

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 FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tecnocap S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2022, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

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 Financial Statements* section of our report. We are independent of 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.

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 S.p.A. as at December 31, 2022, including its consistency with the related 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 financial statements of Tecnocap S.p.A. as at December 31, 2022 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Tecnocap S.p.A. as at December 31, 2022 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
July 25, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Tecnocap S.p.A.

Management Report on the Consolidated Financial Statements and the Yearly Financial Statements of Tecnocap S.p.A. as of December 31, 2022



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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 December 31, 2022, 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 end 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, financial and geopolitical context, considers that there are no uncertainties that may affect the company's ability to continue as a going concern. In particular, Tecnocap, having overcome the critical phase of the Pandemic from Covid, is closely monitoring the consequences and 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 no significant risks to business continuity are identified (as defined in paragraph 25 of *IAS 1*).

The Report must be read jointly with the Financial Statements and the 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,

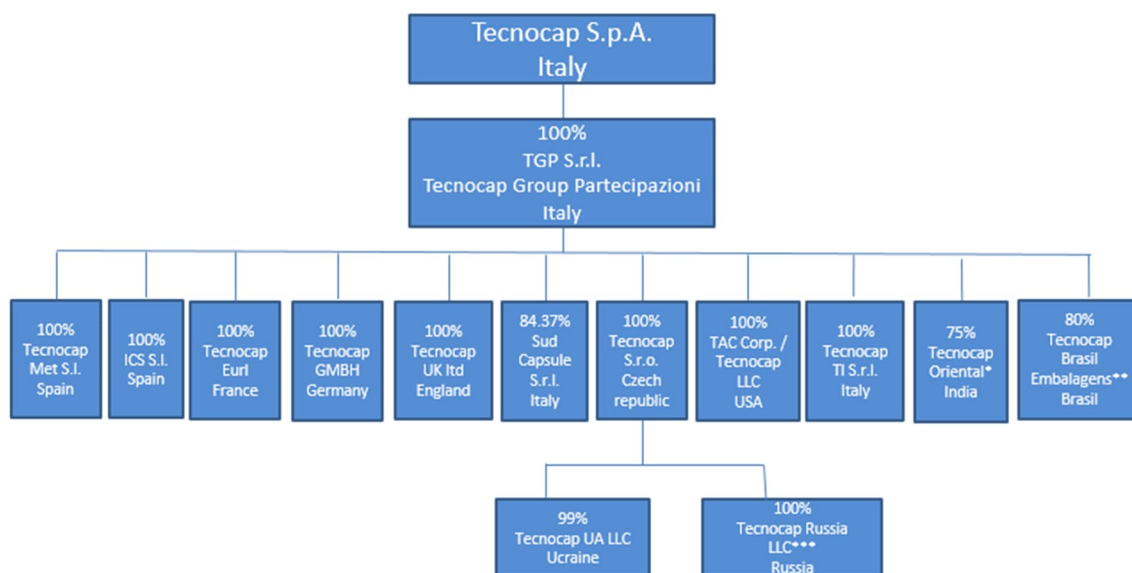
The Tecnocap Group, as you are well aware operates in the metal packaging sector. Its activities involve the manufacture of metal closures for glass and plastic containers, used in the food sector and in the pharmaceutical, cosmetics and nutraceutical sectors, as well as the design, production, sale 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 packaging 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 core business geographically, consolidating and launching new companies in India and Brazil, emerging countries with high growth potential.

The Group structure is currently represented as follows:

Group structure



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;
- For Tecnocap Russia, a non-operational company held through Tecnocap SRO, Management has initiated the voluntary winding-up procedure, which is still in progress;
- 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 Tecnocap Group achieved a consolidated turnover of more than 275 million Euro in 2022, with an increase in overall sales of approximately 52 million Euro compared to 2021, confirming the growth trends started in previous years and attributable to the consolidation of sales volumes of the various companies of the Group, deriving from the acquisition of new market shares and the increase in sales to the main customers and multinationals of *Food and Beverage* at consolidated level.

The Group recorded a remarkable consolidated economic result, realizing a profit of about 30 million euros compared to 16 million euros last year.

In terms of operating margin, the Group achieved *an adjusted* EBITDA of more than 53 million euros in 2022, which, compared to the approximately 32 million euros in 2021, represents an increase of more than 20 million euros.

Group Net Equity went from 67.6 million euros at the end of 2021 to 95.3 million euros at the end of 2022, with an increase of more than 27 million euros, essentially due to the economic result realized during the year, net of the effects related to the translation reserve and dividends distributed to the shareholders.

The Group's financial debt amounted to € 89.2 million at the end of 2022, compared to € 70.1 million in the previous year, with an increase of € 19.1 million, mainly

due to the start-up of new financing by some foreign companies, to support new productive investments and increased working capital requirements, due to the general increase in the quantities and prices of raw materials and energy costs recorded during the year.

Operating liquidity at the end of 2022 amounted to approximately 8.9 million Euros, down approximately 9.7 million Euros compared to the previous year, mainly due to the increased stocks and the respective prices of raw materials and finished goods at the end of the year.

Summary data of the economic and financial performance achieved by the Tecnocap Group in 2022 are shown below.

Summary Economic and Financial Data of the Group in 2022:
Economic indicators (in millions of euros)

Description	2022 FY	2021 FY	Change
Revenue from sales and services	275.2	223.5	51.7
<i>EBITDA adj.</i>	53.6	32.8	20.8
EBITDA %	19.5	14.7	4.8
EBIT	40.2	21.0	19.2
Pre-tax income	37.9	19.9	18.0
Consolidated net result	29.8	16.0	13.8

Asset and Financial Indicators (in millions of euros)

Description	2022 FY	2021 FY	Change
Intangible assets and property, plant and equipment	121.0	112.9	8.1
Group net equity	95.3	67.6	27.7
NFP	89.2	70.1	19.1
Operating cash flow	8.9	18.6	(9.7)
Net cash flows generated/(absorbed)	(9.9)	11.6	(21.5)

Financial Indicators of the Level of Debt and Capitalisation:

Description	2022 FY	2021 FY	Variation
NFP/EBITDA	1.7	2.1	(0.5)
NFP/PN	0.9	1.0	(0.1)

The Group's economic, asset and financial data reported in 2022 confirm the continuous and constant trend of growth initiated by Management in the previous years and in perspective, as outlined in the new 2023-2026 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 which, in 2022, for the first time exceeds consolidated financial debt, as indicated in the table.

The method for calculating EBITDA is shown below:

	2022	2021	Change
EBIT – Operating Result	40,204,887	21,038,120	19,166,767
Extraordinary +/- write-downs / (Restoration of value) of non-recurring credits	14,752	373,622	(358,870)
+/- Extraordinary and non-recurring costs and revenue	601,676	(48,357)	650,033
Provisions for funds and restructuring costs	419,411	161,084	258,327
+ Amortisation/Depreciation	12,382,104	11,319,819	1,062,285
EBITDA adj.	53,622,830	32,844,288	20,778,542

Adjusted *Group EBITDA* amounted to more than 53.6 million euros on December 31, 2022, compared to 32.8 million euros in the previous year, with an increase of more than 20 million euros. 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 2022 a turnover of approximately 112 million Euro, an increase of more than 24 million Euro compared to the previous year, thanks to the consolidation of sales volumes resulting from the acquisition of new market shares and the increase in sales to the main *customers* and multinationals of *Food and Beverage* in Italy and Europe. In terms of operating margins, the Parent Company achieved an adjusted EBITDA of approximately 20 million euros in 2022 (+50% compared to the previous year) equal to more than 17.8% of sales, along with an excellent operating result of 12.9 million euros, confirming the growth trend that started in previous years.

Net equity on December 31, 2022 reached 53.3 million euros, compared to 44.5 million euros in the previous year, with an increase of approximately EUR 9 million due to the combined effect of the further capitalization of the operating result and a balanced policy for the distribution of dividends to shareholders.

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

The net financial debt amounted to Euro 10.8 million at the end of 2022, compared to Euro 10.1 million at the end of 2021, substantially unchanged from the previous year. This result was achieved thanks to limited use of external sources of financing combined with the optimal use of operating liquidity generated by the Parent Company, in order to achieve the strategic objectives, set by the management.

Summary data of the economic and financial performance achieved of the Parent Company Tecnocap S.p.A. in 2022.

Summary Economic and Financial Data of the Parent Company in 2022:
Economic Indicators (in millions of euros)

Description	2022 FY	2021 FY	Change
Revenue from sales and services	111.8	87.4	24.4
<i>EBITDA adj.</i>	19.9	13.1	6.7
EBITDA %	17.8	15.0	2.7
EBIT	16.4	10.2	6.3
Pre-tax income	15.9	8.7	7.1
Net profit/ loss	12.9	7.3	5.6

Assets and Financial Indicators (in millions of euros)

Description	2022 FY	2021 FY	Change
Intangible assets and property, plant and equipment	26.4	27.2	(0.8)
Net equity	53.3	44.5	8.9
NFP	10.8	10.1	0.7
Operating cash flow	5.5	12.1	(6.6)
Net cash flows generated/(absorbed)	(9.9)	10.8	(20.7)

Financial indices of the level of indebtedness and capital:

Description	2022 FY	2021 FY	Change
NFP/EBITDA	0.5	0.8	(0.2)
NFP/PN	0.2	0.2	(0.0)

The method for calculating EBITDA is as follows:

	2022	2021	Change
EBIT – Operating profit	16,447,075	10,159,408	6,287,668
+/- Extraordinary and non-recurring costs and revenue	417,167	(25,258)	442,425
Provisions for funds and restructuring costs	58,031	7,828	50,202
+ Amortisation/ Depreciation	2,937,279	2,991,600	(54,321)
EBITDA adj.	19,859,552	13,133,578	6,725,973

The adjusted *EBITDA* of the Parent Company amounted to more than 20 million euros as of December 31, 2022, compared to 13 million euros in the previous year, with an increase of more than 6 million euros. The improvement in *EBITDA* is mainly due to the important increase in turnover and the ongoing revision of operating and structural costs through the efficiency of the production process and the dynamic purchasing management.

Macroeconomic Scenario

The year 2022 was characterized by a high complexity. After the pandemic crisis in Covid and its variants, the economy was expected to recover, but the geopolitical crisis triggered by the war and its economic consequences further complicated the international situation. The aftermath of the conflict between Russia and Ukraine and the related uncertainty have affected the global economy and the European economy in particular, which were characterized by a double economic shock that saw in the first part of last year a rush to buy materials and products based on forecasts of a strong global growth, only to face in the second half of the year, the sharp economic slowdown due to the unpredictable effects of the conflict on companies' production costs and, consequently, in the management and disposal of high stocks of materials and products. One of the main factors that characterized the macroeconomic scenario of 2022 was the growth rate of inflation, never so high in recent decades, that involved almost all countries and affected supplies and consumption internationally. There has been a sharp rise in energy prices, as a result of the ongoing conflict in Europe and the change in the policies of energy commodity procurement by European countries, which were highly dependent on Russian supply. This has led to higher costs for businesses and to lower real household income, forcing central banks to adopt restrictive monetary policies with higher interest rates, after years of expansion, in order to contain inflation growth as much as possible.

The US and China have also performed less brilliantly than expected at the beginning of the year, the former due to the unexpected monetary tightening, and the latter due to the stringent restraining measures introduced by Chinese authorities in an anti-COVID capacity.

Although positive signs emerged in the latter part of the year, such as the progressive and gradual reduction of commodity prices in international markets and the newfound normalcy of global freight transport after the pandemic problems, there are many critical elements which cannot be overlooked and which, after the 2022 slowdown, they could result in a sharp contraction in the global economic cycle over 2023. First and foremost, the possibility of a sudden deceleration by the US (with inevitable repercussions on the global economy), but also the possibility that in China the less aggressive approach announced by government authorities to fight the pandemic will not be sufficient to avert weak growth, hampered more by structural constraints than by the spread of the virus and by the measures taken by the government to contain it. As for Europe, although there is evidence of a number of positive elements, including the unexpected resilience of domestic demand, despite peaks in inflation, a robust labor market, and a temporary relief of tensions in the gas market, there is a general deterioration of household and business confidence, which both suggests and explains, on both the production and consumption sides, a weak outlook.

Overall, the world economy experienced GDP growth of 3.4% in 2022, slowing sharply from the 2021 trend (+6%).

Going into individual geographies, in the US GDP grew by 2.1% in 2022, driven by household consumption. To counter inflation, the Federal Reserve has intervened by aggressively raising interest rates, although there have been encouraging signs in recent months that prices will continue to stabilize substantially, which will continue to exert disinflationary effects, resulting in lower product prices.

For China, GDP growth was 3% in 2022, down sharply from 8.4% in 2021, attributable to the government's reintroduction of new containment measures for COVID and the rising social tensions that occurred later this year, which led to disruptions in production activities, which have prompted the government to introduce further measures to support the economy.

As for the European Union, in 2022, the main driving force of the economy in 2022 was domestic demand, particularly service-related demand, which increased sharply with the lifting of pandemic restrictions, with private consumption holding up well in 2022 in an environment where labor income remained stable, and savings have supported pent-up demand. However, towards the end of 2022, the inflation rate was still growing, with the household confidence

at historically low levels. The high cost of energy continues to remain one of the critical issues for both households and businesses, with the latter continuing to experience a negative trend in their economic flows. Despite the filling of stocks in the most recent months, it is in fact premature to rule out new tensions on gas prices: after the monthly averages of October and November 2022, which fell below 100 Euros per MWh, the period of winter brought gas prices back above 140 Euros for smc, creating new price tensions and fueling the risk of energy rationing, with the consequent recessive effects on businesses' economic activity and household confidence. In this context, real GDP in the euro area grew by 3.5%, after rising by 5.3% in 2021. In Brazil, GDP growth stood at 2.9% in 2022, compared to 5% in 2021. Positive effects from post-pandemic mobility and public household supports have been offset by a slowdown in investment due to rising interest rates.

India remains the world's locomotive, accounting for 7% of GDP in 2022, despite a significant slowdown in the fourth quarter of the year. Despite the International Monetary Fund's forecast deceleration for 2023, the country remains one of the world's leaders in terms of economic dynamism.

In terms of currency markets, 2022 was dominated by the strength of the dollar, thanks to the fed's monetary policy, which expanded interest-rate differentials against other currencies. Moreover, heightened international geopolitical tensions have favored the dollar as a safe currency. After falling below parity during the year, the dollar/euro exchange rate averaged 1.05 in 2022, strengthening 12% over the same period in 2021.

The Czech koruna opened 2022 at an exchange rate of 24.82, remaining stable all the time during the year and closing the period to a value of 24.12.

The Indian rupee opened 2022 at 84.23 and then had a phase of strong appreciation that brought the currency to 78.26. In the final part of the year, the rupee depreciated, reaching a closing value of 88.17, above the period average of 82.71.

The Italian economy, after growing rapidly and above expectations in the middle two quarters of 2022, was held back in the fall by the contraction of the manufacturing sector; however, GDP has been heavily activated by the tertiary sector, and has grown by almost 4 percentage points, more than the world's largest economies. Inflation has reached its highest levels since the last four decades; price dynamics in Italy have been driven mainly by increases in energy prices, but these have already eased in early 2023. On the labor market side, employment continued to expand at a relatively brisk pace, and the unemployment rate fell to lower values in historical comparison. Wage trends have only partially incorporated the sharp change in prices, and the

gap between job demand and supply remains wide, especially due to the shortage of new skills required by companies.

The macroeconomic framework of the Italian economy is also surrounded by still widespread uncertainty, mainly due to the outlook for international trade, as well as the high volatility of commodity markets, on which geopolitical tensions with Russia are weighing.

In spite of this scenario, the boost for growth will have to be sustained by structural interventions in fiscal policies and the implementation of investment programs financed by the PNRR funds, which should allow, if properly deployed, the achievement of the objectives outlined by the European Union.

In this macroeconomic context, the Tecnocap Group, through its resilient and sustainable business model, has achieved and exceeded the economic and financial objectives set for 2022, significantly improved compared to the previous year thanks to the further consolidation of volumes and sales globally, by constantly monitoring the impacts that the Russia-Ukraine conflict may cause on its industrial activity and the new opportunities arising from the global economy's growth forecasts from 2023 onwards.

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 bottles and aerosol cans, 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 innovative and sustainable metal packaging, which can contribute to strengthen the brand identity of its customers and at the same time to guarantee the integrity and long preservation of the product.

The Tecnocap Group business model, called "*closing System*", is based on the supply of products made according to the technical specifications provided by customers, alongside with the installation of capping machines for the automatic closure of capsules 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.

The packaging market, and *in particular Metal Packaging*, which is closely linked to the *food and beverage reference markets*, has confirmed its historical counter-cyclical characteristics by continuing to guarantee growth and consolidation trends and also proving to

be an increasingly attractive option for institutional investors and operators in all markets. This has helped to mitigate the negative economic effects of the health-care crisis and subsequent geopolitical crisis. Analyzing, moreover, the economic trends of the last years of the metal packaging sector, it is noted its capacity to guarantee stable growth levels even in the phases of economic depression, being able to provide also other more appealing and profitable reference markets, such as *pharma and cosmetics*, in addition to *that of spirits and wine*.

Finally, metal packaging is increasingly benefiting from sustainability issues and the global anti-plastic campaigns, making it the most popular choice for consumers, especially in the new generations, so as to orient market participants increasingly towards transitioning to the use of packaging made of steel and aluminum (defined as *permanent material* by the EC), which can be reused several times and are recyclable indefinitely. The special properties of reuse, recycling, unbreakability, airtightness, preservation, protection, and safety direct attention to the metal food packaging industry for the global community's strong interest in the issues of planet nutrition and food waste.

The Tecnocap Group continues its strategy of sustainable growth and diversification, aiming to become a global operator in the field of light metal packaging, confirming the world's third player in the metal capsule market.

In addition, the Group has expanded its production and commercial scope, including aerosol cans and aluminum bottles for the packaging of cosmetic, pharmaceutical, food and beverage products.

The Group's main competitors worldwide are multinational companies:

- ▶ Silgan Holdings;
- ▶ Crown Holdings;
- ▶ Eviosys Packaging, a company founded from the sale of a packaging division of Crown Holdings.

The metal closures sector in which Tecnocap operates is characterized by various barriers to entry, due to the specific 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 – Salerno (Italy) factory 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 owned by 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) leased 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 several R&D and engineering centers installed in the parent company Tecnocap S.p.A., the Czech subsidiary Tecnocap S.r.o., the Italian subsidiary Tecnocap TL and the American 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 the various Italian and foreign subsidiaries.

