRO	SURETY	700,000	
BCC LEASING	TECNOCAP TL SRL	SURETY	14,946	14,946
UNICREDIT	TECNOCAP TL SRL	SURETY	1,100,000	1,100,000
BNL LEASING	TECNOCAP TL SRL	SURETY	1,075,847	1,075,847

Guarantees provided by Tecnocap in favor of	In the interest of	Type	Guaranteed amount	Warranty value
SACE FCT SPA	TECNOCAP TL SRL	SURETY	1,150,000	
ALBA LEASING SPA	TECNOCAP TL SRL	SURETY	213,753	213,753
ALBA LEASING SPA	TECNOCAP TL SRL	SURETY	32,436	32,436
ALUMAN S.A.	TECNOCAP TL SRL	SURETY	130,000	
BANCA POPOLARE DI SONDRIO	TECNOCAP TL SRL	SURETY	750,000	583,591
BANCO BPM	TECNOCAP TL SRL	SURETY	1,600,000	1,140,362
BCC CAMPANIA CENTERO	TECNOCAP TL SRL	SURETY	1,250,000	410,695
BCC FACTORING	TECNOCAP TL SRL	SURETY	1,500,000	
BCC SCAFATI E CETARA	TECNOCAP TL SRL	SURETY	3,600,000	1,415,455
BNL	TECNOCAP TL SRL	SURETY	320,000	
DE LAGE LANDEN INT. B. V.	TECNOCAP TL SRL	SURETY	35,267	6,648
ENI GAS E LUCE (electricity)	TECNOCAP TL SRL	SURETY	495,000	
INTESA S. PAOLO	TECNOCAP TL SRL	CREDIT MANDATE	1,050,000	1,011,436
MB FACTA	TECNOCAP TL SRL	SURETY	2,000,000	
NEUMAN Aluminum Austria GmbH	TECNOCAP TL SRL	SURETY	100,000	
ODO BHF SCA	TECNOCAP TL SRL	SURETY	2,000,000	2,000,000
TALUM Tovarna aluminija d.d.	TECNOCAP TL SRL	SURETY	1,000,000	

Guarantees received from Tecnocap	In the interest of	Type	Guaranteed amount	Warranty value
SACE SPA	BNL	SURETY	375,000	375,000
ICCREA BANCA IMPRESA SPA	BCC FACTORING	SURETY	3,611,000	
ME.DE.A. SPA	MPS CAPITAL SERVICES	SURETY	773,942	773,942
SACE SPA	UNICREDIT	SURETY	1,500,000	
MCC	INTESA S. PAOLO	SURETY	1,898,216	1,898,216
MCC Guarantee Fund	Credit Agricole	SURETY	900,000	
MCC Guarantee Fund	Banca Credit	SURETY	1,800,000	
MCC Guarantee Fund	INTESA S. PAOLO	SURETY	1,800,000	
MCC Guarantee Fund	INTESA S. PAOLO	SURETY	499,500	

Based on the information available, as the date of preparation of these financial statements, there are no risks that could generate Contingent liabilities.

31.2 Transactions with related parties

Pursuant to IAS 24, related party information is provided below.

The following table provides a breakdown of the receivables and payables toward Related parties:

Description	Trade receivables	Trade payables	Financial Payables	Costs	Revenues
Medea S.p.A.	2,867	11,061,538	29,905	30,653,333	3,100
Genoa Poliplast S.r.l.	6,622	255,873	2,747,873	31,732	2,955
Natural persons		503,356	780,553	17,499	
Total	**9,489**	**11,820,767**	**3,558,331**	**30,702,564**	**6,055**

Sales and purchases with Related parties are made on terms and conditions equivalent to those prevailing in free transactions. No guarantees have been provided or received for the credits and debts contracted with Related parties. In the financial year to at December 31, 2021, the Group did not record any loss of value in loans contracted with Related parties. This evaluation is carried out annually, at each balance sheet closure, by assessing the financial position of Related party and the market in which Related party operates.

In addition, the Tecnocap Group with regard to transactions between the various subsidiaries, applies the Transfer Pricing Directives and Regulations in accordance with the OECD Guidelines and the Tax authorities of the different countries in which it operates, with the assistance of an internationally specialized consulting company.

31.3 Managements of financial risk, objectives and criteria (IFRS 7)

The Group's main financial liabilities, other than derivatives, include bank loans and loans, trade debts, different debts, and financial guarantees. The main objective of these liabilities is to finance the Group's operating assets, which have financial and other receivables, commercial and non-commercial, Cash and cash equivalents that originate directly from the operating asset. The Parent Company also signs derivative contracts.

The Group is exposed to market risk, credit risk and liquidity risk.

The Group Management is responsible for managing these risks. Current company policy requires that no derivatives should be entered into for trading or speculative purposes.

