gerresheimer

innovating for a better life

Annual Report 2022

Key Figures

In EUR m	Q4 2022	Q4 2021	Change in % Actual	Change in % Organic	2022	2021	Change in % Actual	Change in % Organic
Results of operations								
Revenues	528.7	436.1	21.2	15.9	1,817.1	1,498.0	21.3	16.2
Adjusted EBITDA	112.0	95.4	17.4	–	354.2	306.3	15.6	–
Adjusted EBITDA margin in %	21.2	21.9	-70 bps	–	19.5	20.4	-90 bps	–
Adjusted EBITDA (currency-adjusted)	106.1	94.8	–	11.9	338.4	307.1	–	10.2
Adjusted EBITDA margin in % (currency-adjusted)	21.2	21.9	–	-70 bps	19.5	20.5	–	-100 bps
Adjusted net income[1)]	48.6	42.2	15.1	–	150.8	133.1	13.2	–
Earnings per share in euros	1.05	0.87	20.7	–	3.06	2.67	14.6	–
Adjusted earnings per share[2)] in euros	1.49	1.31	13.7	10.7	4.61	4.13	11.6	6.9
Financial position								
Cash flow from operating activities	142.0	134.1	5.9	–	221.9	212.1	4.7	–
Cash-effective capital expenditure	-63.0	-71.0	11.2	–	-241.5	-203.6	-18.6	–
Cash flow from investing activities	-73.5	-72.8	-1.1	–	-256.2	-197.0	-30.0	–
Free cash flow before M&A activities	79.0	63.4	24.6	–	-15.8	17.9	–	–

In EUR m	Nov. 30, 2022	Nov. 30, 2021 adjusted	Change in % Actual	Change in % Organic
Net assets position				
Total assets and total liabilities	3,354.3	2,877.5	16.6	–
Equity	1,269.4	1,014.7	25.1	–
Equity ratio in %	37.8	35.3	250 bps	–
Net working capital (reporting date)	215.2	172.8	24.5	–
Net financial debt	1,112.6	1,025.1	8.5	–
Adjusted EBITDA leverage[3)]	3.0	3.2	-6.3	–
Employees				
Employees (reporting date)	11,062	10,447	5.9	–

[1)] Adjusted net income: Net income before amortization/impairment losses of fair value adjustments less capitalized cost components, and restructuring expenses, as well as before the balance of exceptional income and expenses and the related tax effects.
[2)] Adjusted earnings per share, attributable to shareholders of Gerresheimer AG, based on 31.4m shares.
[3)] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.

About us

The Gerresheimer Group is a leading international provider of high-quality primary packaging and of drug delivery devices and solutions for the global pharma, biotech, healthcare, and cosmetics industries.

The Group consists of Gerresheimer AG — the parent company, a publicly listed stock corporation under German law with its registered office in Duesseldorf (Germany) — together with the direct and indirect subsidiaries and associates under its management.

Our wide range of products and solutions includes pharmaceutical packaging as well as products for easy and safe drug administration: Insulin pens, inhalers, micro pumps, prefillable syringes, injection vials, ampoules, bottles, and containers for liquid and solid medicines with closure and safety systems, as well as packaging for the cosmetics industry.

Contents

Combined Management Report

Fundamental Information about the Group

Preliminary Remarks

This management report combines the management report of the Gerresheimer Group and the management report of Gerresheimer AG. The information provided in the following relates to the Gerresheimer Group, unless otherwise stated. Information on Gerresheimer AG is provided under “Annual Financial Statements of Gerresheimer AG.”

Business Activity

The Gerresheimer Group is a leading international provider of high-quality primary packaging and of drug delivery devices and solutions for the global pharma, biotech, healthcare, and cosmetics industries.

The Group consists of Gerresheimer AG — the parent company, a publicly listed stock corporation under German law with its registered office in Duesseldorf (Germany) — together with the direct and indirect subsidiaries and associates under its management. As of November 30, 2022, the Group had approximately 11,000 employees. The Gerresheimer Group’s locations are shown in the list of shareholdings, which forms part of the Notes to the Consolidated Financial Statements.

Divisions

The Gerresheimer Group is composed of the divisions: Plastics & Devices, Primary Packaging Glass, and Advanced Technologies. The divisional segmentation reflects the specific manufacturing technologies and materials used in the divisions’ respective products. A brief outline of each of the divisions is provided below. Additional information on the divisions can be found in the segment information of the Notes to the Consolidated Financial Statements.

Plastics & Devices covers complex, customer-specific products for simple and safe drug delivery and system solutions for liquid and solid medicines and services.

Operating on an individual project basis, we provide our customers from the pharma, biotech, diagnostics, and medical technology industries with tailored medical plastic systems and services at every link of the value chain. Products range from inhalers for targeted treatment of respiratory diseases and insulin pen systems for diabetics to autoinjectors, prefillable syringes, and a wide variety of diagnostic systems.

Our wide range of high-quality plastic pharmaceutical primary packaging includes application and dosage systems such as eye dropper and nasal spray bottles, special containers for tablets and powders, and tamper-evident, multifunctional closure systems with child-resistant and senior-friendly applications, as well as integrated moisture absorbers.

The “pour-and-count” system is one of the main features of the U.S. prescription medication market. Pharmacies package up the amount of oral medication stated in a prescription individually for each patient, using a plastic container manufactured and supplied by Gerresheimer. Our customers for these special plastic containers include national and regional pharmacy chains, supermarkets, and wholesalers.

Primary Packaging Glass manufactures glass primary packaging for the pharma and cosmetics industries, as well as specialty glass containers for the food and beverage industry.

We offer a wide range of products and solutions for the pharma industry. Alongside infusion, dropper, and syrup bottles, our product portfolio also includes high-quality specialty products such as injection vials, ampoules, and cartridges made of borosilicate glass tubing.

Our product portfolio for the cosmetics industry comprises high-quality packaging and system solutions for fragrances, deodorants, skin care, and wellness products together with beauty products with pharmaceutical properties. We have a wealth of experience in pharmaceutical products and a wide range of processing technologies.

For the food and beverage industry, we supply both standardized and custom-made miniature bottles and glass containers for products such as liquid foods, spices, and spirits.

The **Advanced Technologies** Division works on technical and digital solutions to improve patient treatment outcomes. Homecare will play a major role in patient medical treatment worldwide in the future. Devices to administer liquid drugs and monitor and control drug delivery are the foundation for transferring therapy from hospital to home. Advanced Technologies has a well-balanced development portfolio comprising everything from micro pumps to autoinjectors for subcutaneous liquid drug delivery. Solutions tailored to specific diagnoses, such as Parkinson’s disease, heart failure, and rare lung diseases, are developed in partnership with pharmaceutical and biotech companies.

Besides pump systems and autoinjectors, Advanced Technologies also invests in biomarkers as well as patient- and doctor-focused digital ecosystems. Its business activities are based on Gerresheimer's primary packaging and division-specific devices for liquid drug delivery.

Advanced Technologies is additionally developing a smart inhalation measurement platform to improve chronic obstructive pulmonary disease (COPD) and asthma treatment outcomes.

The division is also responsible for innovation processes within the Gerresheimer Group, which include regular innovation competitions and supporting other divisions in the areas of innovation processes and services.

Strategy and Objectives

Megatrends

A total of nine healthcare and pharmaceutical megatrends, which we look into in detail in the following sections, will drive growth opportunities in our markets over the next few years.

Rise in chronic diseases and aging population

The prevalence of chronic illnesses is increasing. Globally, the most widespread chronic complaints include heart disease, cancer, respiratory illnesses, and diabetes. Elderly people also account for an increasing share of the population in many parts of the world, which is driving potential demand for healthcare.

Better healthcare provision in emerging markets

More and more people in emerging markets have access to healthcare and to medicinal drugs. China is one of the key markets here, followed by India and Brazil. However, markets in Southeast Asia are becoming increasingly important as more and more people there gain access to healthcare.

Rising costs in healthcare and stricter regulatory requirements

All healthcare systems are coming under constant cost pressure, including for medicinal drugs. At the same time, expectations when it comes to the effectiveness and reliability of medicinal drugs (drug compliance) are also on the up. By developing intelligent solutions, pharmaceutical primary packaging and drug delivery systems help raise drug compliance, improve treatment, and contribute to more targeted use of medicines — making a significant contribution to cost-cutting in the process. Availability of data on drug delivery and efficacy is a crucial factor in this respect, which is why smart drug delivery devices and primary packaging solutions are being developed that are able to collect, process, and share data.

Healthcare authorities — especially the U.S. Food and Drug Administration (FDA) — continue to impose ever more exacting standards, both in relation to active agents and with regard to primary packaging for drugs and drug delivery systems.

More biotech drugs and biosimilars

New active agents regularly place fresh demands on packaging. Many of the new biotech drugs and biosimilars that are administered parenterally to treat cancer and other illnesses require innovative primary packaging solutions and drug delivery systems.

Vaccinations a growing trend

The outbreak of Covid-19 and efforts to combat the global pandemic have highlighted the importance of vaccinations and boosted public awareness. In general terms, vaccinations against diseases will take on a greater importance.

Self-medication and personalized medication

Patients who have to or prefer to self-medicate require simple, reliable solutions. Pharmaceutical primary packaging and drug delivery devices must be designed to make drug delivery easier and help prevent medication errors. These solutions give patients greater freedom and enhanced quality of life. The trend toward personalized medication adds to the requirements placed on custom pharmaceutical primary packaging and drug delivery devices while increasing the need for corresponding diagnostics.

System solutions and platforms

The more complex medicines and cosmetics and their administration become, the higher the demand in the pharma, biotech, and cosmetic industries for customer-specific system solutions and platforms. Following a long-established trend in other industries, such as the automotive sector, many businesses are looking to work with partners that can offer complete system solutions and platforms and cover a much larger section of the value chain (through outsourcing, for instance) rather than with companies that only focus on a single product. These solutions and platforms may include a combination of primary packaging components that have traditionally been procured from different manufacturers. But they can also be complex, increasingly connected drug delivery devices that encompass all of the necessary components, where the supplier acts as a system integrator — developing, manufacturing, and delivering complete solutions, and even preparing the associated digital platforms.

Well-being: Where cosmetics and health converge

Maintaining a healthy lifestyle, eating well, and taking care of beauty and well-being are becoming increasingly important to people, as shown by the growing use of oral and subcutaneous cosmetic and beauty products. The lines between cosmetics and medicinal drugs are becoming blurred, particularly from a consumer perspective. Many beauty and cosmetics companies are expanding their product portfolios accordingly, and the standards and requirements are being adapted in line with those applied in pharma and healthcare. Beauty and cosmetic products must be safe and user-friendly, both for trained personnel — who, in some cases, do not have medical training — and for consumers themselves. Knowledge of products and solutions and how it can be transferred from pharma to beauty and cosmetics can give rise to interesting new business opportunities too.

Sustainability

Sustainability is a hot topic at the moment. Regulators, customers, and investors are applying growing pressure on companies to make their business more sustainable in line with measurable criteria. The healthcare sector, as well as the manufacturing and packaging of medicinal drugs and cosmetic products, is no exception. The sustainable production of primary packaging and drug delivery devices with minimum consumption of energy and materials, the use of recycled inputs, and the whole product life cycle approach are important factors. Innovative, sustainable concepts offer significant growth opportunities in this context.

Vision, mission, and values

Our vision describes the objective we are working to achieve. Our mission is how we want to attain this vision. Our five corporate values determine how we wish to conduct ourselves and operate on a day-to-day basis.

Our vision

Leading in health and well-being delivery solutions

Our mission

Innovate and deliver for a better life every day

Our values

Teamwork
We believe that connecting people and working in global teams is crucial to achieve our ambitious goals.

Responsibility
We act as entrepreneurs and deliver on our commitments.

Integrity
We believe in honesty, openness, trust, respect, and reliability in all we do.

Bold Innovation
We believe that innovations drive our future success.

Excellence
We believe we must strive for excellence in everything we do.

Profitable, sustainable growth

formula G, our continuous strategy process, was launched in 2019. Its strategic goal is to transform Gerresheimer into a growth company as innovation leader and solution provider. In financial terms, the strategy is geared toward profitable and sustainable growth.

We have set ambitious medium- and long-term targets as part of the formula G strategy process.

The following five focal areas are pivotal to implementing our growth strategy:

- Growth
- Innovation
- Excellence
- Leadership
- Sustainability

formula G is a continuous process involving the development and implementation of measures and projects that are based on these five focal areas and geared toward achieving short- and medium-term targets. The strategy process is communicated on an ongoing basis globally within the Gerresheimer Group, with measures implemented across all levels. Projects at plants, in regions, and within business units are aimed at helping to attain targets and implement measures. In parallel, the Management Board works with the strategy group to continually fine-tune the strategy, targets, and measures and will make any necessary adjustments over the coming years.

Each year, specific forecasts for the financial year ahead and for the medium-term outlook are made on the basis of the budgeting process (see the section entitled "Forecast Report").

Financial Performance System

Our business activities are geared toward profitable, sustainable growth and global market leadership in the Plastics & Devices and Primary Packaging Glass Divisions. This is also the basis for the following key financial performance indicators for the management of the Gerresheimer Group: Revenues, adjusted EBITDA, adjusted EBITDA margin, and adjusted earnings per share. These performance indicators are explained in detail below.

Key financial performance indicators

Revenues

We measure growth on the basis of the organic period-to-period change in revenues generated by the Gerresheimer Group and its divisions. This indicator shows the development of our business without currency translation effects or portfolio effects. An acquisition or divestment will result in a portfolio effect. In such a case, the revenues attributable to acquired business are eliminated for the reported financial year to allow for the portfolio effect, whereas the revenues attributable to divested business are eliminated in the prior-year period.

Adjusted EBITDA and adjusted EBITDA margin

We measure our profitability on the basis of adjusted EBITDA and the adjusted EBITDA margin. The margin is defined as the ratio of adjusted EBITDA to revenues. Adjusted EBITDA is calculated as the sum of net income before income taxes, the financial result, depreciation/amortization and impairment losses of fair value adjustments less capitalized cost items, depreciation/amortization, impairment losses, restructuring expenses, and exceptional income and expenses. Exceptional income and expenses may include termination benefits for the Management Board; costs incurred for restructuring and reorganization, refinancing, and legal disputes; and the outcomes of tax audits. In addition, costs relating to the Covid-19 pandemic were allocated to exceptional expenses until the end of the financial year 2021. Given the significant increase in prices and ongoing high rates of inflation, adjusted EBITDA remains one of the most important key performance indicators in the financial year 2023. The adjusted EBITDA margin remains extremely important in the medium term.

Adjusted earnings per share (Adjusted EPS)

Another key performance indicator with regard to the profitability of the Gerresheimer Group is adjusted earnings per share, which we began using in the financial year 2021. Adjusted earnings per share is calculated as adjusted net income divided by the number of shares (November 30, 2022: 31.4m). The effects adjusted when calculating this indicator are the same as those used as a basis for adjusted EBITDA. One-off items that have no negative impact on operating earnings, such as the outcomes of tax audits, are also accounted for in this calculation. Adjusted earnings per share is a key factor in our proposed dividend distribution.

Other financial performance indicators

Other key financial performance indicators include net working capital, cash-effective capital expenditure, adjusted EBITDA leverage, free cash flow before M&A activities, and return on capital employed.

Net working capital

Net working capital is defined as an equally weighted average of net working capital at the end of each of the last twelve months compared to revenues in the respective preceding twelve months. Net working capital is calculated as follows:

	Inventories
+	Trade receivables
+	Contract assets
-	Trade payables
-	Contract liabilities
=	**Net working capital**

Cash-effective capital expenditure

Capital expenditure is a key success factor for profitable growth. We use the ratio of cash-effective capital expenditure on property, plant and equipment and intangible assets to revenues as a benchmark. Discounted cash flow analysis and payback periods are the main criteria for our decisions on capital expenditure.

Adjusted EBITDA leverage

Adjusted EBITDA leverage, which is the ratio of net financial debt to adjusted EBITDA over the past twelve months, is an important factor in monitoring our debt. Net financial debt is calculated as total financial debt less cash and cash equivalents.

Free cash flow before M&A activities

Free cash flow before M&A activities is an absolute indicator that measures the liquid funds generated by the Gerresheimer Group and reflects the Group's financing capacity. Free cash flow is available to pay dividends and repay financial debt.

It is calculated as follows:

	Cash flow from operating activities
./.	Net capital expenditure (before M&A activities)
=	**Free cash flow before M&A activities**

Net capital expenditure includes both incoming and outgoing payments for property, plant and equipment and intangible assets. Cash flows due to acquisitions or divestments, on the other hand, are not included in this indicator.

Return on capital employed

We use Gx ROCE (return on capital employed) as our key measure of capital efficiency and to manage resource allocation efficiently. Gx ROCE is calculated as the ratio of adjusted EBITA to average capital employed. Capital employed is calculated as equity plus net financial debt.

Non-financial performance indicators

Non-financial performance indicators are important supporting factors in the long-term strategic orientation of the Gerresheimer Group. For us, long-term business success means creating social and ecological value for society as well as economic value. In line with this aspiration, we adopted global targets in 2021 for the strategic focal areas under our sustainability strategy.

Our goal here is for Gerresheimer as a whole to make a positive contribution to overcoming global challenges such as climate change, associated regional water scarcities, and the transition to a circular economy. In addition, we aim to improve occupational safety at our operating locations on a lasting basis, ensure employee satisfaction and contribute to the community with our social engagement as good corporate citizen. We also want to live up to our responsibility for our supply chain by taking appropriate measures.

However, the non-financial performance indicators described here are not used as a primary Group management tool. As a result, the Gerresheimer Group does not have any non-financial key performance indicators that are significant to its business activities. The non-financial performance indicators that are not of primary importance for management purposes are described in further detail in the Separate Non-financial Report.

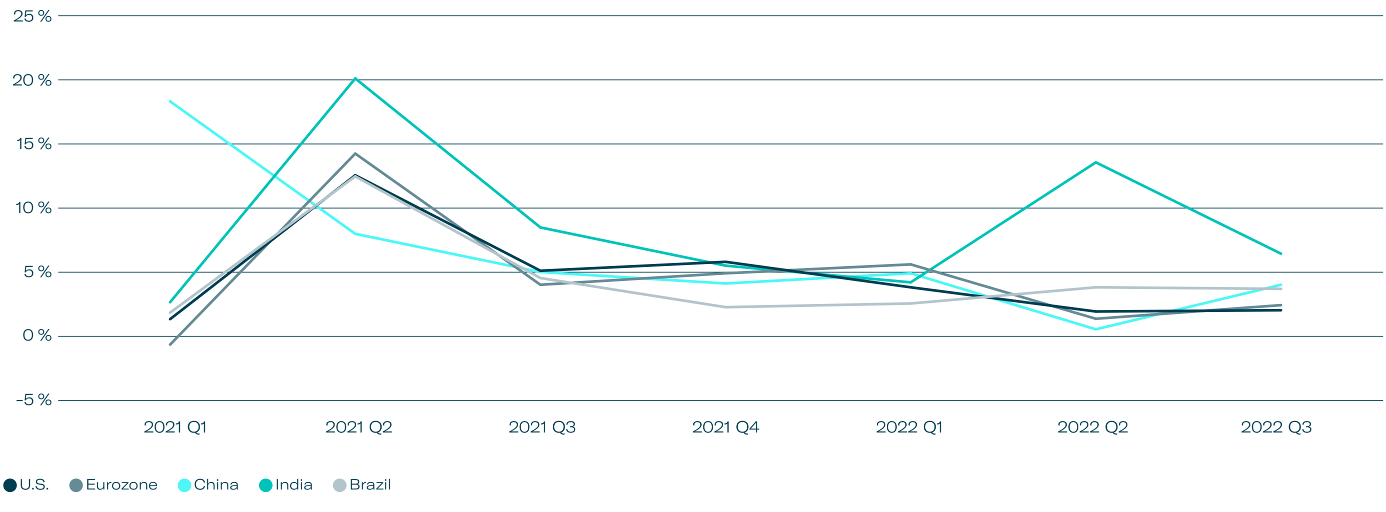
Report on the Economic Position

Economic Environment

Looking back on the financial year 2022, it is clear that the global economy is facing turbulent and challenging times that have slowed economic activity. The Gerresheimer Group's largest sales regions have therefore also been affected. High inflation, stricter financing terms in many regions, Russia's invasion of Ukraine, and the continuation of the Covid-19 pandemic are all factors impacting the outlook. In emerging markets such as Brazil and India, gross domestic product (GDP) growth peaked for the year in the second quarter of 2022, whereas China's economy was negatively impacted by frequent shutdowns as part of the country's zero-Covid policy. In Europe and the United States, positive economic performance was sustained until concerns over inflation in the U.S. and further pandemic-related disruption in China slowed the rate of GDP growth in early 2022. The war in Ukraine, which began in late February 2022, and the associated sanctions played a particularly important role in exacerbating existing supply-chain issues and led to increasing energy prices and economic disarray.