The French company Tecnocap EURL, the German company Tecnocap GmbH and the British company Tecnocap UK Ltd 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 reference geographic markets of the Tecnocap Group are: Western Europe (including the main countries are Italy, Germany, Spain and France), Eastern Europe (including the main countries are the Czech Republic, Ukraine and Poland), North America and North Africa. The markets of the far East are recently introduced through the company Tecnocap Oriental in India, and of South America with the launch of the Brazilian company Tecnocap Brasil Embalagens.

Main events and operations for the financial year

- During 2022, the Group closely monitored the economic impacts of the double shock of events on its business due to the Russian-Ukrainian conflict, which broke out in February 2022, characterized by an initial phase of strong enthusiasm for the optimistic outlook, with the provision of materials to meet the forecasts of growth in product volumes, followed however by a second phase of market contraction due to the unpredictable effects of the conflict, resulting in the management of significant inventories of materials and finished products at the consolidated level.
- During 2022, the Group closely monitored its subsidiary Tecnocap UA LLC, based on Ukrainian territory in the Lviv area near the Polish border and in the part of the country least affected by the conflict. After a short period of precautionary restraint in the early stages of the war, the Ukrainian subsidiary resumed its activity, even if it did not reach the same levels of pre-war production efficiency, thanks to the group management of raw material procurement and to the shared organization of customer orders. As of the date of this document, the Ukrainian subsidiary revised the estimated its Budget values for 2023, estimating a physiological reduction in overall sales.
- During 2022, the Group paid considerable attention to issues linked to the rising cost of energy source procurement and to the significant increase in raw material prices worldwide, along with the general scarcity and often unavailability of the main products and materials. For this reason, the Group has embarked on an active strategy of diversification of the procurements policies of production factors through its industrial sites in Europe and other market areas, also considering the opportunity to adopt various financial instruments to hedge the risks arising from the increase in the prices of raw materials, in particular steel and

aluminum, while, still being able to rely on the established relationships with the main suppliers in order to guarantee favorable delivery times and purchasing conditions.

- In the first quarter of 2022, the subsidiary Tecnocap TL needed a further recapitalization of 3 million euros by the sub-holding and direct parent company TGP to proceed with a stabilization of the company's capital and financial structure, in order to make it easier to achieve both short and medium-long term social objectives. To support these objectives, Tecnocap TL has made important investments to improve its production capacity and efficiency and to expand the range of products offered to its customers.
- At the beginning of 2022, the Parent Company was awarded an improved financial strength and creditworthiness rating by the Crif agency, based on the brilliant results of the two-year period 2020-2021. The next rating to be assigned on the basis of the final 2022 budget during 2023 is expected to report, given the excellent economic and financial results of the year just ended, a further improvement in our rating.
- During 2022, the Parent Company started the project for the adoption of the new ERP management system SAGE X3, which will be extended to its various subsidiaries. The new management system, which will be implemented through the involvement of the various company resources assisted by external IT consultants, will allow the further process of automation and integration of the various business activities, in the continuous support of the sustainable business model.
- During the year, the Tecnocap Group, through its sub-holding TGP, acquired a small stake in the Holding Finanziaria GPH, a company specialized in investments in SMEs, characterized by strong growth prospects, in order to create industrial clusters in sectors and businesses with recognized value. This investment must be seen in the context of *Open Innovation*, in search of objectives of a financial and industrial nature, with the aim of establishing potential new relationships and synergies for possible company acquisitions, since there are different correlations with the Group's business.
- During 2022, after the crises and emergencies of the last two years, the Company, within the framework of corporate governance, has intensified its commitment to Risk Management

activities, as a mode of prevention and management of the new systemic risks such as *Cybersecurity* risk, geopolitical risk, the risks related to climate and health, deriving from the various operational activities, that could involve the interruption of industrial activity, so-called *business interruption*, and affect the assumption of business continuity.

- During 2022, the public-owned company Invitalia S.p.A. paid the remaining non-repayable grant to the Parent Company within the framework of the Project of the industrial development named as CDS000409 Quality Pack, the purpose of which is to retrain production processes through the acquisition of new technologically advanced machinery and the adaptation of the industrial building.
- During 2022, the new production site of the subsidiary Tecnocap Oriental in India was completed, allowing the start of the production of metal closures, for the local market and with the perspective for the entire Asian area. This industrial investment will allow the expansion of the Tecnocap Group in emerging geographical areas and with strong prospects for economic growth, such as to be able to predict increases in volumes and turnover.
- After obtaining the EPD Environmental Certification and ESG rating, the Tecnocap Group published in December 2022 the Sustainability Report of 2021, aimed at providing a clear and transparent representation of the activities, the organizational model, the main risks and the performance indicators. The report is in line with the principles set out in the Global Reporting Initiative (GRI 2021) and, for the first time, has been submitted to the *Limited Assurance* examination by Deloitte, who has certified that the collection systems are adequate, the processing and sharing of data and information based on the business performance. The annual publication of the Sustainability Report, drawn up with reference to the Global Reporting Standards and already in line with the forecasts of the European Directive on Corporate *Sustainability Reporting Directive* and the European *Sustainability Reporting Standards (ESRS)* announced by EFRAG, the ESG rating issued by the Cerved and the Limited Assurance issued by Deloitte, testify to the effective commitment of the whole organization to represent an innovative and sustainable business model as a positive example for transparency, integrity and attitude to sustainable innovation and represent important pillars of consistent and certified reporting, able to measure and communicate in a credible and certified way the organization's ability to create shared values for all the 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	12/31/2022	12/31/2021	Change
Cash and cash equivalents	(10,676,168)	(20,577,291)	9,901,123
Other current financial assets	(2,677,983)	(1,176,054)	(1,501,929)
Current financial liabilities	53,997,402	36,926,361	17,071,041
Short-term net financial position	40,643,251	15,173,016	25,470,235
Other non-current financial assets	(2,022,923)	(2,022,923)	0
Non-current financial liabilities	50,601,920	56,925,320	6,323,400
Net financial position	89,222,248	70,075,413	19,146,834

The Group's net financial position at the end of 2022 amounted to Euro 89.2 million, compared to approximately Euro 70.1 million in 2021.

The amount of the Group's net financial debt increased by more than 19 million Euros, mainly due to the increased extraordinary working capital requirements needed to cope with the increase in the purchase costs of the raw materials and the energy products at consolidated level and to fund some investments of the subsidiaries in the Czech Republic and the United States.

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

Net financial position	12/31/2022	12/31/2021	Change
Cash and cash equivalents	(3,900,456)	(13,786,003)	9,885,706
Other current financial assets	(5,902)	(112,684)	106,782
Current financial liabilities	16,110,306	13,594,678	2,515,469
Short-term net financial position	12,203,948	(304,009)	12,507,956
Other non-current financial assets	(24,958,533)	(19,806,009)	(5,059,241)
Non-current financial liabilities	23,574,528	30,244,267	(6,763,023)
Net financial position	10,819,942	10,134,250	685,693

Tecnocap S.p.A.'s net financial position goes from 10.1 million Euros in 2021 to 10.8 million Euros in 2022, with a slight increase, this is due to the combined effect of using the Cash and cash equivalents collected to meet the increased extraordinary working capital requirements to support the purchases of raw materials and energy products and the further reduction of the non-current financial liabilities.

The following are the Group's cash flow statement data:

Cash flow statement	2022 FY	2021 FY	Change
Cash and cash equivalents at beginning of the year	20,577,291	8,986,907	11,590,384
Net cash flow from operating activities	8,875,888	18,606,014	(9,730,126)
Cash flows from the investment activity	(27,405,472)	(22,794,392)	(4,611,080)
Financial flows from the financing activity	7,018,532	11,338,368	(4,319,836)
Translation differences	1,609,929	4,440,393	(2,830,465)
Cash and cash equivalents at Year-end	10,676,168	20,577,291	(9,901,124)

The Cash and cash equivalents on December 31, 2022 amounted to more than 10 million Euros, compared to 20 million Euros in the previous year, influenced by the increased absorption of the operating liquidity and the significant investments by foreign subsidiaries.

The following are the data relating to the Parent Company's Cash Flow Statement:

Statement of cash flows	2022 FY	2021 FY	Change
Cash and cash equivalents at beginning of the year	13,786,003	2,984,028	10,801,975
Net cash flow from operating activities	5,486,189	12,060,704	(6,574,514)
Cash flows from investment activities	(7,247,016)	(3,276,145)	(3,970,871)
Cash flows from financing activities	(8,124,721)	2,017,416	(10,142,137)
Cash and cash equivalents at Year-end	3,900,456	13,786,003	(9,885,547)

The Parent Company Tecnocap S.p.A. closed the financial year 2022 with Cash and cash equivalents equal to approximately 4 million Euros, with a decrease of approximately 10 million Euros compared to the previous year as they are used to meet the requirements of working capital for the purchases of raw materials and energy products.

With reference to the Group's net assets, the composition is set out below:

	2022 FY	2021 FY	Change
Share capital	6,319,490	6,319,490	0
Legal reserve	2,044,505	1,679,656	364,849
Other reserves	57,070,633	43,553,595	13,517,038
Profit (loss) for the financial year	29,819,880	16,001,067	13,818,813
GROUP NET EQUITY	95,254,508	67,553,808	27,700,700
Borrowed Capital	952,444	840,213	112,231
Profit (loss) for the financial year from minority interest	221,431	112,231	109,200
NET ASSETS OF THIRD PARTIES	1,173,875	952,444	221,431
CONSOLIDATED NET EQUITY	96,428,383	68,506,252	27,922,131

The Group Net Equity amounted to over than 96.4 million euros on December 31, 2022, compared to 68.5 million euros in 2021. The increase of approximately EUR 28 million is attributable essentially to the 2022 operating result.

With reference to the Parent Company's shareholders' equity, the composition is set out below:

	2022 FY	2021 FY	Change
Share capital	6,319,490	6,319,490	0
Legal reserve	2,044,505	1,679,656	364,849
Other reservations	32,115,561	29,154,037	2,961,524
Profit (loss) for the financial year	12,852,566	7,296,982	5,555,584
EQUITY	53,332,122	44,450,165	8,881,957

Tecnocap S.p.A.'s net equity as of December 31, 2022 amounted to € 53.3 million, with an increase in value compared to December 31, 2021 of approximately € 9 million, mainly attributable to the positive operating result for 2022, up compared to the economic result in 2021, net of the low dividend distribution for the year, continuing the profit capitalization policy, in order to strengthen the Group's capital and financial solidity.

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

Management Outlook

The brilliant results of the economic and financial management obtained in 2022 by the Tecnocap Group and the Italian Parent Company derive from the choices made in previous years of continuous investments in productive capacity and business organization and assumed to prepare the growth forecasts of the volumes of the business plan approved for the period 2023 – 2026.

With reference to the prospects for the next two years 2023 - 2024, the strategic objectives outlined by the Management of the Tecnocap Group are based on the following guidelines:

- Increase in the total sales volumes of metallic closures during 2023, partly due to the disposal of the large stocks of products and materials accumulated by the companies at the end of last year, with a further increase in volumes from next year. This growth will focus primarily on the further geographic diversification of markets, through sales in new emerging areas and developing countries, also through the acquisition of new businesses, which will complement consolidated sales in mature and developed markets, and will also cover the most innovative capsules, sustainable and premium

dedicated to *food* and *beverage*, considering the trend of domestic consumption in eating habits. Another decisive factor will be the success of the campaigns of information, awareness and contrast to *plastic waste* and to the microplastic pollution, which will affect the purchasing choices of the new generations of consumers on the metal packaging solutions of the major brands.

- Increased sales of aluminum aerosol cans and bottles, starting in 2023, thanks mainly to the significant recovery of the cosmetics and personal care sectors after years of suffering due to the pandemic from Covid.
- A careful policy of supplying and limiting the costs of the raw materials and the energy costs, transferring only a part of them to sales prices to customers, in a phase still characterized by geopolitical and economic instability on global 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 strategy of sustainable growth adopted by the Management, both internally and externally, should allow the Tecnocap Group to aim in the upcoming years for a growth in turnover and operating margin through the further diversification of industrial businesses, evaluating the possibility of starting and launching new business units in the packaging sector and continuing a systematic review of the main operating expenses for productive and industrial efficiency such as to strengthen the indices of financial leverage and capital solidity.

The Business plan 2023 - 2026 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 effects 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 the difficulties caused by conflict and the various business risks. The financial statements were therefore drawn up on the assumption of business continuity.

Investment policy of the Group and the Parent Company

The Group places a particular focus on production investments in order to follow the new 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 digital machinery and equipment according to the “Industria 4.0” plan, as part of *the Digital Transformation process*, for the automation and interconnection of the production processes and the collection and analysis of production data through the use of analytics, software and predictive analytics tools.

In particular, 2022 was a decisive year to intensify the strategic collaboration with supply chain partners, after completing an important cycle of engineering and technology investments in circular Economy. Investments aimed at optimizing energy infrastructure have also been important. In particular, the cogeneration plant at the Lecco plant has come into full operation, while at the US plants the expansion of the solar plant has begun.

In addition, Research and development's innovative materials projects have been given a strong boost to accelerate positive actions to optimize the increasingly responsible management of water, waste, and Raw materials.

The cash flows used in 2022 for the Group's investment activities amounted to more than 27 million euros, confirming the continuous investment policies started in previous years, aimed at strengthening upgrading the capacity and production efficiency of the various foreign subsidiaries, especially in emerging countries, in order to guarantee the same technical and quality standards developed and achieved by the Parent Company in these markets as well.

In the field of sustainability, productive investments of the Group have been organized and realized in a circular economy, in order to include them in new Sustainable Finance projects that provide rewards and special economic conditions upon the achievement of environmental and social targets, promoted by leading international financial institutions.

The Tecnocap Group considers the strategy of continuous investment 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 interest of shareholders and of the various corporate stakeholders.

Research and development

The Group's research and development activities are mainly concentrated at *the R&D and engineering* centers of the Parent Company and its subsidiary Tecnocap TL in Italy, as well as the Czech subsidiary Tecnocap Sro and Tecnocap LLC in the United States.

During 2022 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 increasingly healthier food products, so-called - "*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 that may arise from the use of machinery leased for packaging. The technical assistance department in Aprilia (LT) is deputed for this purpose, making use of the work of specialized technicians and mechanics.

The products manufactured are mainly divided 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.

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 the technical assistance by specialized personnel, to guarantee the safety and integrity of food products.

Over the years, the Tecnocap Group has become the third world player in the metal closures sector, through a continuous organic growth in volumes and a targeted *M&A* growth strategy in Italy and abroad.

For the future, the Group continues to focus on diversifying the range of products offered to its customers through the acquisition and launch of new industrial businesses.

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 present in new international markets through new business.

Organization and Corporate Governance

The Corporate Governance system is manifested through strict *compliance*, understood as observance, application and compliance with rules and regulations, behavior and processes by the governing bodies and control systems aimed at ensuring efficient and proper conduct of business activities, avoiding the commission of violations, and through the new risk Management, considering the importance of certain corporate risks to the conduct of business such as geopolitical risk, *cyber risk*, and health risks.

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 company *stakeholders*.

KA qualified, authoritative and accountable governance is the key factor for modern, efficient and transparent management of companies that have to implement transitions to the sustainable ESG business model, in order to pursue a sustainable growth model for the purpose of creating long-term value and generating shared benefits in the interest of all the company's various stakeholders.

The Company adopted 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 compliance with the law, the Articles of Association and the principles of proper 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 fair and correct way the financial statements and the situation of the company; The Rating Agency assesses the financial strength and creditworthiness of the Company.

With regard to the functions and responsibilities of the various corporate bodies of the Parent Company, it is hereby noted 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 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, who meets 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 that cannot be delegated as provided for in paragraph 4 of Article 2381 of the Italian Civil Code.

The Board of Directors of the sub-holding TGP Tecnocap Group Partecipazioni S.r.l., in office for three financial years, is renewed on 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 those non-delegable powers provided for in paragraph 4 of Article 2381 of the Italian Civil Code, and the Legal Representative 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 fairness and correctness of the financial statements according to Italian Legislative Decree 39 of January 27, 2010. The assignment was given to Deloitte & Touche S.p.A. for the three-year period 2021-2023.

In addition, in order to improve and control corporate governance at the Group level, specific government solutions have been adopted in the various foreign companies that provide for the distribution of powers and responsibilities among the various corporate bodies of the General Meeting, the Board and the CEO or MDs, in order to adapt them to the organizational practices recommended by the corporate rules of the different foreign states. In addition, alongside the conventional Governance system, the Parent Company has an extraordinary Governance, consisting of the Compliance function and the Supervisory Board 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 violations and violations by managers and company officers.

The supervisory body, consisting of an internal member and two external lawyers in accordance with Legislative Decree no. 231/01, governs corporate responsibilities for administrative offenses arising from violations, carried out by managers and employees in the interest or to the benefit of the company. For sending reports, suggestions, clarifications, and other information,

Tecnocap has activated a specific e-mail address of the supervisory board: 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 implementing Law 179/2017 on the administrative responsibility of entities. The supervisory body is obliged to periodically report any critical issues arising in the company's system regarding the application of the model and to prepare at the beginning of each year the controls to be performed. Within the model are the Code of Ethics, the Internal Regulations and the Mapping of powers, the Protocol Manual, and the Sanctions System, which are tools for risk management.

During 2022, the Supervisory Board met regularly, including through videoconferencing systems, meeting with Management and the Internal Compliance Department and the Board of Statutory Auditors, in order to integrate the various control activities and to monitor the corporate developments and the compliance with the procedures and requirements on occupational health and safety and purchasing management, in addition to all the audits required by the model pursuant to Legislative Decree N.231/2001. As of 31 December 2022, there were no legal or administrative proceedings concerning anti-competitive behavior, antitrust or monopoly and market violations.

In 2022, 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 2022, as part of *the Antitrust Compliance Program*, the Company completed training to its entire European sales network as well as for corporate executives with the aim of preventing risks arising from entering into market agreements and establishing business relationships to the detriment of customers that do not comply with the regulations.

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, as long as they have the characteristics of completeness, detail and substantiation 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 various procedures

prescribed by the regulations for the correct use and protection of personal data and constantly checks and updates their 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 July 3, 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 Resources

Tecnocap dedicates great attention to its personnel and to human resources, 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 performance bonuses and full development of the most deserving figures, corporate welfare policies with social security and health purposes and inclusion and *diversity* policies to bring together the different cultures and religions present in the Group’s various companies.