The Board of Directors reviews and approves the policies for managing each of the risks set out below.

A) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in market price. The latter comprises three types of risk: Interest-rate risk, exchange-rate risk, and Raw materials-price risk. Financial instruments affected by market risk include loans and investments and derivatives financial instruments.

- **Interest rate risk and derivatives**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

In order to manage these risks, the Group subscribes to an Interest Rate Swap (IRS) in which it agrees to exchange, at defined intervals, the amount difference between the fixed rate and the variable rate, calculated by reference to an agreed amount of notional capital.

Derivative financial instruments are used only for the purpose of hedging, in order to reduce the risk of interest rate changes. The use of derivative financial instruments is reserved for the management of the exposure of interest rates related to monetary flows and assets and liabilities, and speculative activities are not allowed.

The existing contracts are as follows:

- Two *interest rate swap* transactions concluded by Tecnocap S.p.A. with Intesa San Paolo on a notional amortization value that reflects the repayment plan of a loan at floating rate granted by the same counterparty;
- An *interest rate swap* concluded by the Parent Company with Banca Sella on a notional amortization value that reflects the repayment plan of a loan at floating rate granted by the same counterparty;
- An *interest rate swap* transaction concluded by the Parent Company with UniCredit on a notional amortization value that reflects the repayment plan of a loan at floating rate granted by the same counterparty.
- An *interest rate swap* transaction concluded by Tecnocap LLC with Huntington Bank on a notional amortization value that reflects the repayment plan of a loan at floating rate granted by the same counterparty.

The following is a summary o*f the mark-to-market* as at December 31, 2021 for each outstanding contract:

Contracting Bank	Contract Date	Expiration date	Operation type	CCY	Notional value	MTM
Intesa San Paolo	09/02/2020	09/02/2024	Interest Rate Swap	EUR.	437,339	(1,201)
Intesa San Paolo	09/02/2020	09/02/2025	Interest Rate Swap	EUR.	1,671,820	(2,594)
Banca Sella	10/16/2018	04/19/2022	Interest Rate Swap	EUR.	778,834	(3,099)
UniCredit	10/14/2019	10/31/2024	Interest Rate Swap	EUR.	1,218,514	(6,117)
Huntington Bank	10/29/2020	09/30/2027	Interest Rate Swap	EUR.	5,302,000	(69,000)
TOTAL						(82,011)

The negative mark-to-market, amounting to Euro 82,011, was recognized under financial liabilities.

- **Foreign exchange risk**

The exposure to exchange rate changes arises from the company's operations in currencies other than the Euro (mainly the US dollar and the Czech crown) and determines impacts on the individual economic result due to the different significance of costs and revenues denominated in currency compared to the time when the price conditions were defined (economic risk) and due to the conversion of commercial or financial receivables/debts denominated in currency (transactive risk); Consolidated financial statements (income and equity) due to the conversion of assets and liabilities of companies drawing up financial statements with functional currency other than Euro. In general, an appreciation of the US dollar against the Euro has a positive effect on the Group's operating profit and vice versa. The management objective is to minimize the risk of the exchange rate and to optimize the economic exchange risk associated with the commodity price risk; The risk arising from the maturity of operating income in currency or from the conversion of the assets and liabilities of companies drawing up financial statements with functional currency other than the Euro is not normally covered, unless specified otherwise.
The official exchange rates used for the conversion into Euros of the financial statements of the subsidiaries expressed in foreign currency at December 31, 2021 and December 31, 2020 are as follows:

Description	Exchange rate	
	End of period 12/31/2021	2021 Average
US DOLLAR - EURO	1.13	1.18
CZECH KORUNA- EURO	24.86	25.64
UKRAINIAN HRYVNIA - EURO	30.92	32.26
INDIAN RUPEE – EURO	84.23	87.44
Description	**Exchange rate**	
	End of period 12/31/2020	**2020 Average**
US DOLLAR - EURO	1.23	1.14
CZECH KORUNA- EURO	26.24	26.46
UKRAINIAN HRYVNIA - EURO	34.77	30.85
INDIAN RUPEE – EURO	89.66	84.64

- **Commodity price risk**

The Group is influenced by the price volatility of some commodities. Over the years, the Board of Directors has developed a strategy to manage the commodity price risk and is also evaluating with specialized companies the possible use of new commodity hedging instruments.

B) Credit risk

Credit risk is the risk that a counterparty will not fulfill its obligations under a financial instrument or a contract with a client, resulting in a financial loss.

The Group is exposed to credit risk from its operating activities (especially for commercial credits and credit notes) and its financing activities.

Commercial credit risk shall be managed in accordance with the established control procedures for credit risk management. Credit limits are established for all customers based on internal rating criteria. The quality of the customer's credit is assessed based on an analytical credit rating card.