Development of quarterly gross domestic product in key sales regions

Change compared with prior-year quarter



Source: Bloomberg (data based on figures provided by national statistical offices in the various regions)

Based on the negative trend observed over the first nine months of the year, the experts from the International Monetary Fund (IMF) expect a much lower year-on-year rise in global economic performance of 3.2% for 2022 as a whole (as of October 2022). This would equate to the weakest rate of growth since 2001, with the exception of the global financial crisis and the acute phase of the Covid-19 pandemic. The downturn is largely reflected in the development of the world's major economies, with lower GDP growth both in the U.S. and in the eurozone in the first half of 2022, and continued weakening of economic growth in China due to Covid-19 and problems in the real estate sector.

Industrialized economies and emerging markets would both be affected by a slowdown in economic growth. In 2022, industrialized economies are expected to increase their economic performance by 2.4% over the prior year, while growth in emerging and developing markets is likely to be better, at 3.7%.

IMF – World Economic Outlook (as of October 2022)

GDP growth vs. prior year in %	2021	**2022**
World	**6.0**	**3.2**
Developed economies	**5.2**	**2.4**
U.S.	**5.7**	**1.6**
Eurozone	**5.2**	**3.1**
Germany	2.6	1.5
France	6.8	2.5
Italy	6.7	3.2
Spain	5.1	4.3
Japan	1.7	1.7
United Kingdom	7.4	3.6
Canada	4.5	3.3
Emerging and developing markets	**6.6**	**3.7**
China	8.1	3.2
India[1)]	8.7	6.8
Mexico	4.8	2.1
Brazil	4.6	2.8

[1)] For India, data and forecasts are presented on a fiscal year basis.

Industry Trends

The global pharma market saw a volume-based increase of 3.0% year on year in 2022, according to IQVIA (as of October 2022). For the period from 2017 to 2022, IQVIA calculated an average annual growth rate of 2.5% on a like-for-like basis. In terms of regional development, the pharma market expanded year on year by 3.8% in Europe, 2.6% in North America, and 1.9% in Asia. This equates to an average annual growth rate over the last five years of 0.9% for Europe, 0.4% for North America, and 2.8% for Asia. Emerging markets achieved a growth rate of 4.9%, outperforming the 1.5% in growth generated by industrialized economies on average. In 2022, growth was slightly up on the five-year average in emerging markets, at 5.2%, and stood at 2.1% in industrialized economies.

In the generics subsegment, global business volume rose by 4.5% in 2022, putting the average annual growth rate at 3.7% for the period from 2017 to 2022. In regional terms, average annual growth over the past five years came to 2.4% in Europe, 2.4% in North America, and 4.0% in Asia. Over the past five years, the generics subsegment has seen average annual growth of 6.7% in emerging markets, whereas developed markets were only able to achieve average annual volume growth of 3.1%.

One of the structural growth trends within the pharma industry is the development of biological drugs, which are known as biologics. These drugs have increasingly gained importance over the past few years, as shown by their development in the financial year 2022. Global biologics revenues have increased by an average of almost 12% per year since 2017. The United States remains the most important biologics market, accounting for some two-thirds of global revenues.

In the prior year, the cosmetics packaging market recovered noticeably after recording largely cyclical demand, a trend that continued in the financial year 2022. According to our internal analysis, the cosmetics market served by Gerresheimer generated double-digit percentage growth in the first nine months of 2022. This recovery was mainly shaped by demand for fragrances, which saw considerably stronger development than the rest of the market. The trend toward high-quality packaging solutions continues unabated.

Development on Currency Markets

The main effects from currency translation into euros for Gerresheimer in the financial year 2022 relate to the US dollar, which gained significant ground on the euro year on year in the financial year 2022. As of the reporting date, the US dollar had increased in value against the euro by 9%. This development is also reflected in the average exchange rate, with the US dollar up 11% on the prior-year's figure in the financial year 2022. The significant increase in the value of the U.S. currency against the euro was caused by steady interest rate hikes by the U.S. Federal Reserve to combat high rates of inflation.

Energy and Commodity Market Trends

Commodities and energy account for a significant share of the costs of manufacturing our glass and plastic products. Most commodity costs in the Plastics & Devices Division are incurred through the procurement of plastic precursors, while energy costs are the most significant cost item in the Primary Packaging Glass Division. Manufacturing glass requires energy-intensive combustion and melting processes in high-temperature furnaces.

Commodity and energy prices rose sharply in the financial year 2022, especially in Europe, where the cost of electricity and gas climbed significantly. Gerresheimer generally hedges against rising energy prices.

Polyethylene, polypropylene, and polystyrene are the main intermediary products used in the manufacture of plastic products. Their prices largely depend on oil price development. The prices of the resins relevant to our business rose significantly in the financial year 2022. Higher purchase prices for plastic precursors were largely absorbed by existing contractual provisions covering price escalation clauses and price increases in the sale of finished products.

In the manufacture of our high-quality glass pharmaceutical primary packaging, we predominantly use quartz sand and soda lime, as well as a variety of additives in relatively small quantities. Thanks to sustainable and long-standing relationships with suppliers, these raw materials proved to be easily available to us in the financial year 2022, despite the challenging situation. However, procurement prices did increase markedly in some cases as a result of geopolitical conflicts, trade disputes, and — in particular — increasing production bottlenecks, extreme weather events, and the sustained impact of the Covid-19 pandemic, which continues to affect supply chains and therefore prices.

In our glass tubes business, tubes made from borosilicate glass are an important intermediary product in the manufacture of prefillable syringes, injection vials, ampoules, and cartridges. Their prices were stable during the financial year 2022.

Results of Operations

Revenues and adjusted EBITDA

The Gerresheimer Group generated revenues of EUR 1,817.1m in the financial year 2022, compared to EUR 1,498.0m in the prior year. In organic terms — in other words, excluding exchange rate effects — revenues climbed by 16.2% to EUR 1,738.1m. The exchange rate effects resulted mainly from the change in the US dollar against the euro.

Adjusted EBITDA for the Gerresheimer Group was EUR 354.2m in the financial year 2022 (prior year: EUR 306.3m). In organic terms — in other words, excluding exchange rate effects — adjusted EBITDA climbed by 10.2% to EUR 338.4m.

Performance of the individual divisions is presented below.

Plastics & Devices

In EUR m	**2022**	2021	Change in % Actual	Change in % Organic
Revenues[1]	945.4	806.0	17.3	12.3
Adjusted EBITDA	232.1	204.0	13.7	8.8
Adjusted EBITDA margin in %	24.5	25.3	-80 bps	-80 bps

[1] The revenues of the divisions include intercompany revenues.

Revenues in the Plastics & Devices Division amounted to EUR 945.4m, an increase of 17.3% compared to the prior year. On an organic basis — meaning without exchange rate effects — revenues increased by 12.3%. The exchange rate effects resulted mainly from the change in the US dollar against the euro.

Demand for plastic packaging, inhalers, and pens contributed in particular to the excellent year-on-year revenue development. The growth in plastic packaging revenues was also driven by price increases resulting from procurement prices being passed on to customers.

Adjusted EBITDA was a substantial 13.7% higher year on year, an increase of 8.8% on an organic basis. Without the delays in passing on relevant procurement costs the increase would have been even higher.

Primary Packaging Glass

In EUR m	2022	2021	Change in % Actual	Organic
Revenues[1]	870.6	690.6	26.1	20.8
Adjusted EBITDA	161.7	142.6	13.4	8.9
Adjusted EBITDA margin in %	18.6	20.6	-200 bps	-210 bps

[1] The revenues of the divisions include intercompany revenues.

The Primary Packaging Glass Division increased its revenues significantly by 26.1% to EUR 870.6m. Adjusted for exchange rate effects, revenues were up by 20.8% year on year. The exchange rate effects resulted mainly from the change in the US dollar against the euro.

The pharma and cosmetics business performed particularly well compared to the prior year. Pharma business benefited primarily from growing demand for our high-value solutions such as Gx® RTF vials and Gx® Elite Glass, as well as for biological solutions. Revenues in the cosmetics business climbed significantly once again in the reporting year in the wake of solid performance in the prior year. The increased demand was centered on our high-value cosmetics solutions. The revenue development was also due to sustained price increases as a response to higher procurement prices.

Adjusted EBITDA improved by 13.4% to EUR 161.7m, while the adjusted EBITDA margin was slightly down on the prior-year figure. Earnings in the reporting year were impacted by higher costs for procurement, in particular of energy, and for distribution.

Advanced Technologies

In EUR m	2022	2021	Change in % Actual	Organic
Revenues[1]	13.0	8.0	62.9	62.9
Adjusted EBITDA	-11.6	-14.7	20.7	20.7
Adjusted EBITDA margin in %	–	–	–	–

[1] The revenues of the divisions include intercompany revenues.

In the Advanced Technologies Division, the increase in revenues resulted primarily from the sale of micro pump systems for the treatment of Parkinson's disease, as well as from project business.

The development of adjusted EBITDA was mainly due to the planned continuation of existing projects and the development of the proprietary autoinjector.

Reconciliation of revenues by division[1] to Group revenues

In EUR m	2022	2021	Change in % Actual	Organic
Plastics & Devices	945.4	806.0	17.3	12.3
Primary Packaging Glass	870.6	690.6	26.1	20.8
Advanced Technologies	13.0	8.0	62.9	62.9
Corporate functions/ consolidation	-11.9	-6.6	–	–
Revenues	**1,817.1**	**1,498.0**	**21.3**	**16.2**

[1] The revenues of the divisions include intercompany revenues.

Revenues by region

Gerresheimer generates the vast majority of its revenues abroad. The share of revenues generated outside Germany totaled 81.9%, compared to 80.8% in the prior year. The table below details the regional distribution of revenues.

In EUR m	2022	2021	Change in %
Germany	329.4	288.1	14.3
Other Europe	687.9	560.5	22.7
North America	519.6	417.1	24.6
Emerging markets[1]	230.7	194.6	18.5
Other regions	49.5	37.7	31.1
Revenues	**1,817.1**	**1,498.0**	**21.3**

[1] Emerging markets: Brazil, India, China and Mexico.

Reconciliation of adjusted EBITDA to net income

The following table shows the reconciliation of adjusted EBITDA to net income and adjusted net income after non-controlling interests.

In EUR m	2022	2021	Change
Adjusted EBITDA Plastics & Devices	232.1	204.0	28.1
Adjusted EBITDA Primary Packaging Glass	161.7	142.6	19.1
Adjusted EBITDA Advanced Technologies	-11.6	-14.7	3.1
Adjusted EBITDA Corporate functions/consolidation	-27.9	-25.6	-2.3
Adjusted EBITDA	**354.2**	**306.3**	**47.9**
Depreciation/amortization and impairment losses	-126.8	-103.9	-22.9
Amortization and impairment losses of fair value adjustments	-39.4	-36.1	-3.3
Exceptional income and expenses	-18.6	-18.9	0.3
Operating income	**169.3**	**147.4**	**21.9**
Financial result	-28.5	-19.6	-8.9
Income taxes	-38.6	-40.6	2.0
Net income	**102.2**	**87.2**	**15.0**
Amortization and impairment losses of fair value adjustments	39.4	36.1	3.3
Exceptional income and expenses	18.6	18.9	-0.3
Exceptional expenses on financial result	1.7	0.2	1.5
Tax effects	-11.1	-9.3	-1.8
Adjusted net income	**150.8**	**133.1**	**17.7**
Non-controlling interests	6.1	3.4	2.7
Adjusted net income attributable to shareholders of Gerresheimer AG	**144.7**	**129.7**	**15.0**
Adjusted earnings per share attributable to shareholders of Gerresheimer AG in euros	**4.61**	**4.13**	**0.48**

Amortization and impairment losses for fair value adjustments related to the subsequent measurement of the intangible assets identified in connection with the acquisitions made in the period 2007 to 2018. In the financial year 2022, fair value adjustments were decreased only by depreciation and amortization.

Exceptional income and expenses of EUR 18.6m in total had a negative impact on net income in the reporting year and primarily comprised the following one-off items:

In EUR m	2022	2021	Change
Reorganization of divisions	5.0	4.5	0.5
Inflation compensation premium	4.8	–	4.8
Construction of new plants	3.1	4.2	-1.1
Costs in connection with the Covid-19 pandemic	–	9.5	-9.5
Other income and expenses	5.7	0.7	5.0
Exceptional income and expenses	**18.6**	**18.9**	**-0.3**

Divisional reorganization resulted from expenses for strategic and structural personnel adjustment due to automation and digitalization, as well as measures to improve efficiency in the Primary Packaging Glass Division.

In November 2022, the Company paid a one-off inflation compensation premium to employees in Germany. The premium is an initiative launched by the German government to provide citizens with tax- and social-security-free relief from higher energy costs.

Expenses for new plants primarily encompassed expenses relating to measures in the Republic of North Macedonia, which were completed in the financial year 2022.

Income and expenses in relation to the Covid-19 pandemic were reported as one-off items in the financial year 2021.

The variance in exceptional expenses on financial result and tax effects was mainly the result of interest expenses and expenses for additional tax payments relating to the preliminary result of a tax audit conducted by state tax authorities in the United States.

The change in other income and expenses was predominantly due to contingent liabilities resulting from legal requirements.

As in the prior year, earnings per share were calculated on the basis of 31.4m shares.

Analysis of the Consolidated Income Statement

In EUR m	2022	2021	Change
Revenues	1,817.1	1,498.0	319.1
Cost of sales	-1,270.3	-1,051.7	-218.6
Gross profit on sales	**546.8**	**446.3**	**100.5**
Selling and general administrative expenses	-351.4	-284.5	-66.9
Research and development expenses	-21.6	-10.0	-11.6
Other operating income and expenses	-4.5	-4.4	-0.1
Operating income	**169.3**	**147.4**	**21.9**
Financial result	-28.5	-19.6	-8.9
Income taxes	-38.6	-40.6	2.0
Net income	**102.2**	**87.2**	**15.0**
Attributable to shareholders of Gerresheimer AG	96.1	83.8	12.3
Earnings per share in euros	3.06	2.67	0.39
Adjusted earnings per share in euros	**4.61**	**4.13**	**0.48**

Since the beginning of the financial year 2022, the reversal of provisions and the change in liabilities have been recorded in the item of the income statement in which the expense was originally recorded. The prior-year figures have been adjusted accordingly.

Revenues were 21.3%, or EUR 319.1m, higher than the prior-year value. At the same time, cost of sales rose less sharply compared to revenues, which resulted in the gross profit margin — the ratio of gross profit to revenues — climbing slightly year on year to 30.1% (prior year: 29.8%). Cost of sales came to 69.9% of revenues in the financial year 2022, down from 70.2% in the prior year.

The ratio of selling and general administrative expenses to revenues increased slightly by 0.3 percentage points to 19.3%. The year-on-year uptick was primarily due to a sales-related increase in freight and packaging materials and a rise in personnel expenses.

The rise in research and development expenses was predominantly due to the planned further development of a micro pump to treat heart disease.

The change in other operating expenses and income came largely as a result of the year-on-year fall in other operating income by approximately EUR 2.6m. This was caused by a number of factors, including the year-on-year decline in income from insurance reimbursements and the disposal of assets, which could only be partially compensated for in the reporting year by higher other operating income such as income from government grants for capacity expansions, other taxes, and income from receivables measurement.

For the most part, the change in the financial result by EUR -8.9m to EUR -28.5m was due to increased interest expenses from promissory loans and the revolving credit facilities, as well as exchange rate effects from hedging transactions and higher interest expenses on pension provisions.

The tax expense presented under income taxes came to EUR 38.6m (prior year: EUR 40.6m). The year-on-year change was partly due to the updated assessment of the potential usage of tax loss carryforwards.

Net income amounted to EUR 102.2m, up from EUR 87.2m in the prior year, due to the developments described above. The share of net income attributable to the shareholders of Gerresheimer AG increased by EUR 12.3m.

Research and development

Research and development expenses came to EUR 21.6m in the financial year 2022, increasing from EUR 10.0m in the prior year. Additions to capitalized development costs amounted to EUR 18.4m in the financial year 2022, compared to EUR 16.6m in the financial year 2021. This equates to a capitalization ratio of 46.0% in the financial year 2022, down from 62.3% in the prior year. Capitalized development costs of EUR 2.2m were amortized in the reporting year (prior year: EUR 2.1m).

Additions to capitalized development costs largely came as a result of projects in the Advanced Technology Division in the financial year 2022, namely the planned further development of a micro pump for the treatment of heart disease. Non-cash components also accounted for a substantial proportion of the capitalized development costs. Research and development activities are only carried out by Gerresheimer AG's subsidiaries and are closely geared to customer needs. As a result, they are often performed in close collaboration with customers. In some cases, staff from pharmaceuticals companies work with us at our competence centers.

Our aim is to become the leading global partner for solutions that improve health and well-being. At the same time, our customers' requirements are changing, with ever-greater demand for innovation and quality. This makes rising quality expectations and innovative products and solutions integral to our growth strategy. We continue to invest in enhancing production and product quality, as well as fine-tuning our product portfolio. We work closely with our customers and with our partners in industry, in the scientific community, and at other institutions.

We manufacture pharmaceutical primary packaging that comes into direct contact with pharmaceuticals and that patients use on a daily basis to take their medication. Our primary packaging and drug delivery devices are important products for the pharma industry. Primary packaging and drug delivery devices are subject to extremely strict requirements imposed by national and international regulatory authorities, particularly with regard to manufacturing processes and product quality. Newly developed drugs also create more exacting requirements for primary packaging products and their quality. In addition, the simple and safe administration of medication is becoming ever more important. Digitalization will take on an increasingly important role in pharmaceutical primary packaging and drug delivery devices as well as in the future, such as in the collection, processing, and tracking of relevant data. Through our continuous improvements to products and processes and our innovations, we have established a strong position in the market and with our customers — a position that we aim to further enhance.