Tecnocap promotes fair and inclusive recruitment, retention, and advancement practices in order to remove the economic and social barriers that increase individual freedom and dignity. The year 2022 was crucial for redesigning and implementing organizational development interventions at the Parent Company and at the plant dedicated to the production of aerosol cans and bottles. Following a kick-off phase, information was collected through one-to-one interviews, the administration of a bottom-up questionnaire, focus groups aimed at identifying the needs and requirements of the organization, analysis and sharing of the collected data and training to middle management figures. In particular, the results of the survey provided a starting point for the construction of corporate strategies and policies aimed at creating an increasingly positive climate, with the ultimate goal of improving the organizations’ overall

performance and the employee well-being. Although the pilot projects started at the Parent Company, the organization has planned a series of initiatives to share best practices in all other, initially European, locations of the Group. During 2022, a project was launched to create a multilingual e-learning platform, of content sharing and creation as a learning and a career development tool, accessible to the entire workforce of the different plants.

The company has been committed to the issue of fighting corruption for several years now, recognizing its negative effects on the country's socio-economic growth. This commitment has been reflected in the tools implemented for the identification, prevention and control of corruption risks reported in the organizational model pursuant to Legislative Decree 231/01 and in the Code of Ethics, as an integral part of it, to which reference is made for further details (see paragraph "Corporate Governance Organization").

Production and Environment

The products produced by the Tecnocap Group are mainly made of steel and aluminum. 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.

With regard to paints and inks, among the main materials applied to capsules, Tecnocap Group uses UV-drying paint systems, through which a dual 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 products obtained.

Regarding the chemical components, 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 plasticizers. From the point of view of energy efficiency, this type of seals does not require baking steps by means of an oven, involving the reduction of the footprint of methane gas consumption, positively impacting the environmental. Finally, regarding the Research & Development activity, Tecnocap collaborates with universities to develop “*environmentally friendly*” seals, that are 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 promote 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.

Regarding 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 signaling any anomalies; it also makes use of specialized external companies for the disposal 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.

In addition, the Group is aware that its responsibility is not limited to the negative impacts generated under its direct control but extends to those that may occur throughout the product's life cycle. For this reason, it adopts *the Life-Cycle Assessment (LCA)* 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. The Group has updated the LCA studies, which are useful to evaluate and quantify the environmental impacts associated with products, processes and activities from the procurement of raw materials to the production of the finished product. The studies were subjected to internal surveillance and verification by the International EPD System, in order to publish a new version of the Environmental Product Declaration, taking into account the revisions and updates.

During 2022, the information contained in the EPD certification was shared with the business network and the key client brands, in order to make mutual assessments and to verify the opportunity for partnerships to improve their respective performance toward ESG targets.

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 collegial 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, as a company that is not only sustainable but also regenerative, able to create value and have a positive impact on the planet and people. The Committee was also assigned the oversight of ESG risk management and the task of drawing up and analyzing the results of the Annual Sustainability Report.

During 2022, aligned with a vision of “dual materiality” as contained in the European Union’s Sustainability Reporting Directive and with the aim of accelerating the integration of “climate risk” into corporate governance, the Innovation and Sustainability Committee worked together with designated representatives at each plant to assess and identify emerging risks in order to mitigate or avoid possible harm and attempt to seize profitable opportunities. As a global player, Tecnocap has the responsibility to address challenges related to climate change and progressive water scarcity. The negative impact of climate-altering gases on global temperatures, and on the frequency and severity of extreme weather conditions and natural disasters, are phenomena that affect the business and pose a risk to production facilities, employees, and customers. Climate change adds another dimension of complexity to the ongoing social, technological, economic, and political change that Tecnocap faces in its journey of sustainable growth and global expansion, which requires a transformative approach.

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 Ilc: UNI EN ISO 9001- AIB International;

Tecnocap UA Ilc: 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.

Tecnocap promotes respect for work and for all workers, counteracts all forms of discrimination, Acting as guarantor of full respect for fundamental human rights and promoting policies of inclusion and *diversity* in order to bring together the different cultures and religions present in the Tecnocap Group, and promoting diversity as a real business value. Moreover, it pursues a balanced and proportional wage policy between the various figures of the company, does not employ workers who are under the age allowed by the laws of the countries in which it operates, does not discriminate in terms of the sex, race and religion of their workers. It also guarantees freedom of association with trade unions and does not subject workers to working hours which exceed the limits of the current legislation, while respecting the relationship with confederal parties.

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 occurred after the end of the financial year

- During 2023, the Tecnocap Group is facing the new global economic context, defined by the experts “Permacrisi”, characterized by a prolonged period of different crises that follow and overlap, creating a state of lasting insecurity, uncertainty and volatility, which clearly has negative effects on world economic growth and social well-being. The pandemic crisis, which exploded in early 2020 and continued between 2021 and the end of 2022, can be considered to have been definitively ended in 2023, replaced in 2022 by the geopolitical crisis, triggered by the Russian-Ukrainian conflict, which in turn triggered the energy crisis in Europe, high inflation in the world, the resulting rise in interest rates by the various central banks, and which could lead to a real risk of economic slowdown or even recession between the end of the year and the beginning of 2024. The Tecnocap Group therefore, considers 2023 a year of transition for its business, after two years of impetuous growth, but expects in 2024 a scenario of new economic growth thanks to the commercial strategy elaborated by the Company Management, based on entry into new emerging markets and the start of new industrial businesses.
- The new company Tecnocap Brasil Embalagens, after having identified the industrial plant to be rented to start the production of metal capsules in Brazil, has started the necessary structural adjustment activities of the building to plan the sending and installation of the production lines to be completed during 2023, to be operational early next year.
- At the beginning of 2023, continuing the policy of expansion and diversification in new emerging market areas, the Group started the project of entry into Egypt, through the acquisition of a participation in a commercial company, in order to promote and develop with

the new Egyptian partners the Group's sales of capsules in the Egyptian market and throughout the African continent.

- During 2023, the Group is evaluating the start of new packaging businesses, relying on the experience and consolidated relations with the primary customers of the food & beverage, cosmetic and pharmaceutical sectors of its international network and commercial organization; this is the other main driver of the business strategy to support sales volume growth from next year.
- During 2023, the Parent Company completed the acquisition of a land of about 8,000 square meters bordering its industrial site, on which an expansion of the production building of about 3,000 square meters will be realized, in order to improve the productive and logistic activities with evident organizational advantages.
- During 2023, the Parent Company Tecnocap S.p.A. will complete the acquisition of an industrial property of about 3,000 square meters in the vicinity of the main building, which will be subject to expansion and used as a new automated warehouse. Such investment property will allow the company a complete logistic reorganization of the stocks and warehouse stocks, with important advantages in terms of organization and efficiency.
- During 2023, the Italian subsidiary Tecnocap TL, is evaluating the possible acquisition of industrial property from the owner company, in liquidation procedure, to consolidate the business of aerosol boxes and aluminum bottles, with obvious economic advantages, social feedback and predictable business improvements in relationships with key customers and distributors.
- During 2023, the Company achieved the second ESGe Rating issued by the Cerved Rating Agency on the basis of the 2021 Sustainability Report, with an important improvement over the previous evaluation, with the entry into the high end of the model. According to the evaluation of the Cerved Rating Agency, Tecnocap demonstrates a high ESG risk management capacity, with a particular focus on climate risk, reinforced by the “circular Economy” investment plan launched in 2021. The Rating Agency has also recognized the potential for further improvement in judgment, rewarded as corporate governance and promoted the value of the management approach in the field of consumer safety, the launch of a “People and Culture” program, aimed at the organizational development and well-being of

workers and the capacity for strategic cooperation along the value chain, aimed at the development of increasingly sustainable packaging solutions.

- In 2023, the Tecnocap Group continues with determination the company's strategy to implement the two transitions toward Sustainability and digitization, to become a sustainable, innovative and automated enterprise before and regenerative in the future. These are the two real drivers to ensure an efficient and competitive business model that creates economic value and environmental and social well-being for all stakeholders.

Treasury Stock

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.

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

The Group is evaluating with specialized companies the possible 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.	915	0	7,129,235	0
Genoa Poliplast S.r.l.	3,264	0	0	2,029,617
Natural persons	0	0	0	777,453
TGP S.r.l.	10,995	22,842,327	70,690	0
Tecnocap LLC	1,404,499	0	4,578	0
Tecnocap s.r.o.	845,796	0	2,775,707	0
Tecnocap UA	731,330	0	0	0
Sud Capsules S.r.l.	3,307,071	0	27,982	0
Tecnocap TL S.r.l.	19,312	0	1,038,512	0
Tecnocap met	0	344,925	0	0
Tecnocap GMBH	0	0	82,478	0
Tecnocap EURL	2,398	0	160,711	0
Tecnocap UK	0	0	30,888	0
ICS	2,639,321	0	0	0
Tecnocap Oriental	1,318,259	0	0	0
Total	10,283,161	23,187,251	11,320,782	2,807,070

The table below gives a detail of the costs and revenues to Related parties.

Description	Costs	Revenue
Medea S.p.A.	44,605,716	3,850
Genoa Poliplast S.r.l.	35,217	3,264
Natural persons	17,499	0
TGP S.r.l.	0	5,391
Tecnocap LLC	4,578	2,136,874
Tecnocap s.r.o.	15,357,236	7,721,483
Tecnocap UA LLC	14	175,722
Sud Capsules S.r.l.	86,615	12,219,467
Tecnocap TI S.r.l.	3,584	39,828
Tecnocap EURL	241,248	0
Tecnocap UK	110,000	0
ICS S.L.	50,585	8,011,793
Tecnocap Oriental	4	648,271
Total	60,512,296	30,965,943

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 2022, 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

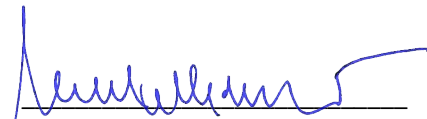
Dear Shareholders, we ask you to approve the Yearly Financial Statements and Consolidated Financial Statements as at December 31, 2022, formed of the following statements respectively:

- 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 allocate the net profit for the year, equal to Euro 12,852,566 entirely to the extraordinary reserve, having the legal reserve already reached the minimum limits foreseen in art. 2430 of the c.c.

THE ADMINISTRATIVE BODY



29 may 2023

Tecnocap S.p.A.

**Financial Statements
as at December 31, 2022**



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IAS/IFRS financial statements at December 31, 2022

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STATEMENT OF FINANCIAL POSITION

ASSETS	NOTES	12/31/2022	12/31/2021
ACTIVITIES			
NON-CURRENT ASSETS			
Property, plant and equipment	4	26,093,648	27,033,395
Assets under construction and advances		617,565	795,659
Land and buildings		10,408,350	10,402,152
Plants and machinery		12,215,968	12,555,633
Equipment and other assets		2,851,766	3,279,951
Intangible fixed assets	5	263,741	149,205
Patents, trademarks and other rights		360	720
Software		263,381	148,485
Rights of use	6	403,189	447,201
Financial fixed assets	7	62,824,150	57,343,492
- Equity investments measured at cost		36,456,714	36,647,535
- Other financial assets		26,367,435	20,695,957
<i>Deferred tax assets</i>	8	<i>417,098</i>	<i>1,114,385</i>
Non-current assets, Total		90,001,826	86,087,679
CURRENT ASSETS			
Inventories	10	31,808,673	16,046,066
Tax assets	11	1,631,702	1,410,452
Deferred tax assets	8	318,962	246,314
Trade and other receivables	12	16,953,079	12,541,681
Cash and cash equivalents	13	3,900,456	13,786,003
Current assets, Total		54,612,872	44,030,516
Assets held for sale	9	0	0
ASSETS, TOTAL		144,614,699	130,118,195

LIABILITIES	NOTES	12/31/2022	31/12/2021
NET EQUITY	14	53.332.122	44.450.165
Share capital		6,319,490	6,319,490
Other reserves		34,160,066	30,833,693
Profit (loss) for the period		12,852,566	7,296,982
NON-CURRENT LIABILITIES			
Payables to banks and other lenders	15	23,574,528	30,244,267
Employee severance indemnity and other benefits	16	1,498,048	1,393,656
Deferred tax liabilities	17	59,500	72,797
Other provisions	18	344,925	0
Other liabilities	19	1,574,919	1,659,396
Non-current liabilities, Total		27,051,919	33,370,116
CURRENT LIABILITIES			
Payables to Banks and other lenders	15	16,110,306	13,594,678
Tax payables	20	1,032,463	392,255
Trade payables and other payables	21	44,102,132	35,937,596
Other liabilities	19	2,985,756	2,373,383
Current liabilities, Total		64,230,657	52,297,913
LIABILITIES, TOTAL		91,282,577	85,668,030
NET EQUITY AND LIABILITIES, TOTAL		144,614,699	130,118,195

INCOME STATEMENT	NOTES	12/31/2022	12/31/2021
OPERATING REVENUES		117,672,378	89,392,261
Revenue from sales and services	22	111,825,183	87,413,249
Other revenues and income	23	2,799,577	2,384,176
Changes invent. work in progress, sem. And fin.		2,821,392	(853,981)
Increases of non-current assets from in-house production	24	226,226	448,817
OPERATING COSTS		101,225,303	79,232,853
Raw materials, consumables and supplies	25	78,821,359	59,386,357
Other operating costs	26	10,171,079	7,846,716
Personnel costs	27	9,295,586	9,008,180
Depreciation of property, plant and equipment and amortization of intangible assets	28	2,937,279	2,991,600
OPERATING EARNINGS		16,447,075	10,159,408
Interest and other financial income	29	1,187,540	47,856
Interest and other financial expences	30	1,775,959	1,481,687
Exchange gains and losses	31	(1,910)	(2,812)
NET FINANCIAL INCOME AND EXPENSES		(590,330)	(1,436,643)
PRE-TAX INCOME		15,856,746	8,722,764
TAX CHARGES/(INCOME)	32	3,004,180	1,425,783
- Current taxes		2,392,837	918,678
- Deferred tax assets/ liabilities		611,342	507,105
PROFIT (LOSS) OF THE OPERATING ACTIVITY			
Net gains (losses) deriving from assets held for sale		0	0
PROFIT (LOSS) FOR THE YEAR		12,852,566	7,296,982

COMPREHENSIVE INCOME STATEMENT	12/31/2022	12/31/2021
Profit for the year	12,852,566	7,296,982
Other components of the total income statement:		
Variation of the Fair value IAS 19	26,241	47,463
Total profit/loss, net of taxes	12,878,807	7,344,445

STATEMENT OF CHANGES IN EQUITY

	Share capital	Other reserves	Result for the period	Total net equity
Balance as at 01/01/2021	6,319,490	27,891,528	6,892,546	41,103,564
Allocation of previous year's profit		6,892,546	(6,892,546)	
Distribution of dividends		(4,000,000)		(4,000,000)
Reserve IAS 19		49,619		49,619
Operating result			7,296,982	7,296,982
Balance as at 12/31/2022	6,319,490	30,833,693	7,296,982	44,450,165
Allocation of previous year's profit		7,296,982	(7,296,982)	
Distribution of dividends		(4,000,000)		(4,000,000)
Reserve IAS 19		29,391		29,391
Result for the year			12,852,566	12,852,566
Balance as at 12/31/2022	6,319,490	34,160,066	12,852,566	53,332,122

CASH FLOW STATEMENT	2022	2021
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>		
Result for the year	12,852,566	7,296,982
ADJUSTMENTS FOR NON-MONETARY ELEMENTS	3,611,763	2,806,534
- Depreciation of property, plant and equipment and amortization of intangible assets	2,937,279	2,991,600
- Loss / (profit) on disposal of assets	(119,483)	(443,016)
- Capitalization	(226,226)	(448,817)
- Dividends from investments		
- Other	1,020,193	706,768
OPERATING EARNINGS BEFORE CHANGES IN WORKING CAPITAL	16,464,329	10,103,516
- Changes in inventories	(15,762,607)	(171,020)
- Change in trade and other receivables	(4,411,399)	(1,072,520)
- Changes in tax assets	(221,250)	1,127,600
- Changes in trade payables	8,164,536	1,605,407
- Changes in other liabilities and tax payables	1,252,580	467,660
<i>Changes in working capital</i>	(10,978,139)	1,957,188
NET CASH FLOW FROM OPERATING ACTIVITIES	5,486,189	12,060,704
<i>CASH FLOWS FROM INVESTMENT ACTIVITIES</i>		
Investments in property, plant and equipment and intangible fixed assets	(2,475,764)	(2,643,622)
Sale of property, plant and equipment and intangible fixed assets	709,406	1,296,853
(Investments)/divestments in financial fixed assets and asset held for sale	(5,480,658)	(1,929,376)
FREE CASH FLOW	(1,760,827)	8,784,559
<i>CASH FLOWS FROM THE FINANCING ACTIVITIES</i>		
Increase/(Decrease) in Net Equity Treasury Shares	(3,970,609)	(3,950,381)
Increase/(Decrease) in debt to Banks and Other lenders	(4,151,112)	5,967,797
NET CASH GENERATED/ABSORBED DURING THE YEAR	(9,885,547)	10,801,975
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,786,003	2,984,028
CASH AND CASH EQUIVALENTS AT YEAR-END	3,900,456	13,786,003

1. Company information

Tecnocap S.p.A. is a joint-stock company registered and domiciled in Italy.

It should be noted that the company Tecnocap S.p.A. (hereinafter also referred to as the “Parent Company”, “Tecnocap” or the “Company”), as the operating Holding of the Tecnocap Group, benefited from the longer term of 180-days for the approval of the financial statements, compared to the regular 120-day period, in order to examine the correct preparation of the financial statements of the investee companies required to prepare the consolidated financial statements.

The Company carries out its activities in the metal packaging industry. The activity carried out consists of the industrial production of metal closures for glass and plastic containers, as well as the design, production, sale and leasing of machinery, plants and industrial equipment for the manufacturing and application of closures to containers.

2.1 Reporting principles and accounting standards

Pursuant to Regulation (EC) No 1606/2002 of July 19, 2002, the financial statements as at December 31, 2022 have been prepared in accordance with the International IAS/IFRS Accounting Standards (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 Standard Board* (IASB) and in force at year-end.

The general principle adopted in the preparation of these financial statements is that of historical cost, except for items in the statement of financial position which, according to IFRS, are mandatorily recognized at fair value, as indicated in valuation criteria for individual items.

The financial statements consists 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 financial statements are classified on a current/non-current basis.

An asset is current when: (i) it is supposed to be carried out, or 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 that it is expected to be converted to cash within twelve months of the closing date of the financial year; (iv) it consists of cash and cash equivalents unless it is prohibited to exchange

or use 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 within its normal 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 does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting date. The Company classifies all other liabilities as non-current.