Outstanding claims to customers are regularly monitored and shipments to primary customers are generally covered by letters of credit or other forms of insurance. An analysis of the need for individual devaluation is carried out at each balance sheet date.

The maximum exposure to credit risk at the balance sheet date is the carrying amount of each financial asset class.

In accordance with International Financial Reporting Standards Accounting Standard 7, the following tables provide information on the categories of financial assets and liabilities and credit risk analyzes of financial assets and liabilities:

Description	Carrying value 12.31.2021	2021 Credit risk	2021 Foreign exchange risk
Assets			
Non-current financial assets	3,267,275	3,267,275	0
Trade and other receivables	35,159,442	35,159,442	0
Cash and cash equivalents	20,577,291	0	0
Liabilities			
Non-current payables to banks and other lenders	56,925,320	0	0
Other non-current liabilities	1,899,520	0	0
Current payables to banks and other lenders	36,926,361	0	0
Trade payables	61,960,880	0	0
Other current liabilities	6,946,893	0	0

C) Liquidity risk

Liquidity risk is the risk that in the future the Group will not be able to obtain the financial resources necessary to meet its liabilities.

In any case, the objective of managing liquidity risk is not only to guarantee financial resources are available that are sufficient to cover short-term commitments, but also to ensure, where necessary, the availability of an adequate level of operational flexibility.

At present, the Group believes, based on the availability and expected cash flows, to meet the foreseeable financial needs.

A breakdown of the maturities of assets and liabilities is provided below:

Description	Carrying value	Within 1 year	1 – 5 years	Beyond 5 years
Assets				
Non-current financial assets	3,267,275	0	3,267,275	0
Trade and other receivables	35,159,442	35,159,442	0	0
Cash and cash equivalents	20,577,291	20,577,291	0	0
Liabilities				
Non-current payables to banks and other lenders	56,925,320	0	53,637,745	3,287,575
Other non-current liabilities	1,899,520	0	1,899,520	0
Current payables to banks and other lenders	36,926,361	36,926,361	0	0
Trade payables	61,960,880	61,960,880	0	0
Other current liabilities	6,946,893	6,946,893	0	0

D) Risk of Suspension of Activities due to the COVID-19 coronavirus:

From the beginning, the Group has constantly monitored the risks related to the health emergency, setting up a dedicated task force and adopting the necessary measures for the prevention, control and containment of the virus at its headquarters in order to protect the health of employees and collaborators, such as the sanitation of premises, the spread of personal protective equipment, temperature measurement, anti-covid testing, smart working.

However, in the light of what is described in the Report on the Management and the results that it carried out in 2021, there is a little significant risk on the Group's operations and activities, managing to meet the orders of the customers in good time and to conduct its own operating activity, avoiding adverse effects on your economic, capital and/or financial situation.

Fair value – hierarchy

In relation to the financial instruments recorded in the Statement of Financial Position at fair value, IFRS 7 requires that these values be classified on the basis of a hierarchy of levels that reflect the significance of the inputs used in determining the *fair value*. The following levels are distinguished:

Level 1 – quotes recorded in an active market for assets or liabilities subject to valuation;

Level 2 – inputs other than quoted prices mentioned in the preceding paragraph, which are directly (price) or indirectly (price derivatives) observable in the market;

Level 3 – inputs that are not based on observable market data.

The table below shows the Company's assets and liabilities which are valued at *fair value* as at December 31, 2021, by hierarchical level of the fair value *:*

Description	Level 1	Level 2	Level 3	Total
Assets measured at *fair value*				
Current financial assets	-	-	-	-
Liabilities measured at *fair value*				
Current financial liabilities for financial derivatives	-	82,011	-	82,011

31.4 Fees paid to corporate bodies

The table below provides information concerning the remuneration of directors and statutory auditors:

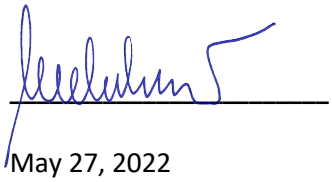
Qualification	Remuneration
Directors	739,095
Board of Statutory Auditors	20,349
Audit Firm	146,636

Dear Shareholders, we confirm that these financial statements, consisting of Statement of Financial Position, the Income Statement, the Statement of Changes in Equity, the Cash Flow

Statement, and the Explanatory Notes to the financial statements, represents in a truthful and correct manner the balance sheet and financial result for the financial year and corresponds to the results of the Journal entries.

These financial statements prepared in accordance with the International IAS/IFRS are exempt from the requirement of the xbrl format and are in full compliance with all the international accounting standards in force at the time the financial statements are prepared.

THE ADMINISTRATIVE BODY



May 27, 2022