Net Assets Position

Analysis of the Consolidated Balance Sheet

In EUR m	**Nov. 30, 2022**	Nov. 30, 2021 adjusted	Change
Assets			
Intangible assets	1,317.4	1,288.8	28.6
Property, plant and equipment as well as investment property	1,061.9	905.3	156.6
Investment accounted for using the equity method	–	0.1	-0.1
Other assets	158.4	19.8	138.6
Deferred tax assets	6.5	6.3	0.2
Non-current assets	**2,544.2**	**2,220.3**	**323.9**
Inventories	310.7	238.3	72.4
Trade receivables and contract assets	286.5	231.9	54.6
Other assets	100.1	72.9	27.2
Cash and cash equivalents	112.8	114.1	-1.3
Current assets	**810.1**	**657.2**	**152.9**
Total assets	**3,354.3**	**2,877.5**	**476.8**
Equity and liabilities			
Equity	**1,269.4**	**1,014.7**	**254.7**
Provisions	114.1	145.3	-31.2
Financial debt	685.3	695.3	-10.0
Other liabilities	21.3	20.2	1.1
Deferred tax liabilities	162.8	116.2	46.6
Non-current liabilities	**983.5**	**977.0**	**6.5**
Provisions	42.6	45.6	-3.0
Financial debt	540.1	443.9	96.2
Trade payables and contract liabilities	381.3	295.2	86.1
Other liabilities	137.4	101.1	36.3
Current liabilities	**1,101.4**	**885.8**	**215.6**
Totaly equity and liabilities	**3,354.3**	**2,877.5**	**476.8**

A retrospective adjustment in accordance with IAS 8.42 was made in the financial year 2022. This correction caused the prior year's equity and deferred tax liabilities to change.

Total assets increased by EUR 476.8m compared to November 30, 2021, to stand at EUR 3,354.3m.

Intangible assets of EUR 1,317.4m primarily include goodwill of EUR 684.8m (prior year: EUR 656.2m), as well as customer relationships, trademarks, technologies, and similar assets of EUR 525.5m (prior year: EUR 543.1m). The changes in the latter items compared to the prior year are a result of amortization and currency translation.

Property, plant and equipment, including investment property, rose by EUR 156.6m to EUR 1,061.9m and comprised right-of-use assets with a net carrying amount of EUR 70.5m (prior year: EUR 66.5m) as of November 30, 2022. Advance payments made and assets under construction constitute a significant item under property, plant and equipment. They amounted to EUR 202.2m in total, down from EUR 207.7m in the prior year. Capital expenditure on property, plant and equipment in the Plastics & Devices Division was incurred in particular in relation to the expansion of syringe capacities, as well as capacity expansion in plastic business in North America and in medical plastic systems in the Republic of North Macedonia. Capital expenditure in the Primary Packaging Glass Division mainly related to the furnace expansion in Germany and India, as well as the expansion of production capacities for glass vials in North America and Europe.

The increase in other non-current assets was largely due to the development of the market values of derivative financial instruments with hedging relationships. Cash flow hedges were arranged in the financial year 2021 to further hedge future cash flows against energy price risks. The market value of these commodity derivatives stood at EUR 129.1m (prior year: EUR 7.4m) as of the reporting date. Other major year-on-year changes resulted from the acquisition of interests in Portal Instruments Inc., Cambridge, (MA/USA) and in Adamant Health Oy, Helsinki (Finland).

The increase in inventories was mainly due to business volume growth and the deliberate stockpiling of raw materials, consumables, and supplies, as well as finished goods, to maintain supply capacity. Changes in trade receivables and payables, including current and non-current contract assets and liabilities, resulted in a significant increase in net working capital compared to the prior year. All in all, net working capital amounted to EUR 215.2m, up EUR 42.4m on the prior year (EUR 172.8m). As of the reporting date, net working capital as a percentage of revenues amounted to 11.8% (prior year: 11.5%).

Other current assets increased mainly on account of approved grants to expand production capacity for glass vials in North America and the increase in operating taxes associated with the uptick in business volume.

The change in the Gerresheimer Group's equity includes a variety of effects, some of them contradictory. The net income of EUR 102.2m; the effects of cash flow hedges and currency translation, which are accounted for in equity; and the remeasurement of defined benefit obligation pension plans all had a positive impact. These positive effects were offset by the dividend payment in the financial year 2022, which reduced equity. In total, equity rose significantly compared to the prior year. The equity ratio, which expresses equity as a percentage of total assets, stood at 37.8% (prior year: 35.3%).

Alongside promissory loans, financial debt primarily include the revolving credit facilities, liabilities to banks, and lease liabilities. A revolving credit facility of EUR 150.0m was concluded in July 2022 and increased by a further EUR 50.0m in December 2022. It has a maturity of three years.

In addition, new promissory loans, which are divided into three value dates and have a total nominal volume of EUR 300.0m, were issued in November 2022. The first value date, amounting to EUR 139.5m, was disbursed in November 2022. The disbursal of the next two value dates, totaling EUR 160.5m, is scheduled for the first quarter of the financial year 2023. The maturities of the promissory loans are between three and seven years, with the first tranche of EUR 151.0m falling due in 2025. The funds, together with the increased revolving credit facility, will be used in part to settle the tranches from prior promissory loan transactions that mature in the financial years 2022 and 2023. Lease liabilities were also up compared to the prior year. All in all, compared to prior year these changes resulted in financial debt increasing by EUR 86.2m to EUR 1,225.4m in the financial year 2022.

Other current liabilities predominantly comprise liabilities to employees, approved government grants for capacity expansion, and income tax liabilities.

Financial Position

Principles and objectives of financial management

Generally speaking, Gerresheimer Group's finances are controlled and optimized centrally by Group Treasury at Gerresheimer AG. Our primary goal is to ensure liquidity at all times by procuring funding on a centralized basis and actively managing foreign exchange risks and interest rate risks. We ensure an appropriate level of funding on an ongoing basis through rolling liquidity planning and central cash management.

The Management Board has established an Investment Committee to institutionalize decision and control processes in connection with safeguarding liquidity, financial planning, and associated risk management. The Committee comprises the CFO, as well as the directors of Group Controlling, Group Accounting, Corporate Mergers & Acquisitions, and Group Treasury, and normally meets on a quarterly basis. The core remit of the Investment Committee is to discuss and monitor relevant financial operating conditions for the Gerresheimer Group. It also appraises potential changes in external factors in line with current market projections, the financing situation, and strategic growth options. All ideas and upcoming projects with a major financial impact are collated and assessed to determine whether they are financially viable and are subsequently re-examined from a risk management standpoint. Documents from the Investment Committee are provided to the other members of the Management Board after each meeting, ensuring that we have an additional early warning and control mechanism in place to supplement the systematic dual-control management system.

As a Group with global business operations, we use a range of tools to ensure effective financial management. These tools allow us to minimize any negative impact of default, currency, and interest rate risk on the Gerresheimer Group's net assets position, financial position, results of operations, and cash flows.

The maximum credit risk of the Gerresheimer Group receivables portfolio is the aggregate carrying amount of the receivables. We allow payment terms to customers as part of the ordinary course of business and carry out regular assessments for specific financial status levels (credit checks). We counter default risk by working only with contractual partners of good to very good credit standing and rigorously observing risk limits stipulated under trade credit insurance or implemented internally. Impairment losses are recognized in the necessary amount.

Our international focus means that we conduct many transactions in foreign currency. We use forward exchange contracts that hedge cash flows from outstanding orders denominated in foreign currency to counter the associated risk of exchange rates developing to our detriment. Orders, receivables, and liabilities are regularly hedged with forward exchange contracts as soon as they arise. As a means of countering interest rate risk, Group Treasury at Gerresheimer AG monitors interest rate trends on an ongoing basis and takes out corresponding interest rate hedges as needed.

We counter price risks on the commodities and energy markets by using appropriate hedging instruments. Some derivatives are designated as hedging instruments (cash flow hedges) to hedge against price risks on the commodities and energy markets.

Safeguarding the Gerresheimer Group's liquidity while allowing sufficient reserves for one-off developments is an integral part of ongoing liquidity management. Intragroup cash-pooling and intercompany lending permit efficient use of liquidity surpluses accrued by subsidiaries as financing for other subsidiaries.

Capital structure

The capital structure of the Gerresheimer Group was as follows as of November 30, 2022:

in % of total assets	**Nov. 30, 2022**	Nov. 30, 2021
Non-current assets	75.8	77.2
Current assets	24.2	22.8
Equity	37.8	35.3
Financial debt	36.5	39.6
Other non-current liabilities	8.9	9.8
Other current liabilities	16.8	15.4

Financial debt and credit facilities

Net financial debt changed as follows as of the balance sheet date:

In EUR m	**Nov. 30, 2022**	Nov. 30, 2021	Change
Promissory loans November 2015 (nominal)	25.5	235.5	-210.0
Promissory loans September 2017 (nominal)	154.5	250.0	-95.5
Promissory loans November 2020 (nominal)	325.0	325.0	–
Promissory loans November 2021 (nominal)	150.0	150.0	–
Promissory loans November 2022 (nominal)	139.5	–	139.5
Revolving credit facilities	335.0	70.0	265.0
Local credit facilities and used overdraft facilities	28.7	39.5	-10.8
Liabilities from lease, factoring and installment purchases	67.2	69.2	-2.0
Financial debt	**1,225.4**	**1,139.2**	**86.2**
Cash and cash equivalents	112.8	114.1	-1.3
Net financial debt	**1,112.6**	**1,025.1**	**87.5**

Financial debt primarily includes promissory loans and the revolving credit facilities.

A revolving credit facility of EUR 150.0m was concluded in July 2022 and increased by a further EUR 50.0m in December 2022. It has a maturity of three years. This transaction, together with the promissory loans issued in November 2021, serve to refinance the promissory loan tranches of EUR 305.5m in total that matured and were repaid in September and November 2022.

As a result, the Gerresheimer Group had two syndicated facilities in the form of revolving credit facilities plus ancillary credit facilities with a total volume of EUR 626.0m for general financing purposes at its disposal as of November 30, 2022, EUR 278.9m of which remained undrawn. The revolving credit facilities mature in the financial years 2026 (EUR 476.0m) and 2025 (EUR 150m). The mandatory standard financial covenant to which the revolving credit facility is subject is adjusted EBITDA leverage on the basis of the respective credit line agreements in force at the time. The adjusted EBITDA leverage stood at 3.0x (prior year: 3.2x) as of the reporting date.

In addition, new promissory loans, which are divided into three value dates and have a total nominal volume of EUR 300.0m, were issued in November 2022. The first value date, amounting to EUR 139.5m, was disbursed in November 2022. The disbursal of the next two value dates, totaling EUR 160.5m, is scheduled for the first quarter of the financial year 2023. The maturities of promissory loans are between three and seven years, with the first tranche of EUR 151.0m falling due in 2025. The funds will be used in part to settle the tranches from prior promissory loan transactions that fall due in the financial year 2023.

Our subsidiaries are also financed by local credit facilities, including overdraft facilities, in an amount equivalent to EUR 28.7m. The credit facilities and overdraft facilities were largely valued in euros and Brazilian real as of the reporting date.

Additional information on financial debt is provided in Note (27) of the Notes to the Consolidated Financial Statements.

To ensure access to other favorable sources of funding, Gerresheimer also raises financing through the sale of trade receivables to factoring companies.

Cash flows

The following table shows the development of financial resources:

In EUR m	2022	2021	Change
Financial resources at the beginning of the period	**83.6**	**58.4**	**25.2**
Cash flow from operating activities	221.9	212.1	9.8
Cash flow from investing activities	-256.2	-197.0	-59.2
Cash flow from financing activities	44.2	8.0	36.2
Effect of exchange rate changes on financial resources	4.6	2.1	2.5
Changes in financial resources	**14.5**	**25.2**	**-10.7**
Financial resources at the end of the period	**98.1**	**83.6**	**14.5**

Cash flow from operating activities

Cash inflow from operating activities was slightly higher than the prior-year level. Net income was one of the contributors to this positive development. Funds tied up in net working capital rose year on year, primarily as a result of the increase in receivables associated with the strong revenue growth, as well as the conscious decision to stock up inventories to secure supply capability.

Cash flow from investing activities

The significant rise in cash flow from investing activities was mainly the result of capacity expansion in the Plastics & Devices and Primary Packaging Glass Divisions. Cash-effective capital expenditure is distributed by division and corporate function as follows:

In EUR m	2022	2021	Change
Plastics & Devices	107.5	83.5	24.0
Primary Packaging Glass	114.5	109.4	5.1
Advanced Technologies	19.0	9.5	9.5
Corporate functions	0.5	1.2	-0.7
Cash-effective capital expenditure	**241.5**	**203.6**	**37.9**

Capital expenditure in the Plastics & Devices Division focused on the expansion of our syringe capacities in North America and Europe, the extension of the product portfolio for plastic packaging in North America, and the increase in production capacities for pharmaceutical and medical devices by means of contract manufacturing at our sites in Pfreimd (Germany) and Horsovsky Tyn (Czech Republic). The construction of the new plant at the Berlin (OH/USA), location was completed in the third quarter of the financial year. The new plant will help to expand our global market presence and add further pharmaceutical clean room production to the U.S. market.

Capital expenditure in the Primary Packaging Glass Division mainly related to the expansion of production capacities for glass vials, particularly at our plants in North America and Europe, as well as furnace expansion in Germany and India. The furnace expansion at the Tettau (Germany) location was completed on schedule in the third quarter of the financial year 2022. Thanks to the latest hybrid technology, the furnace will help to reduce CO_2 emissions and lower reliance on fossil fuels.

The increase in capital expenditure in the Advanced Technologies Division relates to development projects and the expansion of the portfolio of medical devices, which was accounted for on a cash basis in the financial year 2022.

Financial commitments in connection with future capital expenditure amounted to EUR 90.0m at the end of the financial year.

Free cash flow

Based on the effects described above, free cash flow before acquisitions and/or divestments of subsidiaries changed as follows:

In EUR m	**2022**	2021
Cash flow from operating activities	**221.9**	**212.1**
Net capital expenditure (before M&A activities)	-237.7	-194.2
Free cash flow before M&A activities	**-15.8**	**17.9**

Cash flow from financing activities

The increase in cash inflow from financing activities mainly resulted from the increase in the use of the revolving credit facilities and the raising of funds through new promissory loans, which exceeded the cash outflow from the promissory loans that matured and were repaid in September and November 2022.

The overdraft facilities, which form part of financial resources, stood at EUR 14.7m at the end of the period (prior year: EUR 30.5m).

Overall Assessment of the Economic Position

Gerresheimer was very successful in the financial year 2022, despite the complex and challenging geopolitical and economic environment, and was able to fulfill the high expectations regarding its business performance.

The impact of the Covid-19 pandemic on global supply and logistics chains continued to be noticeable in the financial year 2022. The war in Ukraine also intensified the global inflation trend and led to extreme energy price volatility in many regions of Europe. Nevertheless, key customer sectors for Gerresheimer, such as the pharma industry, continued to grow in this environment. The past financial year has shown that we were right to focus on capital expenditure on high-value solutions for the pharma and cosmetics industries, regional expansion, and contract manufacturing. In addition, we implemented a number of different measures at the start of the financial year 2022 to combat the effects of inflation and ensure continuity in the supply of our solutions and services. These measures mainly included long-term supply contracts, hedging against energy price rises, and systematically passing on cost increases.

After a strong first quarter of the financial year 2022 and raising the guidance for revenue growth, Gerresheimer continued on its successful growth course for the remainder of the year. The main driving forces behind this positive development were contract manufacturing, capacity expansions, high-value solutions for the pharma and cosmetics industries, contractually agreed-upon price adjustments for customers, and separate, long-term price increases. In organic terms — in other words, excluding exchange rate effects — revenues climbed by 16.2% to EUR 1,738.1m and therefore were in line with our growth expectations, which were raised in the first quarter of the financial year 2022 compared to the end of the financial year 2021. The exchange rate effects resulted mainly from the change in the US dollar against the euro.

Organic adjusted EBITDA was up by 10.2% on the prior year to stand at EUR 338.4m in the financial year 2022 (EUR 307.1m), whereas non-organic adjusted EBITDA rose to EUR 354.2m (prior year: EUR 306.3m), which equates to growth of 15.6%. Hence, the development of the organic adjusted EBITDA exceeded our expectations despite increased costs for procurement, particularly of energy, and distribution as well as the delays in passing on these procurement prices to our customers through contractually agreed-upon price adjustments or separate, long-term price increases.

Adjusted net income climbed by EUR 17.7m to EUR 150.8m in the financial year 2022. Earnings per share adjusted for foreign exchange effects attributable to Gerresheimer AG shareholders increased by 6.9% to EUR 4.47 per share (prior year: EUR 4.18 per share). This key performance indicator developed in line with our expectations.

Free cash flow before M&A activities amounted to EUR -15.8m as of the reporting date. As a result of the growth-based capital expenditure program explained above, free cash flow before M&A activities was EUR 33.7m lower than in the prior year.

Gerresheimer maintains a solid liquidity base with cash and cash equivalents and available credit facilities totaling EUR 441.7m (as of November 30, 2022). Adjusted EBITDA leverage, which is the ratio of net financial debt to adjusted EBITDA and an important key performance indicator for our capital structure, stood at 3.0x (prior year: 3.2x) and was in line with our expectations for the financial year 2022.

At the Annual General Meeting, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.25 per share (prior year: EUR 1.25 per share) be paid, corresponding to a total dividend payment of EUR 39.3m. In relation to adjusted net income attributable to the shareholders of Gerresheimer AG, the distribution ratio stands at 27.1%.

Details of target achievement in the reporting year are included in the following section, “Forecast-Actual Comparison.” Additional information on the performance of the Group and the individual divisions in the financial year 2022 can be found in the disclosures on the net assets position, financial position, and results of operations. Details on the outlook for the financial year 2023 and opportunities and risks can be found in the sections entitled “Forecast Report” and “Opportunities and Risks.”

The Five-Year Overview in the section “Additional Information” lists the key performance indicators for the development of the Gerresheimer Group over the past five years.

Forecast-Actual Comparison

We give our shareholders, customers, and all other partners the opportunity to assess our business development by publishing a forecast at the beginning of each financial year and adjusting this as needed over the course of the year. Our forecast covers the anticipated currency-adjusted development of the key financial performance indicators relevant to the management of the Group: Revenues, adjusted EBITDA, and adjusted earnings per share.

Key performance indicator	Basis currency-adjusted	Forecast 2022 currency-adjusted	Updated Forecast 2022 currency-adjusted[1]	Attainment of Forecast 2022 currency-adjusted	Change
Revenues	EUR 1,495.6m	Growth in the high single-digit percentage range	Growth of at least 10%	EUR 1,738.1m	+16.2%
Adjusted EBITDA	EUR 307.1m	Growth in the high single-digit percentage range	Growth in the high single-digit percentage range	EUR 338.4m	+10.2%
Adjusted earnings per share in euros	EUR 4.18	Growth in the high single-digit percentage range	Growth in the high single-digit percentage range	EUR 4.47	+6.9%

[1] Forecast 2022 updated in the first quarter 2022.

Annual Financial Statements of Gerresheimer AG

The Annual Financial Statements of Gerresheimer AG were prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch, HGB) and the German Stock Corporation Act (Aktiengesetz, AktG). The management report is combined with the management report of the Gerresheimer Group. The purpose of the separate financial statements is to determine retained earnings and therefore the amount eligible for distribution to shareholders.

The performance and position of Gerresheimer AG are mainly determined by the business development and success of the Gerresheimer Group. As a result, the aforementioned information about the net assets position, financial position, and results of operations of the Group largely also applies to Gerresheimer AG.

The business performance of Gerresheimer AG is fundamentally subject to the same opportunities and risks as that of the Gerresheimer Group. The statements on opportunities and risks provided in “Opportunities and Risks” therefore also apply to Gerresheimer AG. As of the reporting date, there were no known specific opportunities or risks that only concern Gerresheimer AG and are not explained under “Opportunities and Risks.”