The income statement is presented for the period, classifying costs by type; 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, on the other hand, has been prepared using the indirect method as permitted by IAS 7.

The financial statements are prepared on the going-concern basis, as defined in Article 2423 bis of the Italian Civil Code, since, even within a difficult economic, financial and geopolitical context, it is not considered that there are significant uncertainties and effects (as defined in paragraph no. 25 of IAS 1 - Presentation of Financial statements) which may affect business continuity. In addition, Tecnocap is closely monitoring the implications and repercussions of the Russia-Ukraine conflict that erupted at the end of February 2022, given the interests arising from the industrial activities of the subsidiary Tecnocap UA LLC in Ukraine. As of the date of this document, the impact of the conflict on the Company's business is limited and no significant risks to company's going-concern ability are noted.

For further details on the Company's economic, financial and equity performance, 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 art. 2497 bis of the Italian Civil Code, it is noted that the Company is not subject to management and coordination activities.

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

Transactions in currencies other than functional currency

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

The amounts shown are rounded to the unit, including amounts shown 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 on the reporting date.

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

Non-monetary items valued at historical cost in a foreign currency are translated at the exchange rates on the date of 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 that value. The profit or loss arising from the translation of non-monetary items is treated in accordance with the recognition of profits and losses related to the change in *the fair value* of such items.

Intangible assets

Intangible assets consist of non-monetary items without physical substance and from which future economic benefits are expected to flow to the company. These items are recognized at purchase and/or production cost, including expenses directly attributable in preparation for bringing the asset into operation, net of accumulative amortization (except for fixed assets with an indefinite useful life) and any impairment losses. Amortization begins when the asset is available for use and is systematically allocated according to its residual useful life. In the financial year in which the intangible asset is recognized for the first time, amortization is determined considering the actual use of the asset.

Improvements on third-party assets

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

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 Company will receive expected future benefits attributable to the developed project and if the cost of the project-related asset can be measured reliably. Research costs are recorded to the income statement. Similarly, if the Company externally purchases a fixed asset that qualifies as a Research and development expense, only the cost attributable to the development phase, if the above requirements are met, is recognized as a fixed asset.

Costs for development projects are capitalized under the item “Assets under development” and, only when the development phase is completed and the developed project begins to generate economic benefits, they are subject to depreciation. During the period in which internal development costs eligible for capitalization are incurred, these are suspended in the income statement as increases of fixed assets from in-house production. The depreciation of development costs is calculated over 5 years, which is an average duration representative of the useful life of the benefits related to the developed products.

Trademarks, patents and other rights

Trademarks and patents with a definite useful life are amortized using the straight-line method based on their estimated useful life and on strategic plans for their expected use.

The amortization period and 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 related to intangible assets will be achieved by the Company are recognized by modifying adequately the amortization period or the method and treated as changes in accounting estimates.

The amortization of intangible assets with a definite useful life is 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 at December 31, 2022, by category of intangible asset, are shown below:

Description	Rate applied	Estimated Useful life
Development costs	20%	5
Software	20%	5
Patents, trademarks and other rights	20%	5
Others	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 location and in the condition necessary for its operation; borrowing costs are also included if they meet the conditions set forth in IAS 23.

Following the initial recognition, the cost criterion is maintained, depreciated over the useful life of the fixed asset and net of any impairment losses, considering 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 for improvements and conversions with an incremental nature of tangible assets (as they lead to probable future economic benefits that can be measured reliably) are allocated to the statement of financial position to assets as an increase in the relevant asset or as a separate asset. Maintenance or repair costs which have not led to any significant and measurable increase in the 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 economic 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 considered representative of the estimated useful life of the asset.

The economic-technical useful lives of tangible fixed assets, based on which the depreciation process is determined, are shown below:

Description	Rate applied	Estimated useful life
Land	n.a.	Indefinite
Buildings	3%	33 years
Plants 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 reviewed in order to determine consistency with respect to the economic and technical deterioration.

If the asset being depreciated is composed of distinctly identifiable elements whose useful life differs significantly from that of the other parts comprising the asset, depreciation is calculated separately for each of the parts comprising the asset by applying the component approach principle.

In 2012, the Company reduced the depreciation rate of production machinery and capping machines falling within the category of “Plant and machinery” to take into account the effective useful life of the assets, which was estimated, by technical appraisal, as 13 years (compared to the previous 7 years of the financial years prior to 2012).

Impairment of assets

Intangible assets with 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 depreciation/amortization, are tested for impairment if relevant indicators emerge. Impairment is the difference between book value and the recoverable value of an asset. Recoverable value is the higher of the fair value of an asset or cash-generating unit, minus selling costs, and its value in use, defined according to the discounted cash-flow method. Value in use is given by the sum of the cash flows expected from the use of an asset, or from their sum in the case of multiple cash generating units. If the recoverable value is less than the book value, the asset is reported at the recoverable value, recognizing the impairment in the income statement. If subsequently the impairment of the asset (excluding goodwill) is lost, the book value of the asset (or cash-generating unit) is increased to the re-estimated recoverable value, without exceeding the value initially recorded.

Leases

Lease agreements are accounted for in accordance with IFRS 16, under which the Company assesses when signing a contract if 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 in assets (“Right of use”), against a financial liability. The only exceptions are short-term leases (i.e. leases with a duration of 12 months or less) and those in which the underlying asset is a low-value asset (i.e., underlying assets that do not exceed the value of EUR 5 thousand, when new), for which the Company continues to recognize lease payments in the income statement.

The Company recognizes right-of-use assets on the lease commencement date (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 lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognized, the initial direct costs incurred, and the lease payments made on the lease commencement date or before, net of any 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 to use asset reflects the fact that the lessee will exercise the purchase option, the lessee 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.

On the lease commencement date, the Company recognizes lease liabilities by measuring them at the present value of the payments due for the lease not yet paid at that date. Payments due include fixed payments net of any incentives, variable lease payments that depend on an index or rate, and the amounts expected to be paid as residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that such option will be exercised by the Company and the penalty payments for the early termination of the lease. If the lease term takes into account the Company's exercise of the lease termination option.

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

In calculating the present value of the payments due, the Company uses the incremental borrowing rate on the lease commencement date if the implicit interest rate cannot be easily determined.

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

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 Company assumes substantially all risks and benefits related to the ownership of the asset) are recognized as assets and are therefore recorded, from

the lease commencement date, 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 methods of depreciation and subsequent valuation of the asset are consistent with those of 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.

Receivables and financial assets

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

IFRS 9 includes the following types of financial assets:

- financial assets at fair value through profit or loss;
- financial assets at amortized cost;
- investments held to maturity;
- available-for-sale financial assets.

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

i. Financial assets at fair value through income statement

This category includes assets held for trading and assets designated upon initial recognition as financial assets at fair value with changes recognized in the Income Statement, as well as derivative instruments for which reference is made to the appropriate section. 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 of December 31, 2022, the Company has not classified any financial asset at fair value through profit or loss that were not related to derivative instruments.

ii. Financial assets valued at amortized cost

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

- the financial asset is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows;

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

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 derecognized, modified or revalued.

As of December 31, 2022 the Company recorded trade receivables, tax assets, financial receivables regarding loans to related parties and third parties and other current assets.

iii. Investments held to maturity

Financial assets that are not derivatives and that are characterized by fixed term or determinable payments are classified as “investments held to maturity” when the Company has the intention and the ability to hold them in its portfolio until maturity. Current assets are classified as those whose contractual expiry is expected within the following 12 months. Where 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 Impairment losses determined through impairment tests are recognized in the Income Statement. If the reasons for the previous write-downs cease 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. Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, which have been 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 contra entry in a specific equity reserve (“reserve for available-for-sale assets”), except when the fair value cannot be reliably determined. In this case, the assets are valued at cost, adjusted for any impairment.

Derivative financial instruments

According to IFRS 9, derivatives are measured at fair value through profit or loss, unless they were designed as hedging instruments.

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

- Hedging transactions under IFRS 9: These are cash flow hedges. For cash flow hedge transactions, the accrued result is included in profit and loss when realized, while the forecast value is shown in equity.
- Transactions that cannot be defined as accounting hedges under IFRS 9, even though they are for hedging purposes: the Company may hold derivative instruments in order to hedge its exposure to the risk of rate changes. In line with the strategy chosen, the Company has not engaged in derivative transactions for speculative purposes. If these transactions cannot be classified as hedges under 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 in 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 in the three hierarchical levels described below, based on the relevance of the information (input) used in determining fair value. 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 quoted prices in Level 1, but which are directly or indirectly observable;

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

Inventories

Inventories of raw materials and finished goods are measured at the lower value between the purchase or manufacturing cost and the net realizable value inferable from the market trends.

The purchase cost includes the costs incurred to bring each asset to the storage location.

The manufacturing cost of finished and semi-finished goods includes direct costs and a portion of indirect costs reasonably attributable to the products based on the normal production

capacity use, while financial expenses are excluded. Regarding the work in process, the valuation was made at the production cost of the year, considering the progress of the work performed. The cost of inventories of raw materials, finished goods, goods for resale and semi-finished goods is determined by applying the FIFO method. For raw materials, consumables and supplies, the net realizable value is represented by the replacement cost. For finished goods and semi-finished, the net realizable value is the estimated selling price in the normal course of the business, net of the estimated completion costs and those required to make the sale. Obsolete inventories and slow-moving items are written down in relation to their possibility of future use or realization, by means of inserting a specific value adjustment provision in the financial statements.

Assets held for sale

Assets held for sale refer to those assets whose book value will be recovered through sale, which should be completed within 12 months from the date of classification of 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 cash balance, unrestricted deposits and other treasury investments with an original maturity not exceeding three months. A cash investment is considered a cash equivalent when it is readily convertible into cash with a 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 the subscribed and paid-up capital. The costs related to the issue of the shares are classified as a reduction of the share capital, net of the deferred tax effect.

Retained earnings/ (Losses carried forward)

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

Provisions for risk and charges

Provisions for risk and charges relate to costs of a determined nature and of 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 needed 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 expected financial resources to be used against the obligation.

The funds are periodically updated to reflect the changes in estimates of costs, completion time and any discounted value; the review of estimates of the funds are charged to the same item in the Income Statement which previously included 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 expenses".

Employee benefits

The following is a distinction between defined contribution plans, defined benefit plans that are fully not funded, fully or partially funded defined benefit plans, and other 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 Company 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 does not have sufficient assets, when the right accrues, to pay all the benefits for employees 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 as cost in the relevant period.

Defined benefit plans and other long-term benefits

The cost related to defined benefit plans is determined using the Projected Unit Credit method, carrying out actuarial valuations at each year-end. The cost related to past work benefits is recognized immediately, to the extent that benefits have already accrued, or otherwise is amortized on a straight-line basis, 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 Comprehensive Income Statement 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 for termination of employment.

Financial liabilities

The Company'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, and financial liabilities relating to finance leases.

Financial liabilities are initially recorded at market value (fair value) increased by transaction costs; subsequently, they are measured at amortized cost and, in other words, at initial value, net of 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 value at maturity. Payables and other liabilities are classified under current liabilities, unless the contractual right to settle the obligations exceeds 12 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 contracts with customers and requires that revenues are recognized in 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 principle of economic and temporal competence and are recognized to the extent that it is probable that the Company 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 fair value of the consideration received for the sale of products and services, where the following conditions are met:

- the substantial transfer of the risks and benefits connected to the ownership of the good takes place;
- the value of the revenues is determined reliably;
- it is probable that the economic benefits deriving from the sale will be enjoyed 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 taken to the income statement on a systematic basis over the years necessary 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 the income statement over the amortization/depreciation period of the relevant asset.

Costs

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

Financial income and expenses

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

Financial expenses 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 itself. All other financial charges are recognized as a cost for the period in which they are incurred. Financial charges consist of interest and other costs incurred by an entity in relation to obtaining loans.

Current and deferred taxes

Current taxes are set aside in accordance with the 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 unused tax losses or credits carried forward, as well as for deductible temporary differences, to the extent that future taxable income will be available against which such differences, losses or credits may be utilized.

The value of the deferred tax assets is reviewed at each year-end and is reduced to the extent that it is no longer probable that sufficient tax-recognized profits may become available in the future for the use of all or part of that 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 years in which the temporary differences will be canceled out.

Dividends

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

Dividends payable to shareholders are represented as changes in equity at the date on which they are approved by the Shareholders' Meeting.

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

2.2 Changes in accounting standards and disclosures

The accounting standards adopted for the preparation of the annual financial statements as at December 31, 2022 comply with those followed for the drafting of the Company's annual financial statements as at December 31, 2021.

Several other amendments and interpretations shall apply for the first time in 2022 but have no impact on the Company's financial statements. Tecnocap has not adopted in advance any other standard, interpretation or amendment published, but not yet in force.

Amendments to IFRS and interpretations beyond January 1, 2022

The following International IFRS, amendments and interpretations were first applied by the Company from January 1, 2022.

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 deduction from the cost of property, plant and equipment, the amount received from the sale of goods produced in the testing phase of the asset itself. These sales revenues and related costs 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 on whether a

contract is onerous includes not only incremental costs (such as, for example, the cost of the direct material used in the processing of production), but also all costs that the enterprise cannot avoid because it has entered into the contract (such as, for example, the share of the depreciation of the machinery used for the performance of the contract).

Annual improvements 2018-2020 the amendments were made to the IFRS 1 First Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and Illustrative Examples of IFRS 16 Leases.

The introduction of these changes is not considered to have any significant effect on the Company's financial statements.

Amendments to IFRS and interpretations approved by the European Union, not yet mandatory and not adopted in advance by the Company at December 31, 2022

- On May 18, 2017, the IASB published the International Financial Reporting Standards 17 – insurance contracts principle, which is intended to replace the International Financial Reporting Standards 4 – insurance contracts principle.

The aim of the new principle is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, principle-based framework to take into account all types of insurance contracts, including reinsurance contracts that an insurer holds.

The new Standard also provides for Presentation and disclosure requirements to improve comparability between entities in this sector.

The new principle measures an insurance contract on the basis of a General Model or a simplified version of this, called the Premium Allocation approach (“PAA”).

The main features of the General Model are:

- o estimates and assumptions of future cash flows are always current;
- o the measurement reflects the time value of the money;
- o the estimates provide for extensive use of market-observable information;
- o there is a current and explicit measurement of risk;
- o the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and,

o the expected profit is recognized during the contractual period taking into account the adjustments resulting from changes in the assumptions relating to cash flows for each group of contracts.

The PAA approach provides for the measurement of liability for the residual coverage of a group of insurance contracts, provided that, at the time of initial recognition, the entity provides that such liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications resulting from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to update those cash flows if the balance to be paid or paid will be expected to occur within one year of the claim date.

An entity shall apply the new principle to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and also to investment contracts with a discretionary participation feature (DPF).

The Standard applies from 1 January, 2023 but is allowed to apply in advance only to entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from contracts with customers. A significant effect on the Company’s financial statements is not expected from the adoption of this principle.

- On December 9, 2021, the IASB published an amendment called “Amendments to International Financial Reporting Standards 17 insurance contracts: Initial Application of International Financial Reporting Standards 17 and International Financial Reporting Standards 9 – Comparative Information”. The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment seeks to avoid temporary accounting misalignments between financial assets and liabilities of insurance contracts, and thus to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from January 1, 2023, together with the application of the International Financial Reporting Standards 17 principle. A significant effect on the Company’s financial statements is not expected from the adoption of this amendment.

- On 12 February, 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and International Financial Reporting Standards practice Statement 2” and “Definition of Accounting estimates—Amendments to IAS 8”. The changes aim to improve disclosure on accounting policies to provide more useful information to investors and other primary financial statements users, and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from 1 January, 2023 but advance application is allowed. A significant effect on the Company’s financial statements is not expected from the adoption of this amendment.
- On 7 May, 2021, the IASB published an amendment called “Amendments to IAS 12 income taxes: Deposited Tax related to assets and liabilities raising from a Single Transaction”. The document clarifies how deferred taxes on certain transactions that may generate equal amounts of assets and liabilities, such as leasing and decommissioning obligations, should be accounted for. The amendments will apply from January 1, 2023, but advance application is allowed. A significant effect on the Company’s financial statements is not expected from the adoption of this amendment.

International Financial Reporting Standards accounting standards, amendments and interpretations not yet approved by the European Union

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- On 23 January, 2020, the IASB published an amendment called “Amendments to IAS 1 Presentation of Financial statements: Classification of liabilities as current or non-current” and on October 31, 2022 published an amendment called “Amendments to IAS 1 Presentation of Financial statements: Non-current Liabilities with covenants”. The purpose of the documents is to clarify how to classify debts and other short- or long-term liabilities. The changes will enter into force on January 1, 2024; however, they are allowed to be applied in advance. A significant effect on the Company’s financial statements is not expected from the adoption of this amendment.
- On September 22, 2022, the IASB published an amendment called “Amendments to International Financial Reporting Standards 16 leases: Lease liability in a sale and leaseback”. The document requires the seller-lessee to assess the liability for the lease arising from a sale &

leaseback transaction so as not to recognize a gain or loss relating to the retained right of use. The amendments will apply from January 1, 2024 but advance application is allowed. A significant effect on the Company's financial statements is not expected from the adoption of this amendment.

- On January 30, 2014 the IASB published the International Financial Reporting Standards 14 – Regulatory Deferral Accounts principle, which allows only those who adopt the International Financial Reporting Standards for the first time to continue to recognize amounts relating to activities subject to “Rate Regulation activities” in accordance with the previous accounting principles adopted. Since the company is not a first-time adopter, this principle is not applicable.

3. Significant accounting estimates

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

The use of these accounting estimates affects the carrying amount of assets and liabilities and information on assets and Contingent liabilities at the date of the financial statements, as well as the amount of income and costs in the reporting period. Actual results may differ from estimated results due to uncertainty characterizing assumptions and conditions on which estimates are based.

Impairment of Assets

The Company's activities are subjected to impairment tests on an at least annual basis in the event of indefinite life, or more often in the event of indicators of impairment loss. Similarly, impairment tests are conducted on all activities for which there are signs of loss of value, even if the Amortization process is already started.

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

The Company uses for these assessments the plans approved by the corporate bodies and financial parameters in line with those resulting from the current performance of the reference markets.