Gerresheimer AG Results of Operations

The net income of Gerresheimer AG is an important factor in the proposed dividend. As a result, the net income of Gerresheimer AG is the most significant key performance indicator since the financial year 2022. Up to the financial year 2021, net income from the operating results transferred from the subsidiaries was the most significant key performance indicator.

In the financial year 2022, Gerresheimer AG generated net income of EUR 40.6m, down from EUR 74.9m in the prior year. This decrease was predominantly due to fall in the result from profit and loss transfer agreements with domestic subsidiaries. Another contributing factor in this performance — besides the lower operating results from domestic subsidiaries — was the decline in distributions from foreign subsidiaries to domestic subsidiaries. Our expectations at the beginning of the year of a stable result from profit and loss transfer agreements were therefore not met.

Analysis of the income statement of Gerresheimer AG

In EUR m	2022	2021	Change
Revenues	9.6	8.2	1.4
Expenses of purchased services	-3.8	-1.9	-1.9
Personnel expenses	-21.5	-20.2	-1.3
Depreciation and amortization	-1.5	-1.6	0.1
Other income and expenses	-7.3	-7.7	0.4
Result from profit and loss transfer agreements	69.9	112.1	-42.2
Net interest result	-2.2	-1.1	-1.1
Income taxes	-2.5	-12.9	10.4
Net income	**40.6**	**74.9**	**-34.3**
Retained earnings carried forward	171.9	136.3	35.6
Retained earnings	**212.5**	**211.2**	**1.3**

The majority of revenues recognized by Gerresheimer AG are in relation to IT and key account management services performed on behalf of subsidiaries. The year-on-year rise is largely attributable to the key account management services provided for the first time for the entire financial year.

Expenses of purchased services solely concern key account management services. The year-on-year rise is largely attributable to the key account management services provided for the first time for the entire financial year as well as charges for IT services.

The increase of personnel expenses largely relates to increased obligations to employees from remuneration and bonus obligations and the inflation compensation premium, an initiative by the German government to provide citizens with tax- and social-security-free relief from higher energy costs, which was paid in November 2022.

The slight improvement in the balance of other income and expenses, which remains negative, was largely the result of an increase in income from intercompany charges. This was offset primarily by a rise in expenses for IT services and insurance policies.

Income from profit and loss transfer agreements includes the earnings of all direct and indirect German subsidiaries of Gerresheimer AG.

Net interest result mainly consists of income from loans to affiliated companies and interest expenses from promissory loans. The year-on-year change in the net interest result was primarily due to higher interest expenses from promissory loans.

The change in income taxes was primarily due to the year-on-year decline in result from profit and loss transfer agreements and reimbursements of taxes from prior periods (prior year: Expenses for taxes from prior periods). Deferred taxes were not recognized after the Group exercised the option of a surplus of deferred tax assets over deferred tax liabilities.

Net Assets Position and Financial Position of Gerresheimer AG

Analysis of the Gerresheimer AG balance sheet

In EUR m	**Nov. 30, 2022**	Nov. 30, 2021	Change
Assets			
Intangible assets and property, plant and equipment	4.0	4.3	-0.3
Financial assets	1,286.2	1,286.2	–
Receivables and other assets	457.9	467.3	-9.4
Prepaid expenses	2.1	1.5	0.6
Total assets	**1,750.2**	**1,759.3**	**-9.1**
Equity and liabilities			
Equity	**769.7**	**768.3**	**1.4**
Provisions	32.5	28.4	4.1
Liabilities to banks	945.8	961.4	-15.6
Other liabilities	2.2	1.2	1.0
Totaly equity and liabilities	**1,750.2**	**1,759.3**	**-9.1**

Gerresheimer AG reported total assets of EUR 1,750.2m as of November 30, 2022, compared to EUR 1,759.3m in the prior year. This decline was primarily due to the lower result from profit and loss transfer agreements and the fall in liabilities to banks — factors only offset to a limited extent by increased receivables from affiliated companies in connection with cash-pooling.

Financial assets comprise shares in and long-term loans to affiliated companies.

Receivables and other assets mainly include receivables from affiliated companies under cash-pooling and profit and loss transfer agreements. Compared to the prior year, receivables from cash-pooling rose from EUR 347.9m to EUR 375.8m, whereas receivables from profit and loss transfer agreements were down considerably on the prior-year figure. This was due to a number of developments, including a decrease in the distributions from foreign subsidiaries to indirect German subsidiaries year on year.

Gerresheimer AG is part of the cash-pooling-management arrangement of GERRESHEIMER GLAS GmbH. As a result, cash and cash equivalents were at a very low level as of the balance sheet date.

The change in equity was primarily due to the net income in the financial year and the dividend payment for 2022. The equity ratio stood at 44.0% as of November 30, 2022 (prior year: 43.7%).

Liabilities to banks declined as a result of the repayment of tranches of promissory loans that matured in the financial year 2022. The increase in the revolving credit facilities had the opposite effect.

Gerresheimer AG Forecast

Due to the level of integration with the subsidiaries and the significance of Gerresheimer AG within the Gerresheimer Group, the outlook for the Gerresheimer Group is largely consistent with that of Gerresheimer AG. The earnings prospects of Gerresheimer AG depend to a substantial extent on the performance of its subsidiaries' business activities and the amount distributed by foreign subsidiaries to German subsidiaries. As a result, the anticipated development of the Gerresheimer Group for the financial year 2023 should also apply to Gerresheimer AG. All in all, we expect to generate net income in the financial year 2023 that is at least on par with the financial year 2022.

Corporate Responsibility and Sustainability at Gerresheimer

Non-financial Group Declaration pursuant to § 315b HGB

The separate Non-financial Group Declaration is available on the Gerresheimer AG website at www.gerresheimer.com/en/company/investor-relations/reports, in accordance with § 315b (3) HGB.

Takeover-related Disclosures

Gerresheimer AG is a German stock corporation (Aktiengesellschaft) and has issued voting stock that is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard), a regulated market within the meaning of § 2 (7) German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG).

Structure of subscribed capital

The subscribed capital (capital stock) of Gerresheimer AG totaled EUR 31.4m as of November 30, 2022. It is divided into 31.4m ordinary no-par-value bearer shares with a nominal share in capital stock of EUR 1.00 each. The Company's capital stock is fully paid in.

Restrictions on voting rights or on the transfer of securities

As of the reporting date, there were no restrictions on voting rights or on the transfer of Gerresheimer AG stock by law, under the Articles of Association, or otherwise to the knowledge of the Management Board. All no-par-value shares in Gerresheimer AG issued as of November 30, 2022, are fully transferable, carry full voting rights, and grant the holder one vote at the Annual General Meeting.

Shareholdings exceeding 10% of voting rights

The only direct or indirect shareholdings in the Company's capital stock exceeding 10% of voting rights of which we had been notified were those of The Goldman Sachs Group, Inc., Wilmington (DE/USA), through NN Investment Partners B.V. (The Hauge/Netherlands), an indirect interest that it acquired in 2022.

Shares carrying special rights with regard to control

None of the shares issued by Gerresheimer AG have rights that confer special control to their bearer.

System of control of any employee share scheme where the control rights are not exercised directly by the employees

We have no information with regard to the system of control of any employee share scheme where the control rights are not exercised directly by the employees.

Legal provisions and provisions of the Articles of Association on the appointment and replacement of Management Board members and on amendments to the Articles of Association

The appointment and replacement of members of the Management Board of Gerresheimer AG is governed by §§ 84 and 85 AktG and § 31 Mitbestimmungsgesetz (MitbestG, German Codetermination Act) in conjunction with § 6 of the Articles of Association. In accordance with § 6 (1) of the Articles of Association, the Management Board comprises at least two members. In all other respects, the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint deputy members of the Management Board. It appoints one member of the Management Board as Chief Executive Officer or spokesman.

Under § 179 AktG, any amendment to the Articles of Association requires a resolution of the Annual General Meeting. One exception to this rule concerns amendments to the Articles of Association that relate solely to their wording. The Supervisory Board is authorized to make such changes. Unless otherwise required by law, Annual General Meeting resolutions are adopted by simple majority of votes cast. If a majority of capital is additionally required by law, resolutions are adopted by simple majority of the capital stock represented upon adoption of the resolution.

Authority of the Management Board to issue or buy back shares

Under § 4 (4) of the Articles of Association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's capital stock by issuing new no-par-value bearer shares for cash or non-cash consideration in one or more issues up to a total of EUR 6.28m by or before June 8, 2023 (authorized capital I). Shareholders must normally be granted subscription rights. The subscription right may also be granted in such a way that the shares are taken up by one or more banks or equivalent undertakings within the meaning of § 186 (5) Sentence 1 AktG with an obligation to offer them to the Company's shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in the following instances:

- to exclude fractional amounts from the subscription rights;
- to the extent necessary to grant holders of conversion rights or warrants or parties under obligation to exercise conversion rights or warrants attached to bonds issued or yet to be issued by the Company or a Group company a subscription right to new shares to the same extent as they would be entitled to as shareholders after exercise of the warrant or conversion right or fulfillment of the obligation to exercise the warrant or conversion right;
- in the event of capital increases for non-cash consideration in connection with business mergers or acquisitions of companies in whole or part or of shareholdings, including increases in existing shareholdings or other assets; however, the total percentage of the capital stock attributable to the new shares for which subscription rights are excluded may not exceed 10% of the capital stock in existence at the time the authorization comes into effect;
- in the event of capital increases for cash consideration if the issue price of the new shares is not substantially below that of the existing, listed shares at the time of final fixing of the issue price by the Management Board within the meaning of § 203 (1) and (2) and § 186 (3) Sentence 4 AktG, and the percentage of capital stock attributable to the new shares for which the subscription right is excluded does not exceed 10% of the capital stock in existence at the time the authorization comes into effect or at the time the authorization is exercised, whichever amount is smaller. The maximum limit of 10% of the capital stock is to be reduced by the pro rata amount of the capital stock attributable to those shares of the Company that are issued or sold as treasury shares during the term of this authorization subject to the exclusion of the shareholders' subscription rights in direct or analogous application of § 186 (3) Sentence 4 AktG. It is also reduced by shares to be issued to service bonds with a conversion right or warrant or obligation to exercise a conversion right or warrant to the extent that the bonds are issued during the period of this authorization with subscription rights excluded by analogous application of § 186 (3) Sentence 4 AktG.

The sum total of shares issued for cash or non-cash consideration subject to exclusion of subscription rights under this authorization may not exceed a proportionate amount of the capital stock of EUR 3.14m (10% of the current capital stock). New shares issued during the term of this authorization under another authorization with subscription rights excluded, or to which financial instruments with conversion rights or warrants or obligations to exercise conversion rights or warrants are attributable that are issued during the period of authorization under another authorization with shareholders' subscription rights excluded, are to be taken into account against this maximum limit of 10%.

The Management Board is authorized, subject to Supervisory Board approval, to stipulate other details of the capital increase and its execution, including the substantive details of rights attached to shares and the conditions of issue.

Under § 4 (5) of the Articles of Association, the Management Board is authorized, subject to Supervisory Board approval, to increase the Company's capital stock by issuing new no-par-value bearer shares for cash consideration in one or more issues up to a total of EUR 3.14m by or before June 8, 2023 (authorized capital II). Shareholders must normally be granted subscription rights. The subscription right may also be granted in such a way that the shares are taken up by one or more banks or equivalent undertakings within the meaning of § 186 (5) Sentence 1 AktG with an obligation to offer them to the Company's shareholders for subscription (indirect subscription right).

The Management Board is authorized, subject to Supervisory Board approval, to exclude shareholders' subscription rights in the following instances:

- to exclude fractional amounts from the subscription rights;
- in the event of capital increases for cash consideration if the issue price of the new shares is not substantially below that of the existing, listed shares at the time of final fixing of the issue price by the Management Board within the meaning of § 203 (1) and (2) and § 186 (3) Sentence 4 AktG, and the percentage of capital stock attributable to the new shares for which the subscription right is excluded does not exceed 10% of the capital stock in existence at the time the authorization comes into effect or at the time the authorization is exercised, whichever amount is smaller. The maximum limit of 10% of the capital stock is to be reduced by the pro rata amount of the capital stock attributable to those shares of the Company that are issued or sold as treasury shares during the term of this authorization subject to the exclusion of the shareholders' subscription rights in direct or analogous application of § 186 (3) Sentence 4 AktG. It is also reduced by shares to be issued to service bonds with a conversion right or warrant or obligation to exercise a conversion right or warrant to the extent that the bonds are issued during the period of this authorization with subscription rights excluded by analogous application of § 186 (3) Sentence 4 AktG.

The sum total of all shares issued for cash consideration subject to exclusion of subscription rights under this authorization may not exceed a proportionate amount of the capital stock of EUR 3.14m (10% of the current capital stock). New shares issued during the term of this authorization under another authorization with subscription rights excluded, or to which financial instruments with conversion rights or warrants or obligations to exercise conversion rights or warrants are attributable that are issued during the period of authorization under another authorization with shareholders' subscription rights excluded, are to be taken into account against this maximum limit of 10%.

The Management Board is authorized, subject to Supervisory Board approval, to stipulate other details of the capital increase and its execution, including the substantive details of rights attached to shares and the conditions of issue.

Material agreements conditional on a change of control following a takeover bid

The revolving credit facility may be terminated by the lenders and is to be repaid in full ahead of schedule if a third party or multiple third parties acting jointly acquire 50.01% or more of the shares or voting rights in Gerresheimer AG.

Promissory loan lenders are each entitled to call due their promissory loans if any party, or any group of parties acting in concert, directly or indirectly acquires the right to appoint the majority of members of the Supervisory Board of Gerresheimer AG or directly or indirectly acquires more than 50% of the shares or voting rights in Gerresheimer AG.

A change of control following a takeover bid may impact some of our operating contracts featuring change-of-control provisions. These are standard change-of-control clauses that give the other party to the contract a right to terminate the contract prematurely in the event of a change of control.

Compensation agreements in the event of a takeover bid

In the event of a change of control, Management Board members have, until December 31, 2023, a special one-time right to terminate their contracts with six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained — or, were it not for gross negligence, would have gained — knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of nine months or more. If the special right of termination is exercised by the members of the Management Board, the Company is obliged to pay the member termination benefits amounting to three times the member's annual remuneration, less payments made during the notice period. Annual remuneration is defined as double the respective basic salary excluding variable components.

Corporate Governance Statement

The Corporate Governance Statement pursuant to §§ 289f and 315d HGB is an integral part of the Combined Management Report. In accordance with § 317 (2) Sentence 6 HGB, the audit of the disclosures made within the scope of §§ 289f and 315d HGB is to be limited to determining whether disclosures have been made.

The German Corporate Governance Code stipulates disclosures that go above and beyond legal requirements and the requirements of German Accounting Standard 20 (Deutsche Rechnungslegungs Standard Nr. 20, DRS 20) concerning management reports (referred to as extraneous management report information). Gerresheimer has included these disclosures in the “Corporate Governance Statement” and labeled them accordingly. They too are exempted from the audit of the content of the Management Report by the auditor.

Statement of Compliance with the German Corporate Governance Code

The Management Board and Supervisory Board of Gerresheimer AG adopted the following Statement of Compliance pursuant to § 161 AktG on September 8, 2022:

“Declaration of the Management Board and Supervisory Board of Gerresheimer AG on the recommendations of the ‘Government Commission on the German Corporate Governance Code’, pursuant to Section 161 of the German Stock Corporation Act

Since the submission of the most recent Statement of Compliance on September 2, 2021 Gerresheimer AG has complied with all recommendations of the ‘Government Commission on the German Corporate Governance Code’ as amended on December 16, 2019 and also as further amended on April 28, 2022 with the exception such recommendations cited and explained in said Statement of Compliance.

Gerresheimer AG will continue to comply with all recommendations of the ‘Government Commission on the German Corporate Governance Code’ as amended on April 28, 2022 with the following exception:

Recommendation D.7 which states that the Supervisory Board should meet on a regular basis without the Management Board is not being complied with. While the Presiding Committee generally meets regularly without the Management Board, the Supervisory Board only meets regularly without the Management Board when personnel matters relating to the Management Board are to be discussed. In addition, the Management Board does not attend meetings of the Supervisory Board or of its committees if such meetings consult the statutory auditor as expert, unless the Supervisory Board or its committees decide that participation of the Management Board is decisive. In the case of other topics, any non-participation of the Management Board marks a situational exception.”

The Statements of Compliance issued in the past five years are also available on our website at www.gerresheimer.com/en/company/investor-relations/corporate-governance/statements-of-compliance.

Remuneration System and Management Board Remuneration

The existing remuneration system for the Management Board of Gerresheimer AG was approved by the Annual General Meeting on June 9, 2021, by a majority of 90.4%. It applies to the current members of the Management Board since December 1, 2021. The Compensation Report for the financial year 2022, including the associated report by the auditor, the current remuneration system, and the latest remuneration resolution, is available on our website at www.gerresheimer.com/en/company/investor-relations/corporate-governance. The Compensation Report pursuant to § 162 AktG for the financial year 2022 is also included in the “Compensation Report” section of this Annual Report, under “Additional Information.”

Information on Corporate Governance Practices

Gerresheimer is one of the leading partners to the pharma, biotech, healthcare, and cosmetics industries worldwide. As manufacturers of products made from glass and plastic for drug packaging and delivery, we make a meaningful and significant contribution to health and well-being.

In this age of increasing globalization, as well as growing social and environmental challenges, we are conscious of our corporate responsibility, which goes far beyond the realm of our products. We live up to this responsibility actively, comprehensively, and sustainably, and are happy to be measured against our principles. In our business activities, we acknowledge our responsibility toward society, our employees, investors, customers, suppliers, and the environment. The principles of our corporate social responsibility are available on our website at www.gerresheimer.com/en/sustainability/downloads.

Description of the risk management system and internal control system

The Gerresheimer Group considers effective risk management a key factor in sustaining value for the long term. The management of opportunities and risks is therefore integral to our organizational structure and processes. The risk management system centers on identifying and mitigating operational risks through the monitoring, planning, management, and control systems in place within the entities and at headquarters. We have defined guidelines on risk reporting for subsidiaries and key functions in headquarters. Furthermore, we continuously expand our early warning system and adapt it to the latest developments. Core elements of the internal risk management and internal control system are described in the section of the Group Management Report entitled “Opportunities and Risks.”

With this approach, the Management Board of Gerresheimer AG has created and implemented a framework for controlling opportunities and risks that is geared toward appropriate and effective internal control and risk management. The measures introduced as part of this approach are also aimed at ensuring the effectiveness and appropriateness of internal control and risk management and are explained in greater detail under “Opportunities and Risks.” Independent monitoring and reviews — particularly by way of reviews carried out by Internal Audit and said department’s reports to the Management Board and the Supervisory Board’s Audit Committee, as well as by way of external assurance — also takes place as part of the process of integrating this model and the legal frameworks.[1)]

The internal control system of the Gerresheimer Group includes all systematically designed rules in the Group, which are used for the methodical management of operational, financial, sustainability- and compliance-related risks. These rules result from, for example, uniform Group guidelines, work instructions or process descriptions, which may be further specified by the individual subsidiary.

For certain risks, such as financial reporting, central departments have been set up to provide a uniform framework for the Group. These departments thus create appropriate Group-wide standards in the sense of a “second line” of the so-called “Three Lines of Defense” model and support their implementation and monitoring.

Almost all business processes are supported by IT solutions. Where possible and appropriate, we use those automatic controls integrated in these applications or services for greater security and efficiency. In addition, manual process controls are performed to prevent or detect errors.

Internal Audit, as an independent “third line”, reviews business processes including IT solutions according to its own risk assessment and provides recommendations to improve the effectiveness and efficiency of processes and controls.

The Supervisory Board of Gerresheimer AG, in particular the Audit Committee, is involved in the internal control system in the Gerresheimer Group with process-independent audit activities.

From its dealings with internal control and risk management and the reporting by Internal Audit, the Management Board is not aware of any circumstances that would indicate that these systems are not appropriate or effective.[1)]

Composition and Procedures of the Management Board

Gerresheimer AG is subject to German stock corporation law and consequently has a two-tier management system comprising a Management Board and a Supervisory Board. The Management Board manages the Company autonomously in the Company’s interests and is obliged to increase shareholder value on a sustainable basis. It is responsible for preparing the Company’s quarterly statements and interim reports, as well as the Annual Financial Statements, the Consolidated Financial Statements, and the Combined Management Report of Gerresheimer AG and the Group. The Management Board ensures compliance with other statutory provisions and mandatory rules, and works to ensure that the subsidiaries of Gerresheimer AG follow suit. It has established appropriate systems for the structuring of compliance and risk management. The Management Board informs the Supervisory Board regularly, promptly and comprehensively on all issues relevant to the Company with regard to strategy, planning, business performance, the risk situation, risk management, and compliance. Significant transactions require the approval of the Supervisory Board.

The Management Board of Gerresheimer AG consists of a minimum of two members. Members of the Management Board are initially appointed for a maximum of three years. Management Board members should not be above the age of 65. The members of the Management Board have joint responsibility for the Company’s management, with the individual members each directing the Management Board mandates assigned to them under their own responsibility. Coordination of the Management Board portfolios is the responsibility of the Chief Executive Officer. The Management Board has not established any committees. The individual members of the Management Board and their portfolios are listed as additional information in the section entitled “Members of the Management Board and positions held by Management Board members.” Information on the areas of responsibility and the resumes of the members of the Management Board are available at www.gerresheimer.com/en/company/management. Remuneration of Management Board members is set out in the Compensation Report.

Composition and Procedures of the Supervisory Board and its Committees

Supervisory Board

The Supervisory Board of Gerresheimer AG comprises twelve members. The Supervisory Board is composed of equal numbers of shareholder and employee representatives in accordance with the German Codetermination Act. Shareholder representatives on the Supervisory Board are elected by simple majority at the Annual General Meeting. The employee representatives on the Supervisory Board are elected as stipulated in the German Codetermination Act.

[1)] The information in this section is extraneous management report information.

The Supervisory Board advises the Management Board on the management of the Company and monitors its governance. It regularly discusses business performance and planning, as well as strategy and strategy implementation. The Supervisory Board reviews the Annual and Consolidated Financial Statements and the Combined Management Report of Gerresheimer AG and of the Group together with the proposal for appropriation of retained earnings. It approves the Annual Financial Statements of Gerresheimer AG and adopts the Consolidated Financial Statements, with due regard to the findings of the review by the Audit Committee and the auditor's reports. The Supervisory Board also decides on the appointment and dismissal of Management Board members and their remuneration. The Presiding Committee of the Supervisory Board regularly reviews the composition of the Management Board and the division of responsibilities within the Management Board against the needs of the Group's business activities. The Supervisory Board is required to work together with the Management Board to ensure long-term succession planning.

Resolutions of the Supervisory Board are normally adopted by simple majority. In the event of a tied vote on the Supervisory Board, the Chairman of the Supervisory Board has two votes if a new ballot on the same matter is held and there is still a tie.

The period of office of the current Supervisory Board members started at the end of the Annual General Meeting on June 8, 2022. In relation to the realization of a concept for gradually renewing the shareholder representative side of the Supervisory Board, Dr. Karin L. Dorrepaal, Dr. Peter Noé, and Udo J. Vetter were elected for a period of two years, in other words until the end of the Annual General Meeting that resolves on the formal approval of the actions of the Supervisory Board for the financial year 2023. Dr. Axel Herberg, Andrea Abt, and Prof. Dr. Annette G. Köhler were elected for a period of four years, in other words until the end of the Annual General Meeting that resolves on the formal approval of the Supervisory Board's actions for the financial year 2025. In accordance with the Articles of Association, the term of office for employee representatives runs until the end of the Annual General Meeting that resolves on the formal approval of the actions of the Supervisory Board for the financial year 2026.

Detailed information on the work of the Supervisory Board in the financial year 2022 is provided in the Report of the Supervisory Board. The individual members of the Supervisory Board and their mandates are listed as additional information in the section entitled "Members of the Management Board and positions held by Management Board members." This information is also published at www.gerresheimer.com/en/company/management and includes the resumes of the members of the Supervisory Board. Remuneration of Supervisory Board members is set out in the Compensation Report.

Supervisory Board committees

The Supervisory Board has established a total of four committees. Their duties, responsibilities, and work processes comply with the requirements of the German Stock Corporation Act and the German Corporate Governance Code, except as otherwise stated in the Declaration of Compliance issued by the Management Board and Supervisory Board pursuant to § 161 AktG. The committee chairpersons report regularly at Supervisory Board meetings on the meetings of the committees and their activities.

The **Presiding Committee** prepares the Supervisory Board's personnel-related decisions, notably the appointment and dismissal of Management Board members, the appointment of the Chief Executive Officer, and decisions regarding the remuneration of Management Board members. In proposals for the appointment of members of the Management Board, the Presiding Committee takes into account the age limit stipulated for Management Board members, long-term succession planning, and diversity. It is responsible for approving transactions between the Company and related parties. In addition, the Presiding Committee decides on the approval of contracts and transactions with members of the Management Board and their related parties.

As of November 30, 2022, the Presiding Committee comprised the following members: Dr. Axel Herberg (Chairman), Francesco Grioli, Markus Rocholz, and Dr. Peter Noé.

The **Audit Committee** primarily oversees accounting and accounting processes. It is responsible for the preliminary review of the Annual and Consolidated Financial Statements, the Combined Management Report, and the proposal for appropriation of retained earnings. Based on the auditor's report and following its own preliminary review, the Audit Committee prepares the Supervisory Board's decisions on the approval of the Annual Financial Statements of Gerresheimer AG and the adoption of the Consolidated Financial Statements. The Audit Committee also discusses the quarterly statements and the interim report with the Management Board. It monitors the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance. The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting for election of the auditor and submits a corresponding recommendation to the Supervisory Board. It takes appropriate measures to establish and monitor the independence of the auditor. The Audit Committee is also responsible for approving the awarding of non-auditing services to the auditor. It regularly assesses audit quality.

As of November 30, 2022, the Audit Committee comprised the following members: Prof. Dr. Annette G. Köhler (Chairwoman), Andrea Abt, Francesco Grioli, Dr. Axel Herberg, Markus Rocholz, and Katja Schnitzler.

The **Nomination Committee** nominates suitable candidates for the Supervisory Board to propose at the Annual General Meeting for election as shareholder representatives to the Supervisory

Board. It also prepares the decision of shareholder representative Supervisory Board members regarding the assessment of independence from the Company and from the Management Board with respect to each shareholder representative.

As of November 30, 2022, the Nomination Committee comprised the following members: Dr. Axel Herberg (Chairman), Andrea Abt, and Udo J. Vetter.

The **Mediation Committee** presents proposals to the Supervisory Board for the appointment of Management Board members if the required majority of two-thirds of the votes of the Supervisory Board members is not obtained in the first ballot.

As of November 30, 2022, the Mediation Committee comprised the following members: Dr. Axel Herberg (Chairman), Dr. Karin L. Dorrepaal, Francesco Grioli, and Paul Schilling.

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses the effectiveness with which the Supervisory Board as a whole and its committees perform their responsibilities. Alongside qualitative criteria, the Supervisory Board assesses in particular the Supervisory Board's procedures and the flow of information between the committees and the full Supervisory Board, as well as the timely provision of sufficient information for the Supervisory Board and its committees. The Supervisory Board carried out its most recent self-assessment in November 2022.

Conflicts of Interest

The members of the Supervisory Board must disclose conflicts of interest to the Chairman of the Supervisory Board without undue delay. In the event of significant conflicts of interest that are not merely temporary in nature, the Supervisory Board member in question must resign from office. In its report to the Annual General Meeting, the Supervisory Board provides information on any conflicts of interest that have arisen and how they have been handled.

The members of the Management Board must disclose conflicts of interest to both the Chairman of the Supervisory Board and the Chief Executive Officer without undue delay, and must notify the other members of the Management Board.

Directors' Dealings

Members of the Management Board and Supervisory Board, as well as their related parties, are required to disclose transactions involving shares or debt instruments of Gerresheimer AG, or involving related financial instruments, if the value of the transactions is equal to or greater than EUR 20k within a calendar year. All concluded transactions are published and can be viewed on the website.

Shareholders and the Annual General Meeting

The shareholders of Gerresheimer AG exercise their rights at the Company's Annual General Meeting. At the Annual General Meeting, shareholders regularly resolve on profit appropriation, formal approval of the actions of the Management Board and Supervisory Board, and the appointment of the auditor. In addition, the Annual General Meeting resolves on amendments to the Articles of Association and measures involving changes in capital, which are implemented by the Management Board. The shareholders may exercise their voting rights at the Annual General Meeting themselves or arrange for them to be exercised through a proxy of their choice or a Company-designated proxy who is bound by instructions. They may also make use of postal voting. Due to the special circumstances surrounding the Covid-19 pandemic, the Annual General Meeting on June 8, 2022, was held entirely in virtual form without the physical presence of shareholders or their proxies.

We provide comprehensive information about the Company's development as part of our investor relations activities. Gerresheimer makes intensive use of the internet for reporting purposes. At www.gerresheimer.com/en/company/investor-relations, we publish, among other things, our annual and interim reports, ad hoc announcements and press releases, analysts' presentations, and the financial calendar, which lists the main publication dates for financial communications and the date of the Annual General Meeting.

Accounting and Auditing

Accounting at the Gerresheimer Group is based on the International Financial Reporting Standards (IFRS) adopted by the European Union as of the reporting date, together with the supplementary provisions of German commercial law. The Annual Financial Statements of Gerresheimer AG, on which dividend payments are based, are prepared in accordance with the German Commercial Code and the German Stock Corporation Act.

The auditor is appointed by the Annual General Meeting in accordance with statutory provisions. Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte), Duesseldorf (Germany), was appointed as auditor for the financial year 2022. Deloitte has audited the Annual Financial Statements of Gerresheimer AG and the Consolidated Financial Statements since the financial year 2009. The German Public Accountants (Wirtschaftsprüfer) signing the Annual Financial Statements of Gerresheimer AG and the Consolidated Financial Statements are René Kadlubowski (since the financial year 2016) and Dieter Peppekus (since the financial year 2021). The statutory requirements and rotation rules under the German Commercial Code have been complied with.

German Act on Equal Participation of Women and Men in Executive Positions

By law, the Supervisory Board of Gerresheimer AG must comprise at least 30% men and at least 30% women. However, on the basis of a resolution adopted by them, the shareholder representatives on the Supervisory Board have lodged an objection with the Chairman of the Supervisory Board in accordance with § 96 (2) Sentence 3 AktG with regard to the fulfillment of the minimum quota by the Supervisory Board as a whole. As a result, the Supervisory Board must comprise at least two women and at least two men from both the shareholder representative side and the employee side in order to comply with the statutory minimum quota under § 96 (2) Sentence 1 AktG.

As of November 30, 2022, the Supervisory Board comprised three female and three male shareholder representatives and two female and four male employee representatives, meaning that the Supervisory Board meets the minimum legal requirements for women in executive positions.

The Second German Act on Equal Participation of Men and Women in Executive Positions (Zweites Führungspositionen-Gesetz, FüPoG II) has applied since August 12, 2021. This law stipulates that management boards of listed companies and companies with equal employee representation that consist of more than three members must include one female member. This requirement does not apply to Gerresheimer AG, as the Management Board only has three members at the present time.

In April 2017, the Supervisory Board additionally set a target that the Management Board would include one woman, to be complied with by April 26, 2022. This target was not met within the defined time frame. Potential female candidates were included in the recruitment process for new Management Board positions in 2018 and 2019. However, on account of their interpersonal skills and professional qualifications, and on the basis of the profile detailed below, the current male members of the Management Board were successful in the Supervisory Board selection process that was prepared by the Presiding Committee. Nevertheless, the Supervisory Board has resolved to achieve the target of one female Management Board member by April 26, 2027.

In the financial year 2018, the Management Board of Gerresheimer AG set targets for the percentage of women at the first and second management levels below the Management Board at 20% and 33% respectively, to be complied with by June 30, 2023. At the current time, the percentage of women at the first and second management levels below the Management Board at Gerresheimer AG is 22% and 25% respectively.

Diversity Policy for the Management Board and Long-term Succession

The Supervisory Board considers a wide variety of aspects when selecting members of the Management Board, including the following:

› Members of the Management Board are expected to have held management responsibility for several years;
› The Management Board as a whole is required to have several years of experience in the areas of production, sales, finance, planning, human resources management, legal affairs, and compliance;
› At least one member of the Management Board is required to have capital market experience;
› Members of the Management Board are expected to have international experience;
› Management Board members should not be over the age of 65;
› Management Board positions must be filled with due regard to the target set by the Supervisory Board for the percentage of women on the Management Board.

At the recommendation of the Presiding Committee, the Supervisory Board decides on a case-by-case basis who is to be appointed to a given position on the Management Board.

The Management Board complies with all requirements of the diversity policy, with the exception of the requirement for one member of the Management Board to be female.

The committee, or rather the Supervisory Board, is in regular dialogue with the Management Board with respect to long-term succession planning for the Management Board, with the aim of finding suitable internal candidates for the Management Board, taking current Management Board mandates into account. External candidates are also evaluated as and when necessary. When selecting candidates, the Supervisory Board takes into consideration the requirements applying to the Management Board as defined in the diversity policy.

Composition objectives, profile of skills and experience, and diversity policy in relation to the Supervisory Board

The Supervisory Board must be composed in such a way that its members collectively possess the knowledge, skills, and professional experience required to properly complete their tasks. In addition, the statutory gender quota must be complied with and due allowance made for diversity. Among the criteria defined by the Supervisory Board for its composition are the following objectives and skill sets:

› The Supervisory Board must have sufficient representation by members with experience in the fields of business management, strategy, and human resources; Company-specific knowledge of the industry; and knowledge of accounting principles, internal

control procedures, auditing, sustainability, technology, innovation, and digitalization;
- At least two members of the Supervisory Board should have several years' professional international business experience or be of a nationality other than German;
- The maximum age limit for members of the Supervisory Board is set at 70, meaning that the term of office of a Supervisory Board member ceases at the end of the first Annual General Meeting following the member's 70th birthday;
- At least four out of six shareholder representatives should be independent of the Company and the Management Board;
- Supervisory Board members should have no active role with customers or suppliers of Gerresheimer AG or any of its subsidiaries;
- Supervisory Board members should not hold a position on a governing body, advise significant competitors of Gerresheimer AG or any of its subsidiaries, or have any personal ties with any significant competitor;
- Members of the Supervisory Board who are also members of the management board of a publicly listed company are not to occupy more than a total of two supervisory board mandates or comparable positions at publicly listed companies;
- Members of the Supervisory Board who are not also members of the management board of a publicly listed company are not to occupy more than a total of five supervisory board mandates or comparable positions at publicly listed companies (a mandate as supervisory board chairperson is counted twice);
- No more than two members of the Supervisory Board should be former members of the Management Board.

The current composition of the Supervisory Board is consistent with the above-mentioned objectives and the profile of skills and experience, as the qualifications matrix below shows:

Qualification matrix for shareholder representatives

		Dr. Axel Herberg	Andrea Abt	Dr. Karin L. Dorrepaal	Prof. Dr. Annette G. Köhler	Dr. Peter Noé	Udo J. Vetter
Personal aptitude	Independence[1]	X	X	X	X	X	X
	No Overboarding	X	X	X	X	X	X
Professional aptitude	Industry knowledge	X	X	X			X
	Corporate/organizational management	X	X	X		X	X
	Strategy	X	X	X	X	X	X
	Human resources	X	X				X
	Accounting	X[2]	X[2]		X[2]	X	
	Audit	X	X		X[3]	X	
	Technology/innovation/ digitalization	X	X	X			X
	Sustainability	X	X	X	X		X
Diversity	Internationality	X	X	X	X	X	X
	Gender	masculine	feminin	feminin	feminin	masculine	masculine

Qualification matrix for employee representatives

		Robert Fröhler	Francesco Grioli	Marlis Mergenthal	Markus Rocholz	Paul Schilling	Katja Schnitzler
Personal aptitude	Independence[1]	X	X	X	X	X	X
	No Overboarding	X	X	X	X	X	X
Professional aptitude	Industry knowledge	X			X	X	X
	Corporate/organizational management	X	X		X	X	X
	Strategy						
	Human resources	X	X	X	X	X	
	Accounting						
	Audit		X		X		X
	Technology/innovation/ digitalization		X				
	Sustainability	X	X	X	X	X	X
Diversity	Internationality		X				
	Gender	masculine	masculine	feminin	masculine	masculine	feminin

X = criterion met. The criteria for professional aptitude are based on an annual self-assessment by the Supervisory Board. A cross means at least "good knowledge" and thus the ability to understand the relevant issues well and make informed decisions on the basis of existing qualifications and further training measures.
[1] According to DCGK.
[2] At the same time, expertise/special knowledge in the field of accounting within the meaning of Section 100 (5) AktG or D.3 DCGK.
[3] At the same time, expertise/special knowledge in the field of auditing within the meaning of Section 100 (5) AktG or D.3 DCGK.

The Supervisory Board should include independent members in a number it deems to be sufficient. At least four out of six shareholder representatives on the Supervisory Board should be independent of the Company and the Management Board. The chairperson of the Supervisory Board, the chairperson of the Audit Committee, and the chairperson of the Presiding Committee should be independent of the Company and the Management Board. The chairperson of the Audit Committee also should be independent of any controlling shareholder. Criteria laid down to establish independence include the following:

- No personal or business relationship with Gerresheimer AG or its Management Board that may cause a substantial conflict of interest or a conflict of interest that is not merely temporary in nature;
- Former members of the Gerresheimer AG Management Board are not considered independent for a period of two years after leaving the Management Board;
- Close relatives of a member of the Management Board cannot become members of the Supervisory Board;
- Members of the Supervisory Board do not currently maintain, or maintain in the year up until their appointment, any significant business relations with Gerresheimer AG or one of its subsidiaries, for example as a customer, supplier, lender, or adviser, either directly or as a shareholder or in an executive position of a third-party company, or have maintained such business relations in the past.
- Members of the Supervisory Board should be appointed for a maximum period of twelve years.
- Members of the Supervisory Board should have enough time to perform their duties and tasks with the necessary regularity and care. Mandates on supervisory boards or comparable executive committees held by members of the Supervisory Board are listed in the section entitled “Members of the Supervisory Board and positions held by Supervisory Board members.”

Applying the above criteria, all shareholder representatives on the Supervisory Board have determined that the six current shareholder representatives on the Supervisory Board — Dr. Axel Herberg, Andrea Abt, Dr. Karin L. Dorrepaal, Prof. Dr. Annette G. Köhler, Dr. Peter Noé, and Udo J. Vetter, — are independent of the Company and of the Management Board. Udo J. Vetter has been a member of the Supervisory Board for more than twelve years, which is an indicator of a lack of independence under the German Corporate Governance Code (GCGC). However, the shareholder representatives believe that he is to be considered independent in accordance with the GCGC. During his membership on the Supervisory Board for a period of more than twelve years, Mr. Vetter has not shown any indications of any resulting conflict of interest or a lack of dedication to his Supervisory Board position. In fact, the Company actively benefits from his experience, expertise, and level of commitment.