NOTES TO THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION
4. Property, Plant and Equipment

Property, Plant and Equipment at December 31, 2022 amounted to Euro 26,093,648 (Euro 27,033,395 in the previous year). The following table shows the composition of tangible fixed assets and the changes that occurred during the financial year:

Description	Assets under construction	Land and buildings	Plants and machinery	Equipment and other goods	Total
Historical cost:					
As at 12/31/2021	795,659	15,048,890	37,439,646	10,774,136	64,058,330
Additions	651,549	311,544	736,995	165,723	1,865,811
Disposals/ decreases	0	0	(639,709)	(69,697)	(709,406)
Reclassifications	(829,643)	0	791,643	38,000	0
As at 12/31/2022	617,565	15,360,434	38,328,575	10,908,162	65,214,735
Depreciation:					
As at 12/31/2021	0	4,646,738	24,884,013	7,494,185	37,024,936
Charge for the period	0	305,346	1,812,443	593,422	2,711,211
Disposals/ decreases	0	0	(583,849)	(31,211)	(615,060)
As at 12/31/2022	0	4,952,084	26,112,607	8,056,396	39,121,087
Net book value as at 12/31/2022	617,565	10,408,350	12,215,968	2,851,766	26,093,648
Net book value as at 12/31/2021	795,659	10,402,152	12,555,633	3,279,951	27,033,395
Variation	(178,094)	6,198	(339,665)	(428,185)	(939,746)

The following table shows the composition of the net book value of Property, Plant and Equipment:

Description	Gross book value at at 12/31/2022	Accumulated depreciation and write-downs as at 12/31/2022	Net book value as at 12/31/2022
Assets under construction and advances	617,565	0	617,565
Land and buildings	15,360,434	4,952,084	10,408,350
Plants and machinery	38,328,575	26,112,607	12,215,968
Equipment and other goods	10,908,162	8,056,396	2,851,766
Total	65,214,735	39,121,087	26,093,648

The balance of “Assets under construction” at December 31, 2022 recorded a slight net decrease of Euro 178,094 compared to the previous year.

Specifically, the increase in this item derives from new investments of Euro 651,549, which include advances to suppliers of Euro 95,326, in addition to the purchase of new production machinery and specific and format equipment not yet in operation at the year-end date for Euro 534,748.

This increase also includes capitalized costs for internal works of Euro 21,474 relating to capping machines. The total capitalized costs for internal work in 2022 amounted to Euro 226,226, of which Euro 21,474 in the “ongoing fixed assets” category and Euro 204,752 in the “plant and machinery” category.

The decreases in the category “Assets under construction”, totaling to Euro 829,643, are attributable to the entry into operation of production machinery, specific and formed equipment and capping machines.

The item “Land and buildings” includes land with a value of Euro 5,104,764 and buildings with a value of Euro 5,303,586, essentially consisting of the building of the headquarters of Cava de’ Tirreni (SA), Via Starza 4/bis. In particular, during the year, the Company recorded an increase mainly attributable to the acquisition of certain adjacent industrial land lots in order to create new operating structures.

As required by IFRS 1, the Company applied the exemption regarding the possibility of selective adoption of fair value at the date of transition to international accounting standards. Therefore, these assets are measured on the basis of the revalued cost (deemed cost), consisting of the adjusted amount at the time the revaluations were made.

The item “plant and machinery” includes production machinery for Euro 10,140,979, general plant for Euro 480,669, capping machines for Euro 1,572,724 and various machinery for Euro 21,595.

This category recorded a net decrease in 2022 of Euro 339,665, compared to the previous year. The increases are mainly attributable to the purchase and commissioning of production machinery, plants and capping machines for a total value of Euro 1,528,638, confirming the strategies pursued by the Company for the technological and digital modernization of its productive assets. The increase is inclusive of Euro 204,752 for the capitalization of costs for internal work on capping machines. The decreases, net of the relative amortization fund, are

equal to Euro 55,860 and refer to the intercompany sale of production machinery and capping machines, discontinued from the production process of the Parent Company (to be replaced by more efficient machinery with better production capacity) they are therefore intended to be used by the subsidiaries.

Amortization's share of the "Equipment and Machinery" category is equal to Euro 1,812,443.

The item "Equipment and other assets" consists of specific and formed equipment for Euro 2,412,155, miscellaneous and laboratory equipment for Euro 68,941, furniture and furnishings, means of transport and other assets for Euro 370,670. This category recorded a total increase of Euro 203,723 compared to the previous year, which is mainly attributable to the purchase and commissioning of specific equipment for Euro 83,220, to new investments in its infrastructures for Euro 60,605 and to purchases of other goods for Euro 59,898. The relative total depreciation charge is equal to Euro 593,422.

5. Intangible Fixed Assets

The following table shows the composition of the "Intangible Fixed Assets" of Euro 263,741, at December 31, 2022 and the changes in the course of the financial year :

Description	Patents and trademarks	Software	Total
Net book value as at 12/31/2021	720	148,485	149,205
Additions	0	177,413	177,413
Reclassifications	0	0	0
Amortisation	(360)	(62,517)	(62,877)
Disposals	0	0	0
Net book value as at 12/31/2022	360	263,381	263,741
Variation	(360)	114,896	114,536

The "Patents and trademarks" category includes intellectual rights to use works of the invention and trademarks for a value of Euro 360. The annual Amortization share is equal to Euro 360.

For years the Company continues to develop several projects of Research and development in the field of R&D department and engineering department whose costs have been partly spent and partly directly capitalized in new and evolved assets, materials and intangibles, for the purpose of exclusive use of the various Group companies.

The category "Software" amounts to Euro 263,381 and includes a gross increase of Euro 177,413 relative to the development of computer applications suitable to support the

productive and commercial efficiency of the activity and the implementation of the new management software; the annual Amortization share is equal to Euro 62,517.

6. Right of use assets

Right of use assets, deriving from lease, rental agreements or contracts for the use of third-party assets, have been recognized separately and as of 31 December, 2022 amounted to Euro 403,189.

RIGHT OF USE AS AT 12/31/2022	ASSETS	DEPRECIATION
Right of use – Buildings	335,773	116,085
Right to use – Motor Vehicles	62,665	44,728
Right of use – Generic Plants	4,752	2,377
TOTAL	403,189	163,190

The “Buildings” category includes contracts for the rental of buildings, used as warehouses, depots and offices leases of real estate, used for warehouse and storage leased by the Company, with a value net of depreciation of Euro 296,744 and the lease of the building used for the construction and service of capping machines of Euro 39,029.

In the course of 2022, the Company entered into a lease contract for a building used as administrative offices subject to the accounting standard International Financial Reporting Standards 16, acquiring a right of use of Euro 66,018.

The category “Motor Vehicles” refers to the lease agreements on the Company's corporate car fleet (Euro 62,665). During the financial year, two new car lease agreements were signed for a total of Euro 53,160.

Finally, the “Generic Plants” category is exclusively attributable to the lease agreement on the telephone system and relative terminals.

The depreciation for the period amounted to Euro 163,190.

7. Financial fixed assets

7.1 Equity Investments

Equity Investments as at December 31, 2022 amounted to Euro 36,456,714 (Euro 36,647,535 in the previous year):

Description	12/31/2022	12/31/2021	Variation
Subsidiaries	36,441,748	36,441,748	0
Other Equity Investments	14,966	205,787	(190,821)
Total	36,456,714	36,647,535	(190,821)

Investments in subsidiaries

Investments in subsidiaries refer entirely to the Group's Sub-Holding, the TGP Tecnocap Group Partecipazioni S.r.l. as a sole shareholder (hereinafter "TGP" or "Sub-Holding") for the following amounts:

Denomination	12/31/2022	12/31/2021	Variation
TGP Tecnocap Group Partecipazioni S.r.l.	36,441,748	36,441,748	0
Total	36,441,748	36,441,748	0

The value of investments in subsidiaries has not changed compared to the previous year. The main information about the subsidiary is as follows:

Denomination	% ownership	NE as at 12/31/2022	Profit for the year 2022	Carrying Amount 2022
TGP Tecnocap Group Partecipazioni S.r.l.	100	39,173,497	1,450,303	36,441,748

Through the subsidiary TGP, the following holdings are held indirectly in subsidiaries at the end of 2022:

Company Name	Registered office	% ownership	NE as at 12/31/2022
Tecnocap Acquisition Company Ltd	USA	100%	46,086,000
Tecnocap s.r.o.	REP. Czech	100%	30,572,303
Tecnocap GmbH	Germany	100%	246,183
Tecnocap Eurl	France	100%	136,620
Tecnocap Met	Spain	100%	-
Tecnocap UK	England	100%	32,503
Sud Capsules S.r.l.	Italy	84%	3,917,392
Tecnocap TL S.r.l.	Italy	100%	2,361,829
International Closures Solution S.l.	Spain	100%	1,465,732
Tecnocap Oriental Pvt. Ltd.	India	75%	2,385,162
Tecnocap Brasil Embalagens Ltda.	Brazil	80%	-

Through Tecnocap s.r.o., control is indirectly held in:

Company Name	Registered office	% ownership	NE as at 12/31/2022
Tecnocap UA LLC	Ukraine	99%	4,202,778

Through Tecnocap s.r.o., 99% of the Russian trading company Tecnocap Russia LLC is also held, which for 2022 has not yet been operational and, as of the date of the drafting of this document, a voluntary liquidation procedure has been initiated.

In application of IAS 36, the investment in TGP S.r.l. was subjected to an impairment test in order to verify that its book value in the financial statements has been maintained.

For the purposes of the impairment test, in view of the fact that the main asset of the TGP subholding company is the equity investments described above, the valuation method adopted was that of the “sum of parts” and on the basis of the comparison between the recoverable amount “in equity” and the respective load values emerged, from the individual entities, positive differentials which together result in a net balance of Euro 201.4 million.

For the purposes of the impairment test, unleveraged discounted cash flows derived from industrial plans 2023-2026, i.e. those made available only by the operating activity, were used. The prepared industrial plans have been formally approved by the Board of Directors. As it is still in the start-up phase, Tecnocap Oriental has been considered a plan lasting 6 years (2023-2028) differently from the other CGU/investments (four-year plan, 2023-2026) in order to intercept a situation “a steady” at the end of the chosen time horizon.

Key assumptions used in the calculation of carrying amounts

The value of the equity investments was determined based on the following key assumptions, consistent, where applicable, with the aforementioned plans, which the Directors consider reasonable:

- Organic growth in sales volumes in the Metal Capsules division in addition to increased sales in the Aerosol Division;
- increase in sales prices;
- slightly increasing raw material cost as a percentage of revenues;
- reduction of financial expenses due to the expected reduction in indebtedness.

The cost of capital was estimated on the basis of the following references:

- a) CAPM - Capital Asset Pricing Model estimation criterion;
- b) “Beta” coefficient was calculated based on a panel of comparable companies, specifically for Tecnocap LLC 0.90, for Tecnocap s.r.o. 0.93, Tecnocap UA LLC 0.93, Sud Capsule S.r.l. 0.91, Tecnocap TL S.r.l. 0.91, ICS 0.91 and Tecnocap Oriental 0.91;
- (c) Weighted Average Cost of Capital (WACC) used by other operators; for Tecnocap LLC 7.96%, for Tecnocap s.r.o. 9.11%, for Tecnocap UA LLC 18.8%, for Sud Capsule 8.30%, for Tecnocap TI S.r.l. 8.30%, for ICS 7.58% and for Tecnocap Oriental 10.50%;
- d) growth rate “g” for Tecnocap LLC 2.04%, for Tecnocap s.r.o. 2%, for Sud Capsule S.r.l. and Tecnocap TL 2%, for ICS 1.70% and for Tecnocap Oriental 4%.

Therefore, the impairment test carried out did not reveal any write-downs; the Company also subjected the estimates obtained to sensitivity analysis in order to verify the variability of the recoverable amounts of the investee companies within a range of fluctuation of the WACC of 2.0 percentage points, crossing it with a range of fluctuation of the growth rate “g” of 1 percentage point. Even with these changes, the results show a recoverable amount of the investment in TGP higher than its book value.

7.1.1 Other Equity Investments

“Other Equity Investments” as at December 31, 2022 amounted to Euro 14,966, whose value decreased by Euro 190,821 compared to the previous year following the sale of the minority interest held in Emiliana Conserve Società Agricola S.p.A.

A breakdown of the item is provided below:

Company name	12/31/2022	12/31/2021	Variation
Emiliana Conserve Società Agricola S.p.A.	0	190,821	(190,821)
Agrofuturo S.c.a.r.l.	5,533	5,533	0
Consorzio C.I.E.S.	413	413	0
Campania Centro Bank	1,902	1,902	0
Consorzio Packaging Salerno	750	750	0
Cajamar Bank	5,368	5,368	0
BCC Scafati e Cetara	1,000	1,000	0
Total	14,966	205,787	(190,821)

7.1.2 Other Financial Assets

“Other Financial Assets” at December 31, 2022 amounted to Euro 26,367,435 (Euro 20,695,957 in the previous year).

A breakdown of the item is provided below:

Description	12/31/2022	12/31/2021	Variation
Credit Enhancement Elite Basket Bond	1,950,000	1,950,000	0
Credit to TGP subsidiary	22,842,327	17,542,327	5,300,000
Other financial assets	1,157,261	889,948	267,313
Target Elite Basket Bond reserve Credit	72,923	72,923	0
Non-interest-bearing financing toward MET	344,925	240,759	104,166
Total	26,367,435	20,695,957	5,671,479

The item recorded an increase of Euro 5,671,479 compared to the previous year.

The item “Credit to the subsidiary TGP”, equal to Euro 22,842,327, includes loans granted to the sub-holding company for dividends approved and not yet collected for Euro 4,958,244, loans against unprofitable loans which, net of refunds, amount to Euro 17,884,083, the deadline for reimbursement is December 31, 2026.

The funding was granted in order to enable TGP to:

- the acquisition of the 43% of the share capital held by Simest in its U.S. subsidiary TAC Tecnocap Acquisition Company;
- the further acquisition of the 18.03% share held by Simest in the foreign subsidiary Tecnocap S.r.o.;
- the disbursement of loans to the indirect subsidiary Tecnocap TI necessary for the development of its industrial activity and the strengthening of its capital and financial strength;
- acquisition of the 75% stake in newco under Indian law Tecnocap Oriental Pvt. LTD and the financing provided jointly with Simest S.p.A., necessary for the construction of the industrial plant, the acquisition of the productive assets and the consequent start-up of the business;
- disbursement of financing to the indirect subsidiary Tecnocap Brasil Embalagens necessary for the start of industrial activity;
- The acquisition of a minority stake in a financial holding company aims to make an investment with financial interests and potential industrial advantages for the Tecnocap Group.

The item “Non-interest-bearing loan to Tecnocap Met” of Euro 344,925 represents the amount granted to the subsidiary, paid by the latter to the Spanish Tax Agency as a guarantee in a tax procedure still in place.

The Company has recorded a financial receivable of Euro 1,950,000 from the special purpose vehicle Elite Basket Bond S.r.l. as a result of its participation in 2017 in a collective ten-year bond issue with nine other companies; the total value of the transaction was Euro 122 million and Tecnocap’s share was Euro 13 million. This bond was subscribed by the vehicle company Elite Basket Bond S.r.l., which subsequently issued a single type of securities, of an amount and maturity equal to the sum of the individual instruments, subscribed by Cassa Depositi e Prestiti and the European Investment Bank.

Credit Enhancement represents a joint and mutual guarantee provided by the issuing companies, that amounts to 15% of the value of the bond issued by the companies, totaling Euro 18,300,000, whose share paid by Tecnocap amounts to Euro 1,950,000, producing interest, as it is invested in securities. This credit will guarantee the punctual fulfillment by each issuing company and will be released under certain conditions, better specified in the contract between the parties.

The item "Reserve Credit Target Elite Basket Bond" of Euro 72,923 includes the amounts made available by the Company to cover the operating expenses of the vehicle company Elite Basket Bond S.r.l..

The "Other Financial Assets" amount to Euro 1,157,261 and refer to the Director's life insurance policy and for Euro 874,942, to the security deposits in favor of third parties Euro 189,035 and to the financial assets related to derivative instruments Euro 93,283.

It should be noted that the book value of each category recorded under financial assets coincides with the fair value.

8. Deferred tax assets

The following table shows the composition of the item "Deferred tax assets", which amounted to Euro 736,060 as at 31 December, 2022 (Euro 1,360,699 in the previous year) and the division between current and non-current portions:

Description	12/31/2022	12/31/2021	Variation
Deferred tax assets - non-current	417,098	1,114,385	(697,287)
Deferred tax assets - current	318,962	246,314	72,648
Total	736,060	1,360,699	(624,639)

The allocation of deferred tax assets was made by assessing the existence of the assumptions of future recoverability of the same on the basis of updated business plans.

The breakdown of the year-end balance of deferred tax assets is shown below, indicating the elements that mainly contributed to this item:

Description	12/31/2021	Increases	Decreases	12/31/2022
Deferred tax assets	1,360,699	243,621	(868,259)	736,060
Total	1,360,699	243,621	(868,259)	736,060

The increases amounting to Euro 243,621 are mainly attributable to the inclusion of the advanced taxes corresponding to the Patent Box benefit for the financial year 2022.

The decreases amounting to Euro 868,259 refer mainly to the use of the deferred tax asset recorded in previous years for the misalignment between the tax and statutory amortization of the trademark and goodwill, the reversal of interest expense of ROL previously recorded, and the use of the Patent Box benefit pertaining to the financial year.

The effect of the deferred tax assets on the income statement is shown below:

Description		12/31/2022			12/31/2021		
		TAXABLE AMOUNT	ALIQ. %	TAX EFFECT	TAXABLE AMOUNT	ALIQ. %	TAX EFFECT
A)	TEMPORARY DIFFERENCES						
	Deferred Tax Assets						
	Trademark and know How	1,511,341	28.97	437,843	1,763,229	28.97	510,807
	Excess interest expense ROL	0	24	0	1,854,955	24	445,189
	Excess interest expense ROL Tax consolidation	0	24	0	736,481	24	176,755
	Credit write-down	148,900	24	35,736	145,029	24	34,807
	Patent box	837,969	28.97	242,691	587,222	28.97	170,043
	Goodwill	68,333	28.97	19,791	79,722	28.97	23,096
	Total Deferred Tax Assets		2,566,543		736,060	5,166,638	
B)	DEFERRED TAX ASSETS AT YEAR-END			736,060			1,360,699
C)	DEFERRED TAX ASSETS AT THE END OF PREVIOUS YEAR			1,360,699			1,881,101
(C-B)	EFFECT OF DEFERRED TAX ASSETS ON INCOME STATEMENT FOR THE FINANCIAL YEAR			(624,639)			(520,402)

9. Assets held for sale

As of December 31, 2021, the Company has not recorded any "Assets held for Sale".

10. Inventories

The “inventories” at December 31, 2022 amounted to Euro 31,808,673 (Euro 16,046,066 in the previous year).