According to the German Financial Market Integrity Strengthening Act (Finanzmarktintegritätsstärkungsgesetz, FISG), which entered into force in mid-2021, the Supervisory Board must also have two independent financial experts who have particular expertise in the fields of accounting and auditing. The Company fulfills this requirement through Prof. Dr. Annette G. Köhler, who chairs the Audit Committee, and two further Audit Committee members, Andrea Abt and Dr. Axel Herberg. Prof. Dr. Annette G. Köhler holds a professorship as Chair of Accounting, Auditing and Controlling at the University of Duisburg-Essen since 2005. Her main areas of research include accounting, international corporate governance and auditing. As a result, she possesses particular expertise in the fields of accounting and auditing. Due to his long-standing roles as CFO, CEO, and Supervisory Board Chairman at Gerresheimer AG, and as managing partner for private equity business in German-speaking Europe at the Blackstone Group, Dr. Axel Herberg has particular expertise in the field of accounting. Ms. Andrea Abt has acquired particular expertise in the field of accounting through a number of positions, including as CFO of a division of the Siemens Group and as member of the supervisory boards and audit committees of several German and international companies.

Opportunities and Risks

Basic Principles of Opportunity and Risk Management

As an international enterprise, Gerresheimer is exposed to a wide range of changes. The resulting opportunities and risks in the operating and corporate divisions are identified, analyzed, and assessed as early as possible as part of the Group-wide opportunity and risk management process. Appropriate measures are taken to increase the value of the Company on a long-term basis while avoiding unreasonable risks.

Given the changing demands on the early warning systems of listed companies, Gerresheimer revised and, where applicable, adjusted its reporting in the reporting year. This update was centered primarily on aggregating the reported individual risks into an overall risk position, which is then assessed in the context of the Group's risk-bearing capacity. The Group's risk-bearing capacity has been redefined and is systematically recorded and on the basis of key earnings and financial performance indicators and continuously monitored.

Opportunity and Risk Management Process

Opportunity and risk management is an integral part of the strategy, planning, and reporting processes, with the Management Board responsible for defining the opportunity and risk policy. It includes all measures involved in addressing opportunities and risks in a systematic and transparent manner.

We define opportunities as a possible positive deviation from a forecast or target due to future events or developments. We understand risk as future events or developments that may have an adverse impact on the achievement of our short-term operating targets or long-term strategic goals.

The key steps in our opportunity and risk management process are defined below:

- In the annual planning process, the divisions present their earnings and liquidity target ranges for the next financial year, thereby taking the opportunities and risks of their business into account. Opportunities and risks are also the subject of planning meetings with the Management Board. When evaluating opportunities and risks, strategic developments and other factors are considered that, in some cases, are relevant far beyond the respective forecast period. In the mid-year reporting process, the divisions present their updated projections for earnings, liquidity, and opportunities and risks in the current financial year.
- The management of all business units assesses planning opportunities and risks three times a year.
- Other opportunities and risks are estimated by the risk managers in all operating divisions three times a year.
- Opportunities and risks relating to compliance, sustainability, and strategy are evaluated once a year.
- Reporting to the Supervisory Board, or rather the Audit Committee, takes place twice a year.
- Ad hoc reporting takes place in addition to regular reporting in certain circumstances.

Organization and Responsibilities

- The Supervisory Board offers advice and guidance to the Management Board on the management of the Company, monitors the Company's governance, and regularly discusses business performance and planning, as well as strategy and strategy implementation. The Supervisory Board, or rather the Audit Committee, monitors the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance.
- The Management Board of Gerresheimer AG bears overall responsibility for the organization and Group-wide structure of opportunity and risk management. Within the Management Board, responsibility for the specific details of opportunity and risk management and its compliance with legal and operating requirements lies with the Chief Financial Officer.
- The corporate divisions Group Controlling, Group Legal & Compliance, and Group EHS, CSR, OPEX support the Chief Financial Officer in the development of the Group-wide opportunity and risk management framework. Group Controlling facilitates dialogue and the exchange of information at Group level and at the level of the operating and corporate divisions, coordinates reporting, and is responsible for recording, aggregating, assessing, managing, and reporting relevant opportunities and risks.
- A Risk Committee is also in place to provide assistance in the Management Board's implementation and monitoring of opportunity and risk management. The Risk Committee assesses the opportunity and risk portfolio of the Gerresheimer Group at least three times a year to review any potential measures as part of opportunity and risk management and, if necessary, identify additional opportunities and risks. The Chief Financial Officer is a member of the Risk Committee alongside the respective managers of the corporate divisions Group Controlling, Group Internal Audit, Legal & Compliance, Group Treasury, Group Accounting, and Group EHS, CSR, OPEX.
- Responsibility for identifying, assessing, and controlling specific opportunities and risks, as well as for reporting to senior positions, lies with the operating divisions, head office, and process and project managers. A network of risk managers in the divisions and regions promotes the implementation of suitable risk management practices in day-to-day business. The inclusion of a wide variety of experts in the Group's decision-making processes ensures that opportunities and risks are identified reliably and acted on systemically.

- Internal Audit is responsible for regularly auditing the risk management system implemented by the Management Board in accordance with § 91 (2) AktG.
- The external auditor assesses whether the Management Board has taken the legally stipulated measures to set up a monitoring system and whether the early warning system is able to serve its purpose.

Assessment and Controlling

- The form, content, and frequency of reporting on opportunities and risks, compliance, and sustainability risks are defined for the whole Group in corresponding guidelines, codes of conduct, and work instructions and, if necessary, are specified in further detail through company-specific regulations.
- A catalog of opportunity and risk categories enables all relevant financial and sustainability-related opportunities and risks to be identified as fully as possible.
- Standardized assessment and reporting methods are used to identify opportunities and risks. Opportunities and risks can be aggregated at plant, business unit, division, and Group level. Usually, opportunities and risks are assessed on a rolling basis for the following twelve months.
- In order to allow effective measurement and management of the identified opportunities and risks, they are quantified according to their probability of occurrence and their impact on adjusted EBITDA and net financial debt.
- As a rule, all potential opportunities and risks are identified, regardless of their potential financial consequences. In terms of reporting, only specific opportunities and risks with a potential impact of EUR 250k or more on adjusted EBITDA are considered relevant, regardless of probability of occurrence or countermeasures. This threshold also applies to opportunities and risks that have to be considered together financially.
- Risks are assessed in consideration of risk-mitigation measures (net risk) and mutual correlations by factoring in additions or deductions when estimating the impact of the risk on earnings and/or net financial debt.
- The ratio of net financial debt to adjusted EBITDA — in consideration of the aggregated overall risk position — is the indicator of risk-bearing capacity.
- The following levels of probability of occurrence apply:

Category	Level
Very unlikely	0% to 10%
Improbable	Between 10% and 20%
Possible	More than 20%

  - Risks with a probability of occurrence of more than 50% are recognized as liabilities in the balance sheet and taken into account in planning where possible.
  - Risks are classified according to their risk level. The risk level equates to the impact on adjusted EBITDA in consideration of the probability of occurrence. If the risk does materialize, the impact on earnings may deviate from the original estimate.

- The following limits apply to the classification of opportunity and risk level.

Category	Limit (net)
Low	EUR 0m to EUR 10m
Moderate	Between EUR 10m and EUR 40m
Significant	More than EUR 40m

  - The impacts of opportunities and risks are presented separately and not offset against one another.
  - Opportunities and risks are assessed on the respective dates in consideration of management measures and probabilities of occurrence, as well as the impact of the opportunities and risks on Gerresheimer's earnings and net financial debt.
- Identified risks are not included in risk reporting if they are already included in operational and strategic plans, in our forecast, or in monthly, quarterly, or annual financial statements. This ensures that no risks are counted double in Gerresheimer AG's risk management system. Risks are similarly excluded where no further assessment is needed to determine that the probability of occurrence is effectively nil (such as the risk of disastrous earthquakes in Germany).
- The Gerresheimer Group applies a number of risk management principles, which stipulate zero risk tolerance for breaches of official regulations and laws, or the Company's compliance requirements, as well as for defective products and product quality shortfalls.
- Our standardized risk management processes ensure that the Management Board and the Supervisory Board are promptly and properly informed about the Group's current risk situation. Despite this comprehensive mechanism of risk analysis, risks cannot be completely ruled out.

Main features of the accounting-related internal control and risk management system

The overarching goal of the accounting-related internal control and risk management system at Gerresheimer is to ensure the propriety of (Group) accounting and financial reporting. One particular aim is to guarantee that all transactions are recorded in the accounts promptly, correctly, and in a uniform manner in accordance with relevant laws, standards, directives, and internal guidelines. As a rule, accounting misstatements should be avoided and material misstatements identified quickly.

In the accounting process, various process-integrated and process-independent monitoring measures help to ensure that the implemented control mechanisms facilitate compliant Annual and Consolidated Financial Statements, despite potential risks. These measures include:

- Group-wide accounting standards
- Authorization concepts and signature regulations
- Separation of functions in areas of responsibility
- Preventative and investigative controls integrated into processes and IT systems
- Consultation with specialized service providers on questions concerning measurement
- Internal confirmation from subsidiaries of the effectiveness of accounting-related internal control systems at the end of the first half of the financial year and at the end of the financial year
- Inclusion of Group Internal Audit and the Gerresheimer AG Supervisory Board Audit Committee
- Audit by the auditor

Nevertheless, it should be noted that material misstatements cannot be avoided or identified with absolute certainty, regardless of the structure of the accounting-related internal control and risk management system.

All employees have access to accounting, measurement, and account assignment rules, as well as the definitions of key performance indicators, on the intranet. These central rules govern the reconciliation of local financial statements and are aimed at ensuring that standards are applied uniformly throughout the Group. New accounting standards are assessed in terms of their impact on accounting at the Gerresheimer Group. Standards are reviewed on an ongoing basis and adjusted at least once a year. Information on current issues and deadlines relating to accounting and the process of preparing the Annual Financial Statements is published quarterly — or more frequently if necessary.

The Consolidated Financial Statements are prepared on the basis of the information in the financial statements reported by Gerresheimer AG and its subsidiaries. For the most part, local units provide the necessary resources for accounting activities and monitoring measures. However, companies in some regions receive assistance in preparing and providing their financial statements through internal shared service structures. Specialist service providers are also consulted on certain matters, such as the measurement of pension obligations. The Consolidated Financial Statements are prepared in the consolidation system on the basis of the reported financial statements. The consolidation process is largely automated. Both manual and system-side checks are applied to the individual steps in this procedure.

Group Internal Audit systematically assesses the effectiveness of the control and risk management system. As part of its audit activities, this department regularly inspects accounting-related processes and reports its findings to the Management Board and the Supervisory Board's Audit Committee. The Audit Committee is also involved in the control system. In particular, it monitors accounting and the accounting process as well as the effectiveness of the internal control system, the risk management system, and the internal audit system.

Opportunities and Risks by Category

The following table offers an overview of the cumulative opportunities and risks for the financial years 2023 and 2024 and their significance to the Gerresheimer Group. The change in presentation compared to the prior year is due to the revision of the reporting system on account of amended requirements for the early warning system. The categories "Legal and compliance-related," "Capital expenditure and projects," and "Sustainability" were newly introduced, as these topics are also gaining in importance against the background of increasing regulatory requirements and the expectations and requirements of governments, customers, investors, and financial institutions. In addition, the overview of opportunities and risks was specified in 2022 to the effect that the cumulative expected value (low, medium, high) is now given for the level of the respective risks and opportunities. Due to the change in categories and presentation in the reporting year, a comparison with the prior year is only possible to a limited extent. Any changes in the evaluation of opportunities or risks compared to the prior year are indicated in the sections on each category.

Classification by amount	Risks	Opportunities
Business strategy		
Acquisitions, divestments, and partnerships	low	low
Future megatrends	low	low
Industry-specific		
Changes in the law and regulation	low	low
Market development	moderate	moderate
Legal and compliance-related		
Civil court proceedings	low	–
Compliance risks	low	–
Capital expenditure and projects		
Reduced financing options for customers for projects	low	–
Delay of long-term investments and projects	low	–
Operational activity		
Procurement	low	low
Production	moderate	moderate
Sales	moderate	moderate
Human resources	moderate	low
Information technology, data protection, and IT infrastructure	moderate	low
Financial		
Currency	low	low
Interest	low	low
Credit	low	low
Raw materials price	low	low
Liquidity	low	low
Sustainability		
Environment, corporate social responsibility, natural disasters, and epidemics	low	low

Opportunities and risks associated with the business strategy

Acquisitions, divestments, and partnerships

Acquisitions are an integral part of our growth strategy. We also work in alliances with customers and business partners to develop new products and smart solutions together.

Opportunities and risks arise in relation to acquisitions and divestments from the conclusion of a transaction or if a transaction is completed earlier or later than originally expected. Besides causing significant administrative costs, such transactions can also result in a need for additional funding that may adversely affect the liquidity situation and capital structure of the Gerresheimer Group.

The M&A activities of the Gerresheimer Group are reviewed, guided, and monitored by internal experts and, on a case-by-case basis, specialized service providers. Material planned transactions are reported to the Management Board and the Supervisory Board.

Opportunities and risks from future megatrends

The megatrends described in the "Strategy and Objectives" section present Gerresheimer with a wide variety of opportunities as an innovation leader and solutions provider. This is why it is important to maintain and continuously expand our technical development centers and small-batch production for medical plastic systems and syringes, our glass and innovation centers, and the innovative strength of our Advanced Technologies Division.

Activities relating to the Gerresheimer formula G strategy process strengthen our innovation activities and support the targeted development of key technologies and smart solutions for our products. That being said, there is a potential risk that established and new competitors may launch products that attain greater market acceptance compared to Gerresheimer's products in some areas. There is also a risk of delays in complying with regulatory requirements and that products are brought to market later than those of the competition as a result.

The potential risk level that could arise from the failure to identify and act on megatrends in good time is considered low.

Industry-specific opportunities and risks

Changes in law and regulation

The pharma and packaging industries are particularly exposed to risks in relation to ever more exacting requirements and standards from international health authorities, most notably the U.S. Food and Drug Administration (FDA) and the European Centre for Disease Prevention and Control (ECDC). These requirements concern active ingredients and primary packaging for medication and drug delivery systems. The barriers to trade in specific countries or industries can also change at short notice. The tightening of regulations in the short term can lead to delayed or increased capital expenditure — particularly with major projects — and ongoing costs, or can influence customer behavior.

In the medium term, the pharma and healthcare industry is exposed to the risk of national health insurers and governments, especially in the United States and Europe, attempting to further reduce their costs, which will ramp up the pressure on prices in both industries. For Gerresheimer, this presents an opportunity to promote the targeted use of medication with smart pharmaceutical primary packaging and drug delivery system solutions, thereby helping to cut costs in the pharma and healthcare industry. Additional price pressure could also emerge from potential limitations to the duration of patent protection, which could lead to growing sales of generic drugs, particularly in emerging markets, and therefore to increased demand for pharmaceutical primary packaging.

The “Sustainability-related opportunities and risks” section of this chapter contains additional information on regulatory and legal opportunities and risks relating to the environment, corporate social responsibility, natural disasters, and epidemics.

No further material opportunities or risks concerning the regulatory and legal environment have been identified.

Market development

Past and anticipated developments in the economic environment and the industry, as described in the “Report on the Economic Position” and the “Forecast Report,” fundamentally affect the business activities of the Gerresheimer Group, and therefore also its earnings. However, the financial consequences of these developments on earnings are — both individually and in the aggregate — difficult to estimate.

The continuation of the war in Ukraine and potential further escalations could lead to more sanctions and corresponding countermeasures. This, coupled with other geopolitical conflicts, poses a risk to economic development. Persistent or worsening supply-side issues, a delayed easing of the Covid-19 pandemic, and ballooning energy and raw materials prices also have a negative impact on the economic and industry-specific situation. Further rises in rates of inflation and interest rate hikes by central banks also heighten the risk of global recession. The numerous government support measures to mitigate the effects of high energy prices or to create and maintain production capacities for vaccine vials are capable of reducing risks but may aggravate government debt problems, particularly in Europe.

Legal and compliance-related opportunities and risks

Gerresheimer AG and its direct and indirect subsidiaries and associated companies face a variety of legal risks on account of their global business operations. Risks can arise from violations of legal, regulatory, or other statutory requirements, or from legal disputes with business partners or other market stakeholders. Examples of such requirements include:

- Antitrust and competition law
- Anti-corruption law
- Tax and customs law
- Warranty and product liability obligations
- Patent and licensing law
- Import and export terms as well as sanction lists
- Provisions of the EU’s General Data Protection Regulation
- German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz, LkSG)

Companies affected by legal violations and disputes may be required to pay penalties or take on other obligations, but could also benefit from such issues. Pending or potential legal disputes and proceedings are assessed, continuously monitored, and reported to the Management Board and Supervisory Board on a case-by-case basis with the involvement of external legal advisers and specialized service providers.

Gerresheimer Group companies are subject to tax and customs audits in all countries in which they operate. Such audits can lead to additional tax and customs charges, interest, penalties, and similar payments, for example as a result of the full or partial failure to recognize intra-group transfer pricing in specific countries. There is also uncertainty surrounding the further development and application of tax legislation, also against the backdrop of the geopolitical situation.

The Gerresheimer Group sets aside suitable provisions for legal proceedings and risks. However, as the outcome of such proceedings cannot be predicted with certainty, it is possible that the conclusion of proceedings may result in expenses or income that exceed or fall short of the provisions recognized for this purpose.

Alleged or actual violations of the law can also have an adverse effect on the Gerresheimer Group’s reputation.

The Gerresheimer Group has implemented a global compliance management system to help the Management Board and Supervisory Board of Gerresheimer AG and those of its direct and indirect subsidiaries ensure compliance with external laws and regulations and internal provisions in their area of responsibility and pursue appropriate risk prevention. In addition, Group-wide tax compliance guidelines help to support tax compliance management, the goal of which is to achieve systematic compliance with statutory requirements and obligations, as well as internal Group tax guidelines.

Opportunities and risks from capital expenditure and projects

Part of our growth strategy is focused on the continuous expansion of our production capacities. We also invest in developing our technical infrastructure, our IT solutions, and our innovation projects. Risks in this area can arise from completion or implementation deadlines being missed or costs exceeding the original budget. The complexity of projects and the availability of internal and external resources could also lead to deviations from project plans and therefore delayed earnings contributions.

Some long-term orders in the Contract Manufacturing Business Unit require high initial capital expenditure on complex solutions and systems, with earnings contributions only generated after a certain period of time. Depending on the customer order, project-specific capital expenditure can also lead to an increased need for financing — either for Gerresheimer or for the customer itself. Technical problems, quality issues at sub-suppliers, and supply bottlenecks can also lead to deadlines being missed and budgets exceeded, relative to the complexity of these projects. Some of these contracts also include challenging regulatory requirements concerning the quality of products manufactured using Gerresheimer systems. Failure to meet these requirements could result in contractual penalties, refusal of payment, or termination of contracts.

Against the backdrop of the global and industry-specific risks described above and the associated uncertainty, we consider the risks in this category from long-term capital expenditure and projects to be low.

The status of capital expenditure and ongoing projects is continuously monitored as part of project and capital expenditure controlling procedures. The Management Board and the Supervisory Board are regularly updated on the status of significant capital expenditure and projects.

Operational opportunities and risks

Procurement

Geopolitical conflicts and trade disputes are becoming an increasingly important factor in securing supplies of raw materials, energy, and services. In addition, supply chains are under increasing threat from production shortages, cyberattacks, extreme weather, and the ongoing effects of the Covid-19 pandemic. These risks, together with the increased costs associated with meeting environmental standards — such as those concerning carbon emissions — and the continued rise in inflation rates, could have a negative impact on purchasing prices and therefore the cost structure of our products.

Procurement risks are partially mitigated or hedged through suitable countermeasures. We currently believe that the supply of gas to our plants in Germany and the rest of Europe is secure in the short and medium term. Nonetheless, the purchasing units at the operating companies are looking into utilizing more alternative energy sources such as oil or wind power. The financial measures to mitigate risks are explained in further detail in “Financial opportunities and risks.” Due to these measures, procurement and purchase price risk is still considered low, as was the case in the prior year, despite the current geopolitical and industry-specific environment.

Opportunities in the area of procurement in the analysis period are also considered low.

Production

Fire, power outages, natural disasters, and damage to machinery or tools can cause unforeseeable operational disruption at our plants, in spite of every precaution. Problems in the supply of raw materials or energy, disruption to transport and logistics, or IT failures may also interfere with manufacturing operations. Further aggravation of the Covid-19 pandemic could impact manufacturing efficiency too. These risks could affect our ability to meet our contractual obligations to our customers.

Fire safety equipment, transparency regarding potential natural hazards when selecting sites, construction measures, and employee training are examples of ways to mitigate potential damage caused by fire or natural disasters. All-risk insurance coverage has been arranged if such damage does occur and leads to significant interruptions to manufacturing operations. Given the situation on the insurance market, there is no certainty that we will continue to obtain sufficient insurance coverage at the current terms and conditions in the future. The inability to agree on financially viable insurance coverage could have an impact on earnings or, in specific cases, result in lower insurance protection.

We recognize provisions for warranty and goodwill obligations to a sufficient extent. However, it is still possible for additional costs to be incurred due to product recalls that are not fully covered by provisions. Such risks can arise if product quality is deficient, despite our intensive quality assurance processes. A high number of product recalls could have an adverse effect on the Gerresheimer Group's reputation.

Sales

The development of the economic environment and the industry described in the "Report on the Economic Position" section and the opportunities and risks listed in the "Industry-specific opportunities and risks" section may limit our business prospects in individual markets and therefore lead to sales risks. However, such developments can also give rise to regional opportunities for sales growth.

Further rising costs for transport and logistics in relation to our products could pose an additional risk too. Transport and logistics costs have increased sharply in recent years, mainly due to the Covid-19 pandemic, and remain at a high level. That being said, we are also benefiting on the sales side from the increasing vaccine willingness among the general population.

The Covid-19 pandemic has resulted in production capacities for injection vials being expanded across the industry — in some cases through government support. If this additional capacity cannot be utilized through corresponding demand, there is a risk of intensified competition for alternative capacity utilization, which could have a negative effect on product prices.

Our long-standing engineering and tooling business is fundamentally exposed to the risk of customers not achieving their expected level of sales at a later point in time due to stricter regulatory requirements, for instance, and terminating their contracts as a result. Due to the corresponding contractual provisions, we consider the risk of the Gerresheimer Group suffering financial losses due to such developments to be moderate.

Further details on specific sales risks, such as credit risk, can be found in the "Credit risks and opportunities" section.

Opportunities and risks in human resources

Our efforts to achieving our growth-oriented corporate strategy are dependent on our highly quality and motivated workforce. Demographic change is intensifying competition for specialists, experts, skilled workers, and young talents in areas such as digitalization and IT. We address the risk of losing skilled employees or not being able to fill vacancies at the Group in time or with adequate candidates through a variety of human-resources strategies geared toward diversity, employee and manager development, and employer branding. We also offer a number of ways in which employees can achieve a better work-life balance, including allowing flexible working hours and encouraging healthy lifestyles, which strengthens Gerresheimer's appeal as an employer and fosters loyalty among the workforce in the long term.

All in all, we believe that the risk of not being able to fill vacancies with adequate candidates over the long term has increased compared to the prior year.

Information technology, data protection, and IT infrastructure

Digitalization and automation throughout our divisions is a supporting factor in our growth-oriented business strategy. At the same time, information security, integrity, and availability demands are rising, which has an impact on IT systems. The threat of cyberattacks, for example, has increased steadily over the past few years. Meanwhile, legal and regulatory requirements concerning IT security and data protection are becoming increasingly stricter around the world.

Despite extensive security measures, the risk level here is still considered moderate due to the number of attacks observed on Gerresheimer Group applications and systems.

Outages or disruption affecting critical IT infrastructure could impact key business processes. Various IT infrastructure measures have been introduced to mitigate these risks, including standardizing and modernizing IT systems and end devices, migrating systems to cloud infrastructure, and establishing a zero-trust architecture. Capital expenditure on the digitalization, standardization, and automation of business processes continues, although it will be a number of years until all processes are fully renewed. One key aspect here is consolidating the global process and ERP system environment to create standardized structures and processes before migration to SAP S/4HANA.

Financial opportunities and risks

Currency risks and opportunities

The Gerresheimer Group is exposed to fluctuations in exchange rates — particularly that of the US dollar and the euro — on account of its international business operations. Given that a large share of business volume is generated outside of the eurozone, significant changes in euro exchange rates can lead to both currency risks and currency opportunities.

Forward exchange contracts and currency swaps are used to limit currency risks in operating activities. The sole risk exposure in connection with currency management relates to transaction risks. Due to their short maturities, the currency derivatives used to hedge currency risks are not designated as hedging instruments.

Interest risks and opportunities

Gerresheimer mainly procures and invests liquidity in euros with varying maturities and interest rates. The resulting financial debt and financial investments are fundamentally exposed to risks and opportunities from changes to the market rate, which can affect the amount of interest due and the refinancing costs. Interest rate swaps are available as a financial management tool to counteract the risk of changing interest rates.

Possible changes to the market rate would have no significant influence on the net interest result in the short term due to the maturity profile of the Gerresheimer Group's financial debt.

Credit risks and opportunities

The Gerresheimer Group's trade relationships can give rise to risks if counterparties are unable to meet their contractual payment and fulfillment obligations. These risks are monitored by credit and receivables management and the operating companies' sales functions. Ongoing customer credit checks are also conducted as a preventative measure. Credit insurance and non-recourse factoring are two further measures aimed at reducing credit risk.

Raw materials price risks and opportunities

As an industrial, energy-intensive manufacturing company, Gerresheimer is exposed to risks and opportunities from changes in the price of the raw materials used in producing glass and plastic, as well as the cost of energy — electricity or gas — required for the production process.

The purchasing functions at each operating company are responsible for analyzing and monitoring the development of raw material and energy prices. Price variations are hedged using a range of methods, including price escalation clauses with customers, agreed reference prices with suppliers, and commodity derivatives.

Prices fluctuated significantly in the financial year 2022, particularly on European raw materials and energy markets. Uncertainty regarding possible restrictions in the supply of oil and gas caused high-level price volatility in the short term. That being said, measures that may be implemented by the German federal government to guarantee energy supplies or prices could also give rise to opportunities.

Liquidity risks

Unfavorable financing terms, changes to Gerresheimer's credit ratings, and limited access to funding due to the general market situation can also cause liquidity risks.

The Gerresheimer Group's liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning. The requisite funds are made available to the operating companies on a largely centralized basis to prevent operating companies from investing and borrowing money independently. Cash pools have been set up in most regions to additionally optimize the distribution of the funding within the Group. The liquidity situation is also monitored and controlled with the help of adjusted EBITDA leverage, a key performance indicator illustrating the level of indebtedness.

At the moment, there are not considered to be any material liquidity risks or opportunities relating to the results of operations.

Additional information on the principles and objectives of financial management, financial risk management, and derivative financial instruments is provided in the "Report on the Economic Position" and in the Notes to the Consolidated Financial Statements (Note (7)).

Sustainability-related opportunities and risks

Gerresheimer bases its systematic recording and assessment of sustainability-related opportunities and risks on the fields of action derived from the sustainability strategy, which are: Environment, employee and social aspects; respecting human rights; and combating corruption and bribery. Emissions, energy, and water are the main focal points in terms of the environment, but resources used to procure and manufacture products, recycling, waste, ecodesign, and responsible supply chain management are also relevant. In terms of employee and social aspects, Gerresheimer focuses on topics such as health and safety, employee satisfaction, and community engagement. These fields of action feature both opportunities and risks that are linked to Gerresheimer's own business activities — and therefore the net assets position, financial position, and results of operations — as well as opportunities and risks that could have an effect on the Gerresheimer Group's reputation.

Gerresheimer publishes details of any identified climate change-related opportunities and risks once a year as part of our participation in the Carbon Disclosure Project (CDP) and in accordance with CDP reporting requirements.

Gerresheimer's actions with regard to the environment, employee and social aspects, respecting human rights, and combating corruption and bribery can give rise to both risks and opportunities. The financial impact of these opportunities and risks are considered low for the analysis period.

No material risks subject to mandatory reporting in accordance with § 315c in conjunction with § 289c (3) No. 3 and 4 HGB were identified in the financial year 2022.

Overall assessment of opportunities and risks

Material opportunities and risks have been identified in the following categories:

- Business strategy
- Industry-specific
- Legal and compliance
- Capital expenditure and projects
- Operating activities
- Financial
- Sustainability

Although our assessment of the specific opportunities and risks in the financial year 2022 has changed due to the development of the external environment, changes in share ownership and company partnerships, and the effect of our countermeasures and adjustments to new or altered situations, there has been no major shift in the overall opportunity and risk situation for the Gerresheimer Group compared to the prior year.

The development of the economic and industry-specific environment presents the greatest challenge at the current time in our view.

In the aggregate, the reported risks fall within the scope of the Gerresheimer Group's risk-bearing capacity. No risks have currently been identified that, either individually or in combination with other risks, could endanger the continued existence of the Gerresheimer Group or Gerresheimer AG.

Forecast Report

Group Strategic Objectives

The following statements on the future business performance of the Gerresheimer Group and of Gerresheimer AG, and the assumptions about the economic and industry-specific development deemed significant for this purpose, are based on our assessments, which we consider realistic at the present time based on the information we have available. Those assessments are subject to uncertainty, however, and entail the unavoidable risk that actual performance may vary in direction or magnitude from the projected performance.

Development of the Economic Environment

IMF – World Economic Outlook (as of October 2022)

GDP growth vs. prior year in %	2022	2023
World	**3.2**	**2.7**
Developed economies	**2.4**	**1.1**
U.S.	**1.6**	**1.0**
Eurozone	**3.1**	**0.5**
Germany	1.5	-0.3
France	2.5	0.7
Italy	3.2	-0.2
Spain	4.3	1.2
Japan	1.7	1.6
United Kingdom	3.6	0.3
Canada	3.3	1.5
Emerging and developing markets	**3.7**	**3.7**
China	3.2	4.4
India[1]	6.8	6.1
Mexico	2.1	1.2
Brazil	2.8	1.0

[1] For India, data and forecasts are presented on a fiscal year basis.

For 2023, the IMF expects the negative trend from 2022 to continue and forecasts global economic growth of 2.7% (as of October 2022), which would equate to a further decline in global GDP growth compared to the 3.2% recorded in the prior year.

Regional trends vary, however. While the IMF experts predict that developed economies will only grow by 1.1% in 2023, emerging and developing markets will remain at the prior-year level and are likely to increase their economic performance to 3.7%.

For the U.S., the IMF forecasts growth of 1.0%, compared with a rise of 1.6% in the prior year. This forecast is based predominantly on the assumption that inflation will remain high and that the U.S. Federal Reserve will continue to raise interest rates.

Besides the continuing rise in inflation and rate hikes by the European Central Bank, the ongoing war in Ukraine and the potential for further escalation — which could lead to additional sanctions and corresponding countermeasures — are impacting growth expectations in the eurozone. As a result, the experts from the IMF believe that economic growth in the eurozone will be much lower than in the U.S. at 0.5%. The considerably higher energy and raw materials prices are also having a negative impact on economic development in the region, heightening the risk of recession. The trends in the individual regions of the eurozone will vary. The German economy, however, is expected to shrink for the first time in years, with a 0.3% decline in GDP anticipated.

As in the prior year, India is likely to report the strongest economic growth of any emerging or developing market, a segment that plays an important role for Gerresheimer. Despite macroeconomic difficulties around the world, the IMF experts expect the Indian economy to continue on its marked upward trajectory with growth of 6.1% in 2023 after expanding by 6.8% in 2022. The experts forecast growth of 4.4% in the Chinese economy, which closed the prior year with a growth rate of 3.2%, its lowest in four decades. The positive outlook is based on the assumption that the economy will recover in the wake of lockdowns to fight the Covid-19 pandemic. The Brazilian economy is set to fall short of other emerging and developing market growth rates on again, with expansion of 1.0% forecast. In the prior year, the country was able to benefit from high export prices for agricultural products and raw materials. These prices are not expected to develop as robustly in 2023.

Industry Trends

According to IQVIA experts (as of October 2022), the global pharma market is expected to see volume-based annual growth of 2.2% for the period between 2022 and 2025. In terms of regional development, average annual growth of 1.9% is expected in Europe, 1.1% in North America, and 2.5% in Asia. The growth rates of emerging markets are likely to be 2.5% higher than the growth rates in developed economies, which are set to expand by 2.1%.

One of the structural growth trends within the pharma industry is the development of biological drugs, which are known as biologics. Such drugs have increasingly gained importance over the past few years, and the trend is expected to continue in the years ahead. More and more, focus is shifting away from chemical, small-molecule drugs toward the development and production of complex large-molecule biologicals. Using biologics paves the way for new therapies and is also gaining further importance in hard-to-treat diseases.

The market for biosimilars — products modeled to mimic biopharmaceuticals — likewise shows highly dynamic growth. As patents for leading biologics expire, the volume of the biosimilars pipeline is growing substantially. According to the IQVIA, global market growth of over 8% is expected annually in the period from 2017 to 2025. The global biosimilars market remains limited in scope, regardless of its dynamic growth.

Generally speaking, the majority of biologics are administered in the form of injections — in other words in concentrated form in vials and/or prefilled syringes or other drug delivery devices. In addition, pharma companies are increasingly focusing on their core competencies in order to enhance their operating efficiency and are therefore outsourcing activities that are not considered part of their core business. This is fueling a trend toward ready-to-use/ready-to-fill glass vials. As a result, the experts from P&S Intelligence anticipate that global revenues with such products will more than triple from the current level of approximately EUR 350m between 2021 and 2030, with average annual growth of 14.5%.

Expected Results of Operations

The expected performance of the individual divisions is presented below.

Revenues and adjusted EBITDA

We expect the **Plastics & Devices** Division to further increase its revenues in the financial year 2023, primarily due to the sustained high demand for our plastic packaging; drug delivery devices, such as injectors, inhalers, and pens; and high-value solutions, such as ready-to-fill and polymer syringes. Exchange rate effects from the change in the value of the US dollar against the euro could affect non-organic revenue growth.

Adjusted EBITDA should benefit from the altered product mix and pent-up demand from the financial year 2022. Delays in passing on procurement prices to customers and applying sustainable price increases could have the opposite effect.

In the **Primary Packaging Glass** Division, anticipated revenue growth in the financial year 2023 will mostly originate from cosmetics and pharma business. Pharma business will once again benefit from high demand for our high-value solutions, such as the Gx® RTF vials and Gx® Elite Glass in the financial year 2023. We expect high growth in the financial year 2023 following the significant revenue growth in the financial year 2022. Exchange rate effects from the change in the value of the US dollar against the euro could affect non-organic revenue growth.

Adjusted EBITDA will benefit from the high level of demand for our high-value solutions in cosmetics and pharma business as well as regional expansion in emerging markets. A further rise in costs for procurement, in particular for energy, and for distribution could affect earnings development.

The **Advanced Technologies** Division is expected to generate revenue growth again in the financial year 2023, driven primarily by project business.

Despite revenue growth, adjusted EBITDA is expected to remain on par with the prior year due, in particular, to the expansion of development activities.

Expected Financial Position and Liquidity

Financial debt and credit facilities

The Gerresheimer Group had EUR 112.8m in cash and cash equivalents as of November 30, 2022 (prior year: EUR 114.1m). Of the revolving credit facilities — plus ancillary credit facilities — with a total volume of EUR 626.0m (prior year: EUR 476.0m), EUR 278.9m in total was available to us in undrawn amounts as of the reporting date (prior year: EUR 406.0m). This puts us in a sound financial position.

The maturities of the promissory loans are spread as follows over the next five years and beyond:

In EUR m for the financial years	Promissory loans (nominal value)
2023	163.0
2024	184.0
2025	234.5
2026	75.0
2027	116.0
after 2027	22.0
Total	**794.5**

The revolving credit facilities mature in the financial years 2026 (EUR 476.0m) and 2025 (EUR 150.0m).

Capital expenditure

We will continue systematically on our growth path in the financial year 2023 and dedicate further capital expenditure to innovative products and solutions. Total capital expenditure at the Gerresheimer Group is expected to be up on the prior year. The divisions' key capital expenditure projects are presented below.

Capital expenditure in the Plastics & Devices Division will likely focus on expanding global syringe capacities, particularly in North America, Germany, and the Republic of North Macedonia. A significant share of capital expenditure will also be earmarked for increasing contract manufacturing activities in North America.

In the Primary Packaging Glass Division, capital expenditure is likely to be centered on government-subsidized capacity expansion for glass vial production at the location in Morganton (NC/USA), and preparations for the construction of the new furnace in Lohr, Germany — together with regional expansion in emerging markets.

The Advanced Technologies Division is set to focus its capital expenditure on expanding digital business models and pressing ahead with the establishment of sales structures.

Overall Assessment of the Forecast Report

The forecast for the financial year 2023 is based on the expectations and assumptions regarding the development of the economic environment and industry trends, as described above. Our forecast also assumes that there will be no further escalation in geopolitical tensions and that an increasing level of normality will be established in the logistics and supply-chain situation. We expect raw materials and energy prices to remain high but that we will able to absorb the impact through contractual price adjustments and our long-term energy hedging strategy, among other things. In addition, we anticipate the high interest expenses from the refinancing of the promissory loans in the financial year 2022 to have an effect on the financial result of the Gerresheimer Group.

The most important currency after the euro continues to be the US dollar, accounting for a share of just under 30% of revenues and over 30% of adjusted EBITDA in the financial year 2023. A strengthening or weakening of the US dollar against the euro by +/-1 cent is estimated to have a positive or negative impact of between EUR 4.0m and EUR 5.0m on revenues and between EUR 1.0m and EUR 1.5m on adjusted EBITDA.

The Gerresheimer Group pursues a successful, clear-cut strategy geared to sustainable and profitable growth. Our expectations for the financial year 2023, in each case assuming constant exchange rates and excluding acquisitions and divestments, are set out below.

Forecast for the financial year 2023

Revenues and adjusted EBITDA

We anticipate revenue growth of at least 10% for the Gerresheimer Group in the financial year 2023, as against the currency-adjusted comparative figure of EUR 1,793.4m[1] for the financial year 2022. In terms of adjusted EBITDA, we expect growth of at least 10% for the financial year 2023, versus a comparative adjusted EBITDA figure of EUR 350.9m[2] in the financial year 2022.

Adjusted earnings per share (Adjusted EPS)

Based on the above assumptions, we anticipate that currency-adjusted earnings per share attributable to the shareholders of Gerresheimer AG will increase by a low single-digit percentage figure[3] in the financial year 2023 relative to the currency-adjusted equivalent figure for the financial year 2022 (EUR 4.63[4] per share).