The composition and movements of the item are shown and commented on below:

Description	12/31/2022	12/31/2021	Variations
Raw materials	19,843,700	7,299,526	12,544,174
Work in progress	70,869	66,861	4,008
Finished goods	7,242,909	4,425,525	2,817,384
Spare parts formats and Machinery	4,651,194	4,254,153	397,041
Total	31,808,673	16,046,066	15,762,607

The change with respect to December 31, 2021 is attributable in large part to the Raw materials lying at the end of the year, both due to the increased inventory acquired for the strategy implemented by the Company to face possible risks of supply chain, this was due to the higher purchase costs recorded during 2022, which affected the value added. Moreover, the increase in Finished goods in stock at the end of the year is also to be noted, due to a reduction in sales forecasts, delivered during the first months of 2023.

11. Tax Assets

The “Tax assets” at December 31, 2022 amounted to Euro 1,631,702 (Euro 1,410,452 in the previous year).

The breakdown is as follows:

Description	12/31/2022	12/31/2021	Variation
VAT credits	984,332	333,400	650,933
IRES credits	0	545,853	(545,853)
Others	647,369	531,199	116,170
Total	1,631,702	1.410,452	221,250

Tax assets recorded an increase in 2022 of Euro 221,250 compared to the previous year, attributable to the combined effect of the increase in VAT credit, resulting from the increase in sales made in the year under non-taxable conditions, and the decrease in IRES credit due to its use in compensation.

In addition, the amount of Euro 147,865 and Euro 339,107 are included in this category, relating respectively to tax credits due under the budgetary law 2020, L. 2019, and Law 178/2020, both

of which encourage investment in capital goods, which have replaced the tax benefits of the super and hyper Amortization.

Lastly, this category includes Euro 160,386 respectively relating to tax credits due under the Italian Legislative Decree 21/2022 and subsequent, issued by the Government in support of companies in order to counter the increase in the cost of energy needs, such as electricity and natural gas, due to international tensions over the Russia-Ukraine conflict and speculation.

12. Trade and other receivables

“Trade and other receivables” net of write-downs amounted to Euro 16,953,079 at December 31, 2022 (Euro 12,541,681 in the previous year).

The breakdown and distinction between trade and other receivables are shown below:

Description	12/31/2022	12/31/2021	Variation
Trade receivables	16,328,826	11,856,471	4,472,355
Other receivables	624,253	685,209	(60,956)
Total	16,953,079	12,541,681	4,411,399

Trade receivables can be broken down by geographical area as follows (net of the bad debt provision):

Country	Total	%
Italy	7,030,205	43%
EU	5,310,273	33%
Non-EU	3,988,348	24%
Total	16,328,826	100%

The following table shows the breakdown of the item “Trade Receivables”, equal to Euro 16,328,826 as at December 31, 2022 (Euro 11,856,471 in the previous year):

Description	12/31/2022	12/31/2021	Variation
Trade receivables from third parties	6,326,357	3,277,842	3,048,515
Trade receivables from subsidiaries	10,278,982	8,874,003	1,404,979
Bad debt provision	(276,513)	(295,373)	18,860
Total	16,328,826	11,856,471	4,472,355

The increase compared to the previous year of Euro 4,472,355 is substantially linked to the increase in sales volumes and the consequent increase in turnover.

The following is the movement of the bad debt provision:

Description	12/31/2021	Increments	Decrements	12/31/2022
Bad debt provision	295,373	54,160	(73,020)	276,513

The nominal value of the trade receivables was written down in order to bring it back to the net realizable value.

Other receivables are broken down as follows:

Other receivables	12/31/2022	12/31/2021	Variation
Receivables for Quality Pack Dev. Agr. Contribution	5,902	112,684	(106,782)
Other financing	85,893	85,893	0
Advances to suppliers	24,318	253,600	(229,282)
Sundry receivables	38,519	72,582	(34,063)
Other receivables	44,062	44,062	0
Prepaid expenses	112,823	83,917	28,906
Loans and advances to employees for travel	5,221	373	4,848
Loans to employees	25,709	25,709	0
Others	281,807	6,390	275,417
Total	624,253	685,209	(60,956)

"Other receivables" as of December 31, 2022 amounted to Euro 624,253 (Euro 685,209 in the previous year), an increase compared to the previous year. The decrease is mainly attributable to the combined effect of the collection of the balance payable by the public contribution relating to the development contract known as "Quality Pack", as a result of the completion of the facilitated industrial investment within the CDS000409 Quality Pack, the rejection of advances to suppliers paid in previous years for the delivery of the goods and the recording of the credit for the last tranche to be collected for the sale of the stake in Emiliana Conserves Società Agricola S.p.A..

13. Cash and cash equivalents

The following table provides a breakdown of "Cash and cash equivalents" at December 31, 2022 equal to Euro 3,900,456 (Euro 13,786,003 in the previous year).

Description	12/31/2022	12/31/2021	Variation
Current Bank Accounts	3,894,673	13,781,354	(9,886,681)
Cash	5,783	4,649	1,134
Total	3,900,456	13,786,003	(9,885,547)

The item consists of surpluses in the current correspondence accounts maintained with the Credit Institutions and cash availability. The decrease in the year of Euro 9,885,547 is mainly due to the combined effect of the use of the financial resources used for the repayment of the installments of the loans and to meet the increased extraordinary need for working capital.

14. Net Equity

“Net Equity” as at December 31, 2022 amounted to Euro 53,332,122 (Euro 44,450,165 in the previous year).

Description	12/31/2022	12/31/2021	Variation
Share capital	6,319,490	6,319,490	0
Other reserves	34,160,066	30,833,693	3,326,373
Profit (loss) for the period	12,852,566	7,296,982	5,555,584
Total	53,332,122	44,450,165	8,881,957

The breakdown of the other reserves is as follows:

Description	12/31/2022	12/31/2021	Variation
Share premium reserve	13,165,592	13,165,592	0
Legal reserve	2,044,505	1,679,656	364,849
Extraordinary statutory reserve	21,356,042	18,423,909	2,932,133
Reserve for own shares in portfolio	(234,437)	(234,437)	0
IFRS first-time adoption reserve	(7,328,550)	(7,328,550)	0
Prior years' profit/loss	(1,913,483)	(1,913,483)	0
Reserve for actuarial gains/losses IAS 19	35,769	6,378	29,391
Property revaluation reserve	7,034,628	7,034,628	0
Total	34,160,066	30,833,693	3,326,373

Information regarding the availability and the distributability of equity items as at December 31, 2022 is provided below:

Item / Description	Amount	Possibility of use (*)	Available portion
Share capital	6,319,490		
Share premium reserve	13,165,592	A,B,C	13,165,592
Revaluation reserves	7,034,628	A,B	
Legal reserve	2,044,505	A,B	
Extraordinary statutory reserve	21,356,042	A,B,C	21,356,042
Total			34,521,634
Non-distributable amount			
Distributable residual amount			34,521,634

(*) A: share capital increase; B: to cover losses; C: dividends

Share capital is comprised of no. 12,152,866 Common Stock for a nominal unit value of 0.52 Euro. The total amount is equal to Euro 6,319,490.

The Company holds no. 304,575 own shares for an overall nominal value of Euro 158,379.

In addition, the Company, as a result of the tax recognition, pursuant to Article 110 of Legislative Decree 104 of August 14, 2020, of the higher book value of the Building recorded under Tangible Fixed Assets, carried out during the previous fiscal year, has established a tax suspension restriction on the existing Revaluation Reserve in the amount of Euro 3,350,896.

Reserves under tax suspension	12/31/2022	12/31/2021
Revaluation reserves	3,350,896	3,350,896
Total	3,350,896	3,350,896

As of December 31, 2021, the net equity of Tecnocap S.p.A. amounts to Euro 53,332,122, with an increase in value compared to December 31, 2021 of Euro 8,881,957 deriving from the combination of various effects, including the capitalization of the 2021 operating result, equal to Euro 7,296,982, the achievement of the excellent 2022 operating result, equal to Euro 12,852,566, up from the previous operating result, the distribution of an extraordinary dividend to the shareholders and the handling of the actuarial gains/losses reserve, as provided for in the IAS/IFRS accounting standards.

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

As of December 31, 2021, non-current payables to banks and other lenders amounted to Euro 23,574,528 (Euro 30,244,267 in the previous year), while current payables amounted to Euro 16,110,306 (Euro 13,594,678 in the previous year), for a total of Euro 39,684,834 as shown in the table below:

Description	12/31/2022	12/31/2021	Variation
Non-current payables to banks and other lenders	23,574,528	30,244,267	(6,669,739)
Current payables to banks and other lenders	16,110,306	13,594,678	2,515,627
Total	39,684,834	43,838,945	(4,154,112)

The analysis and breakdown of the current and non-current portions are presented and commented on below:

Description	Non-current loans	Current loans	Total	Non-current loans	Current loans	Total
	12/31/2022	12/31/2022	12/31/2022	12/31/2021	12/31/2021	12/31/2021
Bank loans	9,371,798	12,957,180	22,328,978	12,668,385	10,332,509	23,000,894
Other financing	14,202,730	3,153,125	17,355,856	17,575,882	3,262,170	20,838,051
Total	23,574,528	16,110,306	39,684,834	30,244,267	13,594,678	43,838,945

"Non-current payables to banks and other lenders" recorded a decrease of Euro 6,669,739 in 2022, compared to the previous year, due to the combined effect of the long-term reclassification of the substandard loan installments in 2023 and the reignition of new loans. The current share of debts to banks and other lenders increased by Euro 2,515,627 compared to 2021, mainly due to the combined effect of the inclusion of the shares of bad loans within the following year and the repayment of current loan payments.

It should be noted that current bank loans, amounting to Euro 12,957,180, include the short-term share of unsecured loans, equal to Euro 6,241,749, in addition to advance accounts with credit institutions, while non-current bank loans of Euro 9,371,798 include the instalments of over 12 months of the same unsecured loans and financing. Overall, gross financial debt decreased compared to the previous year, confirming the Company's excellent financial capacity to meet its commitments. For further details, please refer to the Management Report.

The following is a breakdown of mortgage and unsecured loans:

Mortgage loans and unsecured loans	< 1 year	> 1 year and < 5 years	Over 5 years	Nominal value 12/31/2022	Amortized cost 12/31/2022
Mortgage loan MPS	218,690	341,983	0	563,190	560,673
Unsecured loan Credito Popolare	408,394	623,421	0	1,033,033	1,031,815
Unsecured loan Credit Agricole	251,069	147,385	0	398,944	398,454
Unsecured loan UBI 4728	158,834	120,110	0	279,378	278,944
Unsecured loan UBI 1697	443,079	785,629	0	1,231,020	1,228,708
Unsecured loan Campania Centro Bank	13,093	0	0	13,102	13,093
Unsecured loan BPER	340,026	373,867	0	713,894	713,894
Unsecured loan Banca Nazionale del Lavoro	415,675	0	0	416,667	415,675
Unsecured loan No.087 Unicredit	403,641	411,504	0	818,610	815,146

Mortgage loans and unsecured loans	< 1 year	> 1 year and < 5 years	Over 5 years	Nominal value 12/31/2022	Amortized cost 12/31/2022
Chirographic loan Intesa SanPaolo 151	266,591	572,016	0	844,228	838,606
Unsecured loan Banca Popolare di Milano	243,519	226,886	0	471,729	470,406
Chirographic loan Intesa SanPaolo	1,588,000	4,385,294	0	6,000,000	5,973,294
Unsecured loan Credem	491,136	1,383,703	0	1,879,245	1,874,839
Unsecured loan Banca Nazionale del Lavoro	1,000,000	0	0	1,000,000	1,000,000
Total	6,241,749	9,371,798	0	15,663,040	15,613,547

Mortgage loan Monte dei Paschi di Siena

This loan was stipulated in 2005 for an amount of Euro 4,000,000; it is secured by mortgages on the Company's property. This loan was extended in advance in March 2023 compared to the deadline originally scheduled in 2025, with the consequent extinction of the mortgage.

Unsecured loan Credito Popolare

This loan, assisted by the Central Guarantee Fund of MCC MedioCredito Centrale, was stipulated in 2020 for an amount of Euro 2,000,000; it is scheduled to mature in 2025 through repayment in monthly installments.

Unsecured loan Credit Agricole

This loan, assisted by the Central Guarantee Fund of MCC MedioCredito Centrale, was entered into in 2020 in the amount of Euro 1,000,000; it is scheduled to mature in 2024 through repayment in monthly installments.

Unsecured loan Ubi Carime

This loan, assisted by the Central Guarantee Fund of MCC MedioCredito Centrale, was stipulated in 2020, for an amount of Euro 555,000; it is scheduled to mature in 2024 through repayment in monthly installments. An interest rate swap contract was entered into to hedge the change in the interest rate.

Unsecured loan Ubi Carime

This loan, assisted by the Central Guarantee Fund of MCC MedioCredito Centrale, was stipulated in 2020, for an amount of Euro 2,000,000; it is scheduled to mature in 2024 through repayment in monthly installments. An interest rate swap contract was entered into to hedge the rate change.

Unsecured loan Banca Campania Centro S.p.A.

This loan was stipulated in 2018 for an amount of Euro 250,000; it is scheduled to mature in 2023 through repayment in monthly installments.

Unsecured loan Banca Popolare dell'Emilia Romagna

This loan was stipulated in 2018 for an amount of Euro 2,000,000; it is scheduled to mature in 2025 through repayment in monthly installments

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

This financing, assisted by a 50% guarantee for SACE S.p.A., was concluded in 2019 for an amount of Euro 1,500,000; the deadline is foreseen in 2023 by reimbursement in quarterly installments. The Company has respected the financial covenants provided for in the financing contract.

Unsecured loan UniCredit

This loan was stipulated in 2019 for an amount of Euro 2,000,000; it is scheduled to mature in 2024 through repayment in quarterly installments. An interest rate swap contract was entered into to hedge the change in the interest rate.

Unsecured loan Intesa SanPaolo

This loan was stipulated in 2019 for an amount of Euro 1,600,000 with maturity in 2026 through repayment in monthly installments.

Unsecured loan Banca Popolare di Milano

This loan was stipulated in 2019 for an amount of Euro 1,200,000 with maturity in 2024 through repayment in monthly installments.

Unsecured loan Intesa SanPaolo

This loan was stipulated in 2021 for an amount of Euro 8,000,000 maturing in 2026 through repayment in quarterly installments and represents part of the Club Deal loan with CDP Cassa Depositi e Prestiti to support investments in Circular Economy.

Unsecured loan Credem

This loan was concluded in 2022 for an amount of Euro 2,000,000, expiring in 2026 through repayment in monthly installments.

National Labor Bank unsecured loan

This loan was concluded in 2022 for a sum of Euro 1,000,000; the deadline is expected in 2023 through repayment in quarterly installments.

“Other non-current loans” at December 31, 2022 amounted to Euro 14,202,730 (Euro 17,575,882 in the previous year). A breakdown of the item is provided below :

Description	Interest rate	12/31/2022	12/31/2021	Variation
Bond loan vs. EBB S.r.l.	3.63%	6,422,181	8,007,450	(1,585,268)
Individuals (relating to shareholders)	3%	759,954	759,954	0
IFRS 16 lease liabilities	-	243,773	301,055	(57,282)
Payables for the purchase of own shares (Genoa Poliplast)	-	114,400	114,400	0
Payables to Genoa Poliplast S.r.l.	2.50%	0	677,125	(677,125)
Payables to Genoa Poliplast S.r.l.	2.00%	715,217	700,000	15,217
Payables to Genoa Poliplast S.r.l.	1.50%	1,200,000	1,200,000	0
Funding Cassa Depositi e Prestiti	-	3,834,558	5,222,898	(1,388,341)
Simest financing 1°	0.55%	594,536	593,000	1,536
Simest financing 2°	0.081%	300,000	0	300,000
Horizon financing 2020	-	18,111	0	18,111
Total		14,202,730	17,575,882	(3,373,152)

The item “Other non-current loans” recorded a decrease in 2022, compared to the previous year, of Euro 3,373,152.

The variation is mainly attributable to the joint effect of the accounting reclassification of a portion of the financial debt from long-term to short-term of the Basket Bond Loan, the subscription of Loans provided by institutional investors, such as CDP Cassa Depositi e Prestiti the disbursement of a Loan by the shareholder Genoa Poliplast S.r.l. and the subscription of a Loan granted by Simest in order to support the path of digital and ecological transition undertaken by the Company.

The Company recognizes a financial debt amounting to Euro 6,422,181 as a result of the transaction at the end of 2017 and called *Elite Basket Bond* a highly innovative financial instrument consisting of a collective or group bond issue with a ten-year duration for a total value of Euro 122 million, created by Tecnocap together with nine other medium-sized companies belonging to the Elite platform of the Italian Stock Exchange, characterized by the release of a joint and mutual guarantee by the issuing companies in favor of institutional investors. The Tecnocap’s share is equal to Euro 13 million. The Bond was subscribed by the vehicle company Elite Basket Bond which subsequently issued a single type of securities, with

an amount and maturity equal to the sum of the individual instruments, subscribed by CDP Cassa Depositi e Prestiti and the European Investment Bank.

As of December 31, 2022, the Company signs a debt to the shareholder Genoa Poliplast S.r.l. of Euro 114,400, not interest-bearing, against the contract signed for the purchase of Treasury Stock no. 31,597 in order to complete a company reorganization project in 2013.

Moreover, it has a debt, again toward Genoa Poliplast S.r.l., of Euro 715,217, interest-bearing, with maturity in 2025. Finally, the Company signs a further debt to the partner Genoa Poliplast S.r.l. following the acquisition of a financing of Euro 1,200,000, interest-bearing, with maturity in 2026.

The item “Debt for liabilities International Financial Reporting Standards 16” of Euro 243,773 relates to liabilities recorded under the International Financial Reporting Standards 16 accounting standard for leases and rentals, as detailed in the paragraph “Assets for rights of use”.

At December 31, 2022, the Company recognizes a financial debt of Euro 3,834,558 to CDP Cassa Depositi e Prestiti, following the provision of a financing received in 2021 for Euro 7,000,000, that is 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 ESG commitments, well integrated with the economic and financial targets of the business plan.

The financing is due to expire in 2026 through repayments of quarterly installments. The Company has respected the financial covenants provided for in the financing contract.

In addition, the Company recorded a debt to Simest following the subscription in 2021 of a soft loan of Euro 600,000 with Simest S.p.A., pursuant to art. 7 and 8 of the Ministerial Decree of 7 September 2016, aimed at supporting the capital strength and in order to increase the ability to compete in foreign markets. The loan expires in 2027, with a grace period of 2 years.

Finally, during the year, the Company signed a new contract with Simest S.p.A. under the 394/81 PNRR fund. The purpose of this contract is to support the Company for the realization of investments aimed at fostering the digital and ecological transition through the provision of capital partly as a financing and partly as a non-refundable fund. In 2022 Tecnocap received Euro 500,000 as a deposit on the project to be reported, of which Euro 300,000 as a financing.

The “other current loans”, equal to Euro 3,153,125 at December 31, 2022 (Euro 3,262,170 in the previous year) are detailed as follows:

Description	12/31/2022	12/31/2021	Change
Advances to factor	656	64,534	(63,878)
Other financing (MEDEA S.p.A.)	0	29,905	(29,905)
Bond loan EBB S.r.l.	1,602,956	1,597,952	5,003
IAS 17 lease liabilities	0	32,196	(32,196)
IFRS 16 lease liabilities	161,173	152,509	8,664
Funding of Cassa Depositi e Prestiti	1,388,341	1,385,073	3,268
Total	3,153,125	3,262,170	(109,044)

In the course of the year, the Company extinguished the remaining debt for financial leases recorded into by the Company in previous financial years and assessed in accordance with IAS 17.

This item includes liabilities recorded under the International Financial Reporting Standards 16 accounting standard for leases and rental (Euro 161,173).

Also included are the short-term portion of the CDP and Bond loan to Elite Basket Bond. For more details, please refer to the item "other non-current financing."

Total financial debts of Euro 39,684,834 represent the main item of Tecnocap's net financial position (NFP), which in 2022 net of the respective financial receivables amounted to approximately Euro 10.8 million, compared to the PFP of 2021 equal to Euro 10.1 million.

16. Employee severance indemnity and other employee benefits

The "Employee severance indemnity and other employee benefits" item amounts to Euro 1,498,048 (Euro 1,393,656 in the previous year). The amount is shown net of the discount effect of Euro 26,241. Below are assumptions used for the calculation of discount in accordance with IAS 19.

Description	12/31/2022
Annual Technical discount rate	3.60%
Annual inflation rate	2.50%
Annual increase rate ESI	3.38%
Annual remuneration increase rate	2.50%

The sensitivity analysis was carried out by considering a coefficient of +/- 0.5%, resulting in a lower deficit of Euro 34,815 or a higher deficit of Euro 8,460.

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

Description	Not current 12/31/2022	Total 12/31/2022	Not current 12/31/2021	Total 12/31/2021
Employee severance indemnity	459,124	459,124	484,732	484,732
Other benefits	1,038,924	1,038,924	908,924	908,924
Total	1,498,048	1,498,048	1,393,656	1,393.656

The other benefits relate to the end-of-term allowance updated in 2022 to be paid entirely to the director, part of which was paid to take out a policy for social security purposes.

Below is a breakdown of the changes in the employee severance indemnity fund:

Description	12/31/2022	12/31/2021
Initial value	484,732	615,994
Accruals for the year	51,978	16,100
Liquidations made	(51,346)	(99,899)
Discounting effect	(26,241)	(47,463)
Final value	459,124	484,732

17. Deferred tax liabilities

Deferred tax liabilities amounted to Euro 59,500 at December 31, 2022 (Euro 72,797 in the previous year). A breakdown of the item and the changes in the item are provided below:

Description	12/31/2021	Increases	Decreases	12/31/2022
Deferred tax provision	72,797	0	(13,297)	59,500
Total	72,797	0	(13,297)	59,500

Deferred tax liabilities have been calculated on the temporary differences between the reported carrying amounts and the corresponding amounts calculated for tax purposes, based on the rates that are expected to be applied when these differences reverse.

The decrease concerns the temporary differences related to capital gains accrued in previous years.

The effect of the deferred tax liabilities on the income statement is shown below:

DESCRIPTION	12/31/2022			12/31/2021		
	TAXABLE AMOUNT	RATE %	TAX EFFECT	TAXABLE AMOUNT	RATE %	TAX EFFECT
A) <u>TEMPORARY DIFFERENCES</u>						
Deferred taxes liabilities						
Capital gains	0	24	0	55,402	24	13,297
Deferred on dividends from equity investments	4,958,243	1.2	59,500	4,958,243	1.2	59,500
TOTAL	4,958,243		59,500	5,013,645		72,797
B) DEFERRED TAX LIABILITIES AT YEAR-END			59,500			72,797
C) DEFERRED TAX LIABILITIES AT END OF THE PREVIOUS YEAR			72,797			86,093
B-C) EFFECT OF DEFERRED TAX LIABILITIES ON PROFIT OR LOSS FOR THE YESR			13,297			13,297

18. Other provisions

During the financial year, the Company recorded a provision for Euro 344,925 for the risk of insolvency of the subsidiary Tecnocap Met in order to face the possible non-return of the non-interest-bearing financing granted to the subsidiary in order to allow payment as a guarantee to the Spanish Revenue Agency for a tax assessment still pending.

19. Other current and non-current liabilities

“Other non-current liabilities” amounted to Euro 1,574,919 as of December 31, 2022 (Euro 1,659,396 in the previous year), while current liabilities amounted to Euro 2,985,756 (Euro 2,373,383 in the previous year).

There are no debts with a duration of more than 5 years among the aforementioned items. A breakdown of the item is provided below:

Description	Not current	Current	Total	Not current	Current	Total
	12/31/2022	12/31/2022	12/31/2022	12/31/2021	12/31/2021	12/31/2021
Payables to employees	0	986,751	986,751	0	936,720	936,720
Payables to social security institutions	0	436,424	436,424	0	358,322	358,322
Other debts	5,700	1,280,066	1,285,766	5,700	822,621	828,321
Tax payables	0	0	0	34,545	0	34,545
Accrued liabilities and deferred income	1,569,219	282,515	1,851,734	1,619,151	255,721	1,874,872
Total	1,574,919	2,985,756	4,560,675	1,659,396	2,373,383	4,032,779

The details of other non-current liabilities are set out below:

Description	12/31/2022	12/31/2021	Variation
Tax liabilities over 12 months	0	34,545	(34,545)
Deferred government grants	1,569,219	1,619,151	(49,932)
Security deposits	5,700	5,700	0
Total	1,574,919	1,659,396	(84,477)

The decrease of Euro 84,477 compared to the previous year is due mainly to the joint effect of the non-current share of the public contributions due to investments in capital goods, pursuant to Law 178/2020, for which the Company has recorded the related tax credits, and the short-term reclassification of contributions made in previous years.

The details of other current liabilities are set out below:

Description	12/31/2022	12/31/2021	Variation
Payables to social security institutions	436,424	358,322	78,102
Sundry payables	1,230,066	772,621	457,445
Deferred income government grants	232,143	189,266	42,877
Accrued liabilities and deferred income	50,372	66,455	(16,083)
Payables to employees	986,751	936,720	50,031
Payables to former shareholders Sud Capsule S.r.l.	50,000	50,000	0
Total	2,985,756	2,373,383	612,373

Below is a detail of debts to social security institutions and pension funds:

Description	12/31/2022	12/31/2021	Variation
Current payables to INPS (national institute of social insurance)	231,083	156,555	74,528
Payables to Enasarco	1,117	1,197	(81)
Payables to supplementary pension funds	204,224	200,569	3,655
Total	436,424	358,322	78,102

The increase in payables to social security institutions and pension funds of Euro 78,102, compared to the previous year, is mainly due to social security contributions to the INPS which were paid in the first months of 2023.

The following is a detail of the supplementary pension funds:

Description	12/31/2022	12/31/2021	Variation
Payables to pension fund Cometa	129,352	121,390	7,962
Payables to pension fund Allianz	13,158	27,217	(14,059)
Payables to pension fund ARCA	7,426	9,727	(2,302)
Payables to pension fund Previdai	23,788	23,802	(14)
Other complementary funds	30,500	18,433	12,067
Total	204,224	200,569	3,655

The details of the financial statements for public contributions are given below:

	12/31/2022	12/31/2021
Total grants at the start of the year	1,808,418	1,489,971
Received during the year	711,024	578,099
Released in the income statement	(718,080)	(259,653)
Total grants at the end of the year	1,801,362	1,808,418
Current	232,143	189,266
Not current	1,569,219	1,619,151
Total contributions at the end of the financial year	1,801,362	1,808,418

Pursuant to IAS 20, the Company accounts for government grants by adopting the income method, recognizing the positive component in the income statement on a systematic basis, in relation to the duration of the amortization of the reference assets (deferred income on the contribution to plant accounts). The amount of Euro 1,801,362 is equal to the amount of the total concessions obtained, net of the amount already charged to the income statement following the amortization process on the subsidized investment.

Below is a breakdown of the composition of accrued interest expense for the year:

Description	12/31/2022	12/31/2021	Variation
Interest expense	50,372	66,455	(16,083)
Total	50,372	66,455	(16,083)

20. Tax payables

“Tax payables” amounted to Euro 1,032,463 at December 31, 2022 (Euro 392,255 in the previous year); a breakdown of the item is shown below:

Description	12/31/2022	12/31/2021	Variation
IRAP debt	257,992	79,872	178,120
IRES debt	424,929	0	424,929
Withholdings from employees	306,348	274,090	32,258
Withholdings from self-employed individuals	8,649	3,748	4,900
Tax payables for substitute tax	34,545	34,545	0
Total	1,032,463	392,255	640,208

The Company recognizes IRES debts at December 31, 2022 for Euro 424,929 net of advances already paid during the financial year.

The current share of the tax payables includes for Euro 257,992 the debt for IRAP, net of the advances paid, and for Euro 34,545, the third and final installment of the substitute tax to be paid in 2023 in connection with the tax realignment of the building pursuant to Law Decree 104/2020.

21. Trade and other payables

Trade payables amounted to Euro 44,102,132 at December 31, 2022 (Euro 35,937,596 in the previous year).

The breakdown of the current and non-current portion is given below:

Description	Not current	Current	Total	Not current	Current	Total
	12/31/2022	12/31/2022	12/31/2022	12/31/2021	12/31/2021	12/31/2021
To subsidiaries	0	4,191,547	4,191,547	0	1,990,739	1,990,739
To third parties	0	39,910,585	39,910,585	0	33,946,858	33,946,858
Total	-	44,102,132	44,102,132	-	35,937,596	35,937,596

The breakdown of trade payables to third parties by geographical area is as follows:

Country	Total	%
Italy	36,278,722	90.9%
EU	3,591,953	9%
Non-EU	39,911	0.10%
Total	39,910,585	100%

NOTES TO THE POSTS OF THE INCOME STATEMENT

22. Revenue from sales and services

Revenue from sales and services as at December 31, 2022 was Euro 111,825,183 (Euro 87,413,249 in the previous year).

The composition is set out below and commented:

Description	12/31/2022	12/31/2021	Variation
Sale of goods	111,523,607	87,124,973	24,398,633
Supply of services	301,576	288,275	13,301
Total	111,825,183	87,413,249	24,411,934

Revenues from sales of goods, equal to Euro 111,523,607, recorded a significant increase compared to the previous year, for Euro 24,398,633, confirming the growth trends started in previous years and attributable to the consolidation of sales volumes deriving from the acquisition of new market shares and the increase in sales to the main customers and multinational Food and Beverage companies, thanks to their loyalty for the service and care guaranteed by Tecnocap.

Services refer mainly to leasing and assistance on capsuling machines.

The breakdown of revenues from sales and services by geographical area is as follows:

Description	12/31/2022	12/31/2021	Variation
Italy	73,804,621	57,692,744	16,111,876
Other EU countries	34,665,807	27,098,107	7,567,700
Non-EU	3,354,755	2,622,397	732,358
Total	111,825,183	87,413,249	24,411,934

23. Other revenue and income

“Other revenues and income” amounted to Euro 2,799,577 (Euro 2,384,176 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Various repayments	86,444	18,486	67,958
Capital gains on the sale of assets	153,219	448,165	(294,946)
Government grants	696,660	217,877	478,782
Other revenue and income	273,223	362,913	(89,689)
Royalty Fees	1,590,031	1,336,735	253,296
Total	2,799,577	2,384,176	415,400

The item royalty fees, equal to Euro 1,590,031 in 2022, represents the economic income paid by the subsidiaries for the use of intangible assets, such as Know How and Trademark owned by the Parent Company.

INFORMATION EX ARTICLE 1, PARAGRAPH 125, LAW NO. 124 OF AUGUST 4, 2017

In compliance with the obligations of transparency and publicity provided for in accordance with Law n. 124 of August 4, 2017 Article 1 (125-129) (replaced by Article 35 of Law Decree n. 34 of April 30, 2019), which imposed on companies the obligation to disclose in the notes to the financial statements "the amounts and information relating to grants, subsidies, benefits, contributions or aid, in cash or in kind, that are not general in nature and not paid by way of consideration, remuneration or compensation, disbursed to them by public administrations," it is reported that in the year 2022 the Company obtained the following new benefits:

Contributions relating to energy expenditure Law Decree 21/2022 and subsequent

In response to the expenses incurred during the year for the consumption of electricity and natural gas, the Company obtained recognized State contributions in the form of tax credits of Euro 463,080.

Contributions relating to investments in new capital goods L. 178/2020

During the financial year, the tax credit referred to in Art. 1 of L. 178 of December 30, 2020, relating to the purchase of new capital goods which entered into service during the financial year. The amount, equal to Euro 190,303, was recognized in the income statement for the competence of the year for Euro 8,092; the remaining amount to be allocated in subsequent financial years was charged to the corresponding loss of liabilities for Euro 182,211.

Training Grants

During 2021, the Company received grants for the training of personnel and managerial staff disbursed by Fondimpresa for Euro 21,420.

CDS000409 Quality Pack public grant

Regarding the subsidized investment under the CDS000409 Quality Pack Development Agreement, which was completed in fiscal year 2020, during the year 2022, facilities were obtained subsidies in industrial investment facilities of Euro 106,781.99, net of the compensation of the Ministerial Commission.

Horizon contribution 2020

Research and development: Horizon Project Decree of March 5, 2018, under Axis 1, Action 1.1.3. of the National Operational Program for Enterprises and Competitiveness 2014-2020.

Project n: **F/200127/00/X45** CUP: **B78I20000110005**

TITLE: "FORMULATION OF NEW PVC COMPOUNDS"

For the investment in Research and development mentioned above, the following benefits were received in 2022 (with reference to competence first tranche):

Contribution to expenditure	
	36,222.00 €
Facilitated financing	
	18,111.00 €

24. Increases of non-current assets from in-house production

Increases of "non-current assets from in-house production" as at December 31, 2021 amounted to Euro 226,226 (Euro 448,817 in the previous year) and relate to the construction of capping machines carried out with internal personnel.

25. Raw materials, supplies and consumables

"Raw materials, supplies and consumables" as at December 31, 2022 amounted to Euro 78,821,359 (Euro 59,386,357 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Raw materials, supplies and consumables	72,726,099	46,030,925	26,695,174
Finished goods	13,309,510	9,269,460	4,040,050
Consumables and miscellaneous	5,726,964	5,110,973	615,991
Change in raw materials, consumables and supplies	(12,941,215)	(1,025,001)	(11,916,214)
Total	78,821,359	59,386,357	19,435,002

The cost of Raw materials, supplies and consumable and finished goods increased by Euro 31,351,215 compared to the previous year, due to the significant increase in the quantities purchased and the related purchase costs, in order to meet the forecast increase in the expected sales volumes for the year 2022 in part not confirmed, as shown by the considerable value of the company's Raw materials and Finished goods inventories at the end of the year.

26. Other Operating costs

“Other Operating expenses” at December 31, 2022 amounted to Euro 10,171,079 (Euro 7,846,716 in the previous year).

A breakdown of the item is provided below, subdivided into costs for services, costs for leased assets and other operating expenses.

26.1 Costs for services

The costs for services amounted to Euro 9,016,502 at December 31, 2022 (Euro 7,039,572 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Transportation	2,323,487	2,425,171	(101,683)
Utilities (water, gas, electricity)	2,876,779	1,233,786	1,642,993
Maintenance	392,003	499,579	(107,576)
Technical and legal advice	624,295	423,459	200,836
Auditors' and directors' fees	28,092	30,091	(1,999)
Commissions	246,142	192,768	53,373
Advertising	34,497	88,487	(53,990)
Post and telephone	21,187	18,665	2,522
Insurance	258,040	242,827	15,212
Representation expenses	88,289	55,908	32,381
Business travel and transfers	376,384	143,041	233,343
Other costs for services	1,747,307	1,685,788	61,518
Total	9,016,502	7,039,572	1,976,929

The item “Other costs for services”, equal to Euro 1,747,307, mainly includes: Euro 418,471 for storage costs; Euro 219,370 for meal vouchers provided to employees; Euro 564,639 for the Cost Plus of the commercial development companies Tecnocap EURL, Tecnocap GmbH, Tecnocap UK; EUR 45,934 related to mobile phone expenses. It is noted that the fees paid to directors (Euro 435,213) have been classified as personnel costs.

26.2 Costs for leased assets

The costs for leased assets amounted to Euro 102,889 at December 31, 2022 (Euro 60,601 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Rentals and leases	3,600	6,500	(2,900)
Other costs for leased assets	99,289	54,101	45,188
Total	102,889	60,601	42,288

26.3 Other operating expenses

Other operating expenses amounted to Euro 1,051,688 at December 31, 2022 (Euro 746,543 in the previous year). The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Minusvalences	33,736	0	33,736
Cost Conai Environmental Contribution	83,304	172,705	(89,400)
Extraordinary liabilities	71,781	109,988	(38,208)
IMU and TARSU	59,774	58,282	1,492
Penalty damages to customers	104,550	116,008	(11,458)
Contraventions and penalties	2,631	2,400	231
Other operating expenses	247,132	271,182	(24,051)
Other operating costs	448,780	15,977	432,803
Total	1,051,688	746,543	305,145

The item “Extraordinary liabilities”, equal to Euro 71,781, includes expenses pertaining to previous financial years that have not been recorded and which became known in the current year.

“Other operating expenses” mainly include associative contributions of Euro 35,596, office stationery costs of Euro 37,661, and allowances payable for Euro 25,502.

“Other Operating costs” of Euro 448,780 mainly includes the provision of the financial year for bad debt provision for Euro 58,031 in order to adjust trade receivables to their estimated realizable value and for Euro 344,925 for the provision for risk and charges, as described in more detail in the item “Other Provisions”.

27. Personnel costs

The following table provides a breakdown of the “personnel costs” equal to Euro 9,295,586 as at December 31, 2022 (Euro 9,008,180 in the previous year):

Description	12/31/2022	12/31/2021	Variation
Salaries and wages	6,897,558	6,669,063	228,494
Social security contributions	1,664,039	1,599,061	64,977
Employee severance indemnity	582,712	546,787	35,925
Other costs	151,277	193,268	(41,991)
Total	9,295,586	9,008,180	287,406

The following is the changes of the number of personnel:

	No. of employees 12/31/2021	Increases	Decreases	No. of employees 12/31/2022
Executives	8	0	0	8
Managers	6	4	0	10
Clerks	35	0	0	35
Workers	116	23	23	116
Total	165	27	23	169

It is noted that the Company uses seasonal labor 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 typically seasonal productions are concentrated.

28. Amortization and depreciation

Amortization and depreciation equal to Euro 2,937,279 at December 31, 2022 (Euro 2,991,600 in the previous financial year) comprises the items listed below.

28.1 Property, plant and equipment

The depreciation of property, plant and equipment is equal to Euro 2,711,211 at December 31, 2022 (Euro 2,750,101 in the previous year). The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Buildings	305,346	304,303	1,043
Plants and machinery	1,812,443	1,830,845	(18,401)
Furniture and equipment	486,333	497,254	(10,921)
Other Property, plant and equipment	107,089	117,699	(10,610)
Total	2,711,211	2,750,101	(38,889)

28.2 Intangible fixed assets

Amortization of intangible fixed assets amounted to Euro 62,877 at December 31, 2022 (Euro 65,501 in the previous year). The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Development costs	0	10,000	(10,000)
Patents, trademarks and other rights	360	660	(300)
Software	62,517	54,841	7,676
Other intangible assets	0	0	0
Total	62,877	65,501	(2,624)

28.3 Rights of use

Depreciation of rights of use amounted to Euro 163,190 at December 31, 2022 (Euro 175,998 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Depreciation Right of use – Buildings	116,085	136,204	(20,119)
Depreciation Right of use – Motor Vehicles	44,728	37,417	7,311
Depreciation Right of use – Generic Plants	2,377	2,377	0
Total	163,190	175,998	(12,808)

29. Interest and other financial income

The following table provides a breakdown of the “Interest and other financial income” equal to Euro 1,187,540 as at December 31, 2022 (Euro 47,856 in the previous year):

Description	12/31/2022	12/31/2021	Variation
Other financial income	1,187,540	47,856	1,139,684
Total	1,187,540	47,856	1,139,684

The financial income for the year mainly refers to the adjustment to the “mark to market” of the derivatives in place at the end of 2022 and to the extraordinary income deriving from the sale of the minority interest held in Emiliana Conserve Società Agricola S.p.A..

30. Interest and other financial charges

Interest and other financial charges amounted to Euro 1,775,959 at December 31, 2022 (Euro 1,481,687 in the previous year). The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Interest for Financing individuals	17,499	17,499	0
Interest for bank loans	379,270	373,780	5,490

Interest and financial charges for other financial instruments	10,670	33,263	(22,593)
Different interest expenses	163,723	61,637	102,086
Total interest expense	571,161	486,178	84,984
Other financial charges	1,204,798	995,509	209,289
Total	1,775,959	1,481,687	294,272

Other financial charges relate mainly to the charges incurred for the sale of trade receivables to factoring institutions and the advance payment of invoices from foreign customers in addition to interest attributable to the financial year for bank and other financing, which serve the general rise in interest rates.

31. Exchange gains and losses

Foreign exchange gains at December 31, 2022 amounted to Euro 1,335 (Euro 10 in the previous year), while the foreign exchange losses amounted to Euro 3,245 (Euro 2,822 in the previous year).

The breakdown is provided below:

Description	12/31/2022	12/31/2021	Variation
Foreign exchange losses	(3,245)	(2,822)	(423)
Foreign exchange gains	1,335	10	1,325
Total	(1,910)	(2,812)	902

32. Income taxes

Income taxes for the period amount to Euro 3,004,180.

A breakdown of tax charges is provided below:

Description	12/31/2022	12/31/2021	Variation
IRAP (Regional Business Tax)	698,600	439,504	259,095
Charge (IRES) from tax consolidation	1,694,238	479,173	1,215,064
Net deferred tax assets/liabilities	611,342	507,105	104,237
Total	3,004,180	1,425,783	1,578,397

Reconciliation between theoretical and actual taxes

The Company adheres, as the consolidating company, together with the subsidiaries TGP Tecnocap Group Partecipazioni S.r.l., Tecnocap TL S.r.l. and Sud Capsule S.r.l. to the national consolidated tax convention.

IRES (Corporate Income Tax)	Amount	Rate	Tax	
Earning before taxes	15,874,565	24%	3,809,895	Theoretical IRES
Upward changes:		-	-	
Capital gains	55,402			
Non-deductible taxes	0			
Extraordinary liabilities	401,102			
Non-deductible amortization/depreciation	37,769			
Expenses for non-deductible means of transport	27,914			
Other upward changes	209,775			
Total Upward changes	731,962			
Downward changes:				
Dividends	0			
Tax receivables	(526,230)			
Patent Box	(2,955,793)			
Other downward changes	(5,543,997)			
Total downward changes	(9,026,021)			
ACE deduction	(372,218)	-	-	
Tax base transferred to the consolidated company	7,208,288	24%	1,729,989	
Charge (IRES) from tax consolidation		24%	1,729,989	Actual IRES

IRAP (Regional Business Tax)	Amount	Rate	Tax	
Tax base	25,818,510	4.97%	1,283,180	Theoretical IRAP
Upward changes:		-	-	-
Non-deductible taxes				
Amortization/Depreciation	0			
Extraordinary liabilities	401,102			
Non-deductible costs	109,450			
Other upward changes	56,415			
Total upward changes	566,966			
Patent Box	(2,955,793)			
Deductions for employee	(8,559,717)			
Other downward changes	(790,410)			
Total downward changes	(12,305,921)			
Tax income	14,079,556	4.97%*	698,600	Actual IRAP

* The tax rate shown is the average of the rates applied for the local production units in Lazio and Campania.

33. 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.

33.1 Contingent liabilities and commitments

The following are the guarantees provided by the Company in addition to the guarantees received.

Guarantees provided by Tecnocap in favor of	In the interest of	Type	Guaranteed amount	Warranty value
MPS	OWN	MORTGAGE I° ON REAL ESTATE	8,000,000	563,190
MB FACTA	I.C.S. S.L.	FIDEJUSSION	2,250,000	1,041,340
SELLA BANK	LUMOR SRL	FIDEJUSSION	180,000	93,343
IFIS BANK	SOUTH CAPSULES SRL	FIDEJUSSION	300,000	572
BPM BANK	SOUTH CAPSULES SRL	FIDEJUSSION	500,000	195,292
BCC SCAFATI AND CETARA	SOUTH CAPSULES SRL	FIDEJUSSION	800,000	

Guarantees provided by Tecnocap in favor of	In the interest of	Type	Guaranteed amount	Warranty value
UNICREDIT SPA	SOUTH CAPSULES SRL	SURETY	1,170,000	112,893
MITSUY & CO.	TECNOCAP SRO	SURETY	6,000,000	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	3,027,036	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	5,212,307	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	50,000	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	1,800,000	
ČSOB	TECNOCAP SRO	LETTER OF COMFORT	1,000,000	
LAMINAZIONE SOTTILE	TECNOCAP SRO	SURETY	300,000	
RAIFFESEIN	TECNOCAP SRO	LETTER OF COMFORT	3,317,300	
RAIFFESEIN	TECNOCAP SRO	LETTER OF COMFORT	4,000,000	
U.S. Steel Kosice sro	TECNOCAP SRO	SURETY	6,000,000	
UNICREDIT	TECNOCAP TL SRL	SURETY	1,100,000	980,448
BNL LEASE	TECNOCAP TL SRL	SURETY	859,217	859,217
SACE FCT SPA	TECNOCAP TL SRL	SURETY	1,150,000	
ALBA LEASING SPA	TECNOCAP TL SRL	SURETY	139,292	139,292
ALUMAN S.A.	TECNOCAP TL SRL	SURETY	130,000	
BANCA POPOLARE DI SONDRIO	TECNOCAP TL SRL	SURETY	750,000	528,097
BPM BANK	TECNOCAP TL SRL	SURETY	1,600,000	1,014,186
BCC CAMPANIA CENTRO	TECNOCAP TL SRL	SURETY	1,250,000	595,670
BCC FACTORING	TECNOCAP TL SRL	SURETY	1,500,000	247,033
BCC SCAFATI AND CETARA	TECNOCAP TL SRL	SURETY	3,600,000	1,408,172
BNL	TECNOCAP TL SRL	SURETY	1,036,650	681,349
DE LAGE LANDEN INT. B. V.	TECNOCAP TL SRL	SURETY	35,267	2,262
INTESA S.PAOLO	TECNOCAP TL SRL	CREDIT MANDATE	1,550,000	1,249,748
MB FACTA	TECNOCAP TL SRL	SURETY	3,200,000	1,371,762
ODO BHF SCA	TECNOCAP TL SRL	SURETY	2,000,000	2,000,000
SG FACTORING	TECNOCAP TL SRL	SURETY	750,000	132,269
CREDITO EMILIANO	TECNOCAP TL SRL	SURETY	1,100,000	906,396
FRAER LEASING	TECNOCAP TL SRL	SURETY	426,937	309,977
Guarantees received from Tecnocap	In the interest of	Type	Guaranteed amount	Warranty value
SACE SPA	BNL	SURETY	208,350	208,350
ME.DE.A. SPA	MPS CAPITAL SERVICES	SURETY	563,190	563,190
MCC Guarantee Fund	Credit Agricole	SURETY	398,943	398,943
MCC Guarantee Fund	Banca Credito Popolare	SURETY	1,033,033	1,033,033
MCC Guarantee Fund	INTESA S.PAOLO	SURETY	1,359,339	1,359,339

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

33.2 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 to related parties:

Description	Trade and other receivables	Financial receivables	Trade and other payables	Financial payables
Medea S.p.A.	915	0	7,129,235	0
Genoa Poliplast S.r.l.	3,264	0	0	2,029,617
Natural persons	0	0	0	777,453
TGP	10,995	22,842,327	70,690	0
Tecnocap LLC	1,404,499	0	4,578	0
Tecnocap s.r.o.	845,796	0	2,775,707	0
Tecnocap UA	731,330	0	0	0
South Capsule	3,307,071	0	27,982	0
Tecnocap TL S.r.l.	19,312	0	1,038,512	0
Tecnocap MET	0	344,925	0	0
Tecnocap GMBH	0	0	82,478	0
Tecnocap EURL	2,398	0	160,711	0
Tecnocap UK	0	0	30,888	0
ICS	2,639,321	0	0	0
Tecnocap Oriental	1,318,259	0	0	0
Total	10,283,161	23,187,251	11,320,782	2,807,070

The following table provides a breakdown of costs and revenues to Related parties:

Description	Costs	Revenue
Medea S.p.A.	44,605,716	3,850
Genoa Poliplast S.r.l.	35,217	3,264
Natural persons	17,499	0
TGP S.r.l.	0	5,391
Tecnocap LLC	4,578	2,136,874
Tecnocap s.r.o.	15,357,236	7,721,483
Tecnocap UA LLC	14	175,722
South Capsules S.r.l.	86,615	12,219,467
Tecnocap TI S.r.l.	3,584	39,828
Tecnocap EURL	241,248	0
Tecnocap UK	110,000	0
ICS S.L.	50,585	8,011,793
Tecnocap Oriental	4	648,271
Total	60,512,296	30,965,943

Sales and purchases with related parties are made under terms and conditions equivalent to those prevailing to free transactions. No guarantees have been received or provided for receivables and payables with related parties. In 2022 financial year the Company did not record any impairment of receivables due from related parties. This valuation is carried out annually, at the end of every year, by evaluating the financial position of related party and the market in which it operates.

33.3 Financial risk Management, objectives and criteria (IFRS 7)

The Company's main financial liabilities, other than derivatives, include bank loans and borrowings, trade payables and other payables and financial guarantees. The aim of these liabilities is to finance the operations of the Company, holder of financial assets and other receivables, of a trading and non-trading nature, and cash and cash equivalents which originate directly from operations. The Company also enters into derivatives.

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

The Company's Management is responsible for managing these risks. Tecnocap's policy is that no derivatives should be subscribed for trading or speculative purposes.

The Board of Directors, in line with its corporate governance, reviews and approves the policies for managing each of the risks set out below and the new and different systemic risks related to sustainability and digitization.

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. This includes three types of risk: Interest rate risk, foreign exchange risk, commodity price risk. Financial instruments subject to market risk include loans and financial derivatives.

- Interest rate risk and derivative instruments

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is related in first instance to long-term debt with a variable interest rate. To manage these risks, the Company subscribes to Interest Rate Swap (IRS) in which it agrees to exchange, at set intervals, the difference in amount between the fixed rate and the floating rate, calculated by reference to an agreed notional amount.

Financial derivatives are only used to reduce the risk of changes in interest rates. The use of financial derivatives is reserved for the management of the exposure of interest rates connected to monetary flows and asset and liability balance sheet items, and speculations are not allowed.

The existing contracts are as follows:

- *an Interest Rate swap* concluded with UniCredit on a notional amortization value that reflects the repayment plan of a loan at floating rate granted by the same counterparty.
- *two Interest Rate swap* concluded with Intesa Sanpaolo (ex Ubi Carime) 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 of the mark-to-market as of December 31, 2022 for each outstanding contract:

Contracting Bank	Contract Date	Expiry date	Operation type	CCY	Notional value	MTM
UniCredit	10/14/2019	10/31/2024	Interest Rate Swap	EUR	818,610	26,507
Intesa SanPaolo	09/02/2020	09/02/2024	Interest Rate Swap	EUR	279,378	8,519
Intesa SanPaolo	09/02/2020	09/02/2025	Interest Rate Swap	EUR	1,231,020	58,257
Total						93,283

The mark-to-market is positive and is equal to Euro 93,283.

- Foreign exchange risk

The foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will change due to changes in the exchange rate. In compliance with the requirements of accounting standard IFRS 7, the following tables provide information on the categories of financial assets and liabilities and the analyses of their foreign exchange risk:

Description	Carrying value	2022 Foreign exchange risk	2021 Foreign exchange risk
Assets			
Non-current financial assets	26,367,435	0	0
Trade and other receivables	16,953,079	0	0
Cash and cash equivalents	3,900,456	0	0
Liabilities			
Non-current payables to banks and other lenders	23,574,528	0	0
Other non-current liabilities	1,574,919	0	0
Current payables to banks and other lenders	16,110,306	0	0
Trade and other payables	44,102,132	0	0
Other current liabilities	2,985,756	0	0

- **Commodity price risk**

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

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, thus leading to a financial loss.

The Company is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities.

The commercial credit risk is managed according to the procedures of controls established for the management of credit risk. Credit limits are established for all customers based on internal rating criteria. Customer credit quality is assessed on the basis of a detailed credit rating sheet. Pending receivables from customers are regularly monitored and shipments to major customers are generally covered by letters of credit or other forms of insurance. At the end of each year, an analysis is carried out on the need for an individual write-down.

The maximum exposure to credit risk at the reporting date is the book value of each class of financial assets.

In compliance with the requirements of accounting standard IFRS 7, the following tables provide information on the categories of financial assets and liabilities and on the credit risk analysis of financial assets and liabilities:

Description	Carrying value	2022 Credit risk	2021 Credit risk
Assets			
Non-current financial assets	26,367,435	26,367,435	20,695,957
Trade and other receivables	16,953,079	16,953,079	12,541,681
Cash and cash equivalents	3,900,456	0	0
Liabilities			
Non-current payables to banks and other lenders	23,574,528	0	0
Other non-current liabilities	1,574,919	0	0
Current payables to banks and other lenders	16,110,306	0	0
Trade and other payables	44,102,132	0	0
Other current liabilities	2,985,756	0	0

C) Liquidity risk

Liquidity risk is the risk that in the future the Company 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 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, based on liquid funds and expected cash flows, the Company considers itself to be able 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	Over 5 years
Assets				
Non-current financial assets	26,367,435	0	26,367,435	0
Trade and other receivables	16,953,079	16,953,079	0	0
Cash and cash equivalents	3,900,456	3,900,456	0	0
Liabilities				
Non-current payables to banks and other lenders	23,574,528	0	23,574,528	0
Other non-current liabilities	1,574,919	0	1,574,919	0
Current payables to banks and other lenders	16,110,306	16,110,306	0	0
Trade and other payables	44,102,132	44,102,132	0	0
Other current liabilities	2,985,756	2,985,756	0	0

D) Risk of downtime due to pandemic:

From the beginning of the Pandemic, the Company has constantly monitored the risks related to the health emergency, by establishing a dedicated task force and promptly taking the necessary measures to prevent, control and contain the virus at its premises with the aim of protecting the health of employees and collaborators, such as sanitizing the premises, deployment of personal protective equipment, temperature measurement, anti-covid testing, smart working. However, in the light of what is described in the Management Report and the results that have been achieved in 2022, there is a small risk for the operations and activities of the Company, as it is able to promptly meet customer orders and run operating activities, while avoiding negative effects on the 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 reflects 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 (prices) 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 that are measured at fair value as of December 31, 2022, by hierarchical level of Fair Value Measurement :

Description	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Non-current financial assets	-	93,283	-	93,283
Liabilities measured at fair value				
Current financial liabilities for derivative financial instruments	-	-	-	-

33.4 Fees paid to corporate bodies

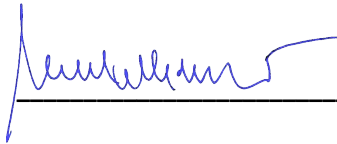
The table below provides information on the remuneration of directors, statutory auditors and external auditors:

Qualification	Compensation
Directors	450,813
Board of Statutory Auditors	12,492
Auditing firm	32,000

Dear Shareholders, we confirm that these financial statements, comprising the Statement of Financial Position, the Income Statement, the Statement of Changes in Equity, the Cash Flow Statement, and Explanatory Notes truthfully and correctly represent the financial and economic standing as well as the economic result for the year and corresponds to the results of the accounting records.

These financial statements prepared in accordance with the IAS/IFRS International Accounting Standards are exempt from the .xbrl format, and full compliance with all the international accounting standards in effect at the time these financial statements are prepared is declared. The Board of Directors, in accordance with legal provisions and the Articles of Association, proposes that the Shareholders' Meeting distribute the net profit for the year, equal to Euro 12,852,566 to extraordinary reserve.

THE ADMINISTRATIVE BODY

A handwritten signature in blue ink, appearing to be "Antonio...", written over a solid black horizontal line.

May 29, 2023