The actual development of the Gerresheimer Group and its divisions may exceed or fall short of our forecasts due to the opportunities and risks described in the “Opportunities and Risks” section or if our expectations and assumptions fail to materialize.

Preliminary trend for subsequent years

Revenues and adjusted EBITDA margin

In the medium-term planning period, we target organic growth for the Gerresheimer Group of at least 10% year for year. We aim to deliver this growth by expanding capacities and increasing market share, as well as with innovative products such as high-quality and prefillable injection vials and syringe systems, connected drug delivery devices, products and solutions for biotech-based drugs, and significant growth in emerging markets.

We anticipate a currency-adjusted adjusted EBITDA margin of between 23% and 25% for the Gerresheimer Group in the medium term. This improvement compared with the profitability seen in the financial year 2022 is to be achieved in particular through economies of scale, innovative products, an enhanced product mix, greater automation and digitalization of processes, and the marketing of developed projects in the Advanced Technologies Division.

Adjusted earnings per share (Adjusted EPS)

On the basis of the good business trend for the years ahead, we anticipate that currency-adjusted earnings per share attributable to the shareholders of Gerresheimer AG will increase by at least 10% per year.

Return on capital employed and adjusted EBITDA leverage

We aim to achieve Gx ROCE of around 15% in the medium to long term, as well as a ratio of net financial debt to adjusted EBITDA (adjusted EBITDA leverage) of around 2.5x to 3.0x in the long term.

[1] Based on the revenues for the financial year 2022 translated at the budgeted exchange rates for the financial year 2023.
[2] Based on adjusted EBITDA for the financial year 2022 translated at the budgeted exchange rates for the financial year 2023.
[3] A low single-digit percentage range is the range between 0 and 3%.
[4] Based on adjusted EPS for the financial year 2022 translated at the budgeted exchange rates for the financial year 2023.

Consolidated Financial Statements of Gerresheimer AG

for the Financial Year 2022

Consolidated Income Statement

for the financial year from December 1, 2021, to November 30, 2022

In EUR k	Notes	**2022**	2021
Revenues	(9)	1,817,094	1,498,007
Cost of sales		-1,270,282	-1,051,685
Gross profit on sales		**546,812**	**446,322**
Selling and general administrative expenses	(10)	-351,369	-284,536
Research and development expenses		-21,619	-9,969
Other operating income	(12)	20,865	23,451
Other operating expenses	(13)	-25,376	-27,827
Operating income		**169,313**	**147,441**
Interest income		1,984	1,326
Interest expenses		-27,955	-20,702
Other financial result		-2,531	-200
Financial result		**-28,502**	**-19,576**
Income before income taxes		**140,811**	**127,865**
Income taxes	(14)	-38,620	-40,624
Net income		**102,191**	**87,241**
Shareholders of Gerresheimer AG		96,120	83,788
Non-controlling interests		6,071	3,453
Basic and diluted earnings per share in euros	(15)	**3.06**	**2.67**

Consolidated Statement of Comprehensive Income

for the financial year from December 1, 2021, to November 30, 2022

In EUR k	Notes	**2022**	2021
Net income		**102,191**	**87,241**
Revaluation of defined benefit plans	(25)	25,643	10,381
Revaluation of equity instruments		217	760
Income taxes	(14)	-6,757	-2,477
Other comprehensive income that will not be reclassified subsequently to profit or loss		**19,103**	**8,664**
Cash flow hedges – change in fair value	(27)	163,965	8,759
Currency translation		85,623	40,631
Income taxes		-34,779	-2,100
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met		**214,809**	**47,290**
Other comprehensive income		**233,912**	**55,954**
Total comprehensive income		**336,103**	**143,195**
Shareholders of Gerresheimer AG		330,545	138,142
Non-controlling interests		5,558	5,053

Consolidated Balance Sheet

as of November 30, 2022

In EUR k	Notes	Nov. 30, 2022	Nov. 30, 2021 adjusted	Dec. 1, 2020 adjusted
Assets				
Intangible assets	(16)	1,317,402	1,288,757	1,274,399
Property, plant and equipment	(17)	1,060,915	904,324	763,101
Investment property	(17)	974	974	3,601
Investment accounted for using the equity method	(18)	36	54	332
Income tax receivables		459	717	766
Other financial assets	(19)	155,911	18,071	8,342
Other non-financial assets	(20)	1,979	1,042	1,860
Deferred tax assets	(14)	6,480	6,348	12,805
Non-current assets		**2,544,156**	**2,220,287**	**2,065,206**
Inventories	(21)	310,714	238,270	189,982
Trade receivables	(22)	269,835	212,385	215,459
Contract assets	(23)	16,677	19,480	14,178
Income tax receivables		3,331	2,339	1,923
Other financial assets	(19)	18,457	19,766	13,899
Other non-financial assets	(20)	78,334	50,507	27,976
Cash and cash equivalents		112,789	114,051	87,950
Non-current assets held for sale and discontinued operations		–	383	–
Current assets		**810,137**	**657,181**	**551,367**
Total assets		**3,354,293**	**2,877,468**	**2,616,573**
Equity and liabilities				
Subscribed capital		31,400	31,400	31,400
Capital reserve		513,827	513,827	513,827
Accumulated other comprehensive income		83,216	-90,104	-135,150
Retained earnings[1]		614,476	538,720	486,278
Shareholders of Gerresheimer AG		**1,242,919**	**993,843**	**896,355**
Non-controlling interests[1]		26,456	20,898	15,845
Equity	**(24)**	**1,269,375**	**1,014,741**	**912,200**
Provisions for pensions and similar obligations	(25)	105,384	134,928	150,817
Other provisions	(26)	8,750	10,389	14,339
Financial debt	(27)	685,278	695,288	837,761
Trade payables		–	506	152
Contract liabilities	(23)	788	1,615	2,458
Other financial liabilities	(28)	75	80	90
Other non-financial liabilities	(29)	20,381	17,956	1,907
Deferred tax liabilities[1]	(14)	162,831	116,184	118,844
Non-current liabilities		**983,487**	**976,946**	**1,126,368**
Provisions for pensions and similar obligations	(25)	11,940	12,462	12,382
Other provisions	(26)	30,697	33,165	40,590
Financial debt	(27)	540,083	443,909	211,416
Trade payables		356,789	284,253	211,619
Contract liabilities	(23)	24,479	10,982	7,454
Income tax liabilities		21,695	12,170	11,265
Other financial liabilities	(28)	3,982	2,172	1,074
Other non-financial liabilities	(29)	111,766	86,668	82,205
Current liabilities		**1,101,431**	**885,781**	**578,005**
Total equity and liabilities		**3,354,293**	**2,877,468**	**2,616,573**

[1] For further information, please see Note (2).

Consolidated Statement of Changes in Equity

for the financial year from December 1, 2021, to November 30, 2022

In EUR k	Subscribed capital	Capital reserve	Accumulated other comprehensive income: Equity instruments	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Equity attributable to shareholders of Gerresheimer AG	Non-controlling interests	**Equity**
As of December 1, 2020 (as reported)	**31,400**	**513,827**	**4,181**	**–**	**-139,331**	**473,756**	**883,833**	**15,831**	**899,664**
Adjustments IAS 8[1]	–	–	–	–	–	12,522	12,522	14	12,536
As of December 1, 2020 (adjusted)	**31,400**	**513,827**	**4,181**	**–**	**-139,331**	**486,278**	**896,355**	**15,845**	**912,200**
Net income	–	–	–	–	–	83,788	83,788	3,453	87,241
Other comprehensive income	–	–	760	6,659	39,031	7,904	54,354	1,600	55,954
Total comprehensive income	**–**	**–**	**760**	**6,659**	**39,031**	**91,692**	**138,142**	**5,053**	**143,195**
Dividend payments	–	–	–	–	–	-39,250	-39,250	–	-39,250
Cash flow hedges – reclassified to inventories	–	–	–	-1,404	–	–	-1,404	–	-1,404
As of December 1, 2021 (adjusted)	**31,400**	**513,827**	**4,941**	**5,255**	**-100,300**	**538,720**	**993,843**	**20,898**	**1,014,741**
Net income	–	–	–	–	–	96,120	96,120	6,071	102,191
Other comprehensive income	–	–	217	129,186	86,136	18,886	234,425	-513	233,912
Total comprehensive income	**–**	**–**	**217**	**129,186**	**86,136**	**115,006**	**330,545**	**5,558**	**336,103**
Dividend payments	–	–	–	–	–	-39,250	-39,250	–	-39,250
Cash flow hedges – reclassified to inventories	–	–	–	-42,219	–	–	-42,219	–	-42,219
As of November 30, 2022	**31,400**	**513,827**	**5,158**	**92,222**	**-14,164**	**614,476**	**1,242,919**	**26,456**	**1,269,375**

[1] For further information, please see Note (2).

Consolidated Statement of Cash Flows

for the financial year from December 1, 2021, to November 30, 2022

In EUR k	Notes	2022	2021
Net income		102,191	87,241
Income taxes	(14)	38,620	40,624
Financial result		28,502	19,576
Amortization/depreciation/impairment losses		171,555	145,359
Result of associated companies and other investement income		-172	-283
Change in provisions		-14,101	-13,167
Result of diposals of non-current assets/liabilities		304	-6,079
Interests paid		-22,350	-18,445
Interests received		886	682
Income taxes paid		-40,191	-47,552
Income taxes received		8,501	2,342
Change in inventories		-66,452	-44,846
Change in trade receivables as well as contract assets		-44,986	3,487
Change in trade payables as well as contract liabilities		63,922	50,666
Change in net working capital		-47,516	9,307
Other non-cash-effective items		-4,288	-7,529
Cash flow from operating activities		**221,941**	**212,076**
Cash received from disposals of non-current assets		345	9,445
Cash paid for capital expenditure in intangible assets and property, plant and equipment		-238,074	-203,626
Cash paid for capital expenditure in fully consolidated companies as well as other equity investments		-18,452	-2,855
Cash flow from investing activities		**-256,181**	**-197,036**
Dividend payments to third parties		-39,250	-39,250
Dividend payments from third parties		192	199
Raising of loans		755,521	311,478
Repayment of loans		-652,566	-252,090
Cash paid for leases and installment purchase liabilities		-18,995	-17,313
Other issues from financing activities		-663	5,001
Cash flow from financing activities		**44,239**	**8,025**
Changes in financial resources		**9,999**	**23,065**
Effect of exchange rate changes on financial resources		4,548	2,128
Financial resources at the beginning of the period		83,587	58,394
Financial resources at the end of the period		**98,134**	**83,587**
Components of the financial resources			
Cash and cash equivalents		112,789	114,051
Overdraft facilities		-14,655	-30,464
Financial resources at the end of the period		**98,134**	**83,587**

Notes to the Consolidated Financial Statements

of Gerresheimer AG for the financial year from December 1, 2021, to November 30, 2022

Notes on Consolidation and Accounting

(1) Basis of Presentation

The Gerresheimer Group is a leading international provider of high-quality primary packaging and of drug delivery devices and solutions for the global pharma, biotech, healthcare, and cosmetics industry.

Gerresheimer AG is a stock corporation (Aktiengesellschaft) under German law. The Company has its registered office at Klaus-Bungert-Strasse 4, 40468 Duesseldorf (Germany). It is entered in the commercial register of Duesseldorf Local Court (Amtsgericht) as HRB 56040.

Gerresheimer AG shares are traded on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange under the ticker symbol GXI and ISIN DE000A0LD6E6.

The Consolidated Financial Statements as of November 30, 2022, were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable as of the reporting date as issued by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the regulations under commercial law as set forth in § 315e (1) German Commercial Code (Handelsgesetzbuch, HGB).

For the sake of clarity and the information value of the Consolidated Financial Statements, certain items are combined in the consolidated balance sheet and the consolidated income statement and presented separately in the Notes to the Consolidated Financial Statements. The consolidated income statement has been prepared using the function of expense method.

The Consolidated Financial Statements are presented in euros, the functional currency of the parent company. Both the individual and subtotal values reflect the value with the smallest rounding difference. Consequently, minor differences to subtotal values can occur when adding up reported individual values.

The Consolidated Financial Statements of Gerresheimer AG are published in German in the Federal Gazette (Bundesanzeiger) and on our website at www.gerresheimer.com/en/company/investor-relations/reports.

(2) New Accounting Standards and Changes in Accounting

The accounting principles are consistent with the prior year, except for the following new and revised standards and interpretations, which were adopted for the first time.

- Amendments to IFRS 4: Insurance Contracts — deferral of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform — Phase 2
- Amendments to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

The first-time adoption of the interpretations and amendments did not have a material effect on the Consolidated Financial Statements.

Revised standards, which were adopted by the European Commission, but were not yet applicable were not applied earlier.

Based on current knowledge, the new or amended IFRSs applicable for the first time do not have a material impact on the Consolidated Financial Statements.

Additional information

Since the beginning of the financial year 2022, income from the reversal of other provisions and income from the derecognition of liabilities has been recognized in the income statement item in which the expense was originally recognized. The comparative period has been adjusted accordingly, which compared to the figures reported in the Annual Report 2021, results in an increase in cost of sale by EUR 4,094k and selling and administrative expenses by EUR 2,380k and a decrease in other operating Income by EUR 6,474k.

Adjustment according to IAS 8

In the financial year, there was an error correction in accordance with IAS 8.42, which was carried out retrospectively. There was an error correction of the deferred taxes. An incorrect tax rate was applied in the assessment of deferred taxes for Sensile Medical AG, Olten (Switzerland) in the financial year 2020. The adjustment can be summarized as follows: Equity increased by EUR 12,536k (1.4%) as of December 1, 2020, of which retained earnings EUR 12,522k and non-controlling interests EUR 14k. Before netting, the deferred tax assets decreased by EUR 2,515k and the deferred tax liabilities by EUR 15,050k, which means that the netted adjustment to the deferred tax liabilities was EUR 12,536k (-9.5%). There were effects in the same amount on the affected balance sheet items as of November 30, 2021. The error correction had no effect on the consolidated income statement or the consolidated statement for comprehensive income for 2021.

The effects of the adjustments on the consolidated balance sheet 2020 are shown in the table below.

In EUR k	Balance sheet reported as of Nov. 30, 2020	Adjustment IAS 8	Dec. 1, 2020 adjusted
Assets			
Non-current assets	**2,065,206**	**–**	**2,065,206**
Current assets	**551,367**	**–**	**551,367**
Total assets	**2,616,573**	**–**	**2,616,573**
Equity and liabilities			
Subscribed capital	31,400	–	31,400
Capital reserve	513,827	–	513,827
Accumulated other comprehensive income	-135,150	–	-135,150
Retained earnings	473,756	12,522	486,278
Shareholders of Gerresheimer AG	**883,833**	**12,522**	**896,355**
Non-controlling interests	15,831	14	15,845
Equity	**899,664**	**12,536**	**912,200**
Deferred tax liabilities	131,380	-12,536	118,844
Non-current liabilities	**1,138,904**	**-12,536**	**1,126,368**
Current liabilities	**578,005**	**–**	**578,005**
Total equity and liabilities	**2,616,573**	**–**	**2,616,573**

(3) Scope of Consolidation

The Consolidated Financial Statements include Gerresheimer AG and the domestic and foreign subsidiaries it directly or indirectly controls. Control exists if Gerresheimer AG has power over the investee, rights to variable returns, and the ability to use its power to affect the amount of these returns.

Subsidiaries of minor importance for the net assets, financial position and results of operations of the group are not included in the scope of consolidation. They are measured at acquisition cost and reported under non-current other assets.

The scope of consolidation did not change significantly in the financial year 2022 compared to prior year.

The following overview shows the shareholdings of the Gerresheimer Group.

List of shareholdings of Gerresheimer AG as of November 30, 2022:

Company name and registed office	Capital share in %
Entities included in the consolidated financial statements	
Asia	
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)	100.00
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00
Gerresheimer Plastic Packaging (Changzhou) Co., Ltd., Changzhou City, Jiangsu (China)	100.00
Gerresheimer Singapore Pte. Ltd., Singapore (Singapore)	100.00
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00
Triveni Polymers Private Ltd., New Delhi (India)	100.00
Europe	
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00
Gerresheimer Bünde GmbH, Buende (Germany)[1]	100.00
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00
Gerresheimer Essen GmbH, Essen (Germany)[1]	100.00
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Group GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00
Gerresheimer Italia S.r.l., Milan (Italy)	100.00
Gerresheimer Medical Systems Schweiz AG, Zug (Switzerland)	100.00
Gerresheimer Lohr GmbH, Lohr/Main (Germany)[1]	100.00
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00
Gerresheimer Moulded Glass GmbH, Tettau (Germany)[1]	100.00
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00
Gerresheimer Regensburg GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Skopje DOOEL Ilinden, Ilinden (Republic North Macedonia)	100.00
Gerresheimer Tettau GmbH, Tettau (Germany)[1]	100.00
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[1]	100.00
Gerresheimer Wertheim GmbH, Wertheim (Germany)[1]	100.00
Gerresheimer Zaragoza S.L.U., Epila (Spain)	100.00
Sensile Medical AG, Olten (Switzerland)	99.89
Americas	
Centor Inc., Perrysburg, OH (USA)	100.00
Centor Pharma Inc., Perrysburg, OH (USA)	100.00
Centor US Holding Inc., Perrysburg, OH (USA)	100.00
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00
Gerresheimer MH Inc., Wilmington, DE (USA)	100.00
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)	100.00
Gerresheimer Plasticos Sao Paulo Ltda., Butanta (Brazil)	100.00
Gerresheimer Queretaro S.A., Queretaro (Mexico)	100.00
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00
Associated companies	
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)	40.59
Other investments[2]	
Adamant Health Oy, Helsinki (Finland)	15.01
Corning Pharmaceutical Packaging LLC, Wilmington, DE (USA)	25.00
Gerresheimer respimetrix GmbH, Duesseldorf (Germany)	75.17
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)	100.00
Portal Instruments Inc., Cambridge, MA (USA)	14.03
Securetec Detektions-Systeme AG, Neubiberg (Switzerland)	16.67

[1] The Company made use of the exemption option pursuant to Section 264 para. 3 of the German Commercial Code.
[2] Company not consolidated as it is not material to the net assets position, financial position and results of operations or the cash flows of the Group.

The following table provides condensed financial information for **subsidiaries with material non-controlling interests:**

	Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)		Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	
In EUR k	**Nov. 30, 2022**	Nov. 30, 2021	**Nov. 30, 2022**	Nov. 30, 2021
Proportion of ownership interests and voting rights held by non-controlling interests in %	40.0	40.0	40.0	40.0
Accumulated non-controlling interests	16,888	13,473	9,407	7,257
Current assets	33,538	23,146	23,404	13,951
Non-current assets	22,459	20,338	12,768	9,371
Current liabilities	13,971	9,990	12,368	4,887
	2022	2021	**2022**	2021
Revenues	50,440	39,321	27,761	18,575
Earnings share of non-controlling interests	3,742	2,211	2,338	1,268
Cashflow from operating activities	10,502	6,605	6,095	3,724
Cashflow from investing activities	-3,477	-6,364	-3,945	-1,447
Cashflow from financing activities	139	-106	247	-3,036

Changes in non-controlling interests are shown in the consolidated statement of changes in equity.

(4) Consolidation Principles

Consolidation of subsidiaries begins at the date the parent company obtains control. If control is lost, subsidiaries must be deconsolidated. Non-controlling interests in equity, net income, and comprehensive income are presented separately in the consolidated balance sheet, consolidated income statement, and consolidated statement of comprehensive income. In the consolidated balance sheet, non-controlling interests are presented within equity separately from equity attributable to shareholders of Gerresheimer AG.

Acquisitions of subsidiaries are accounted for using the purchase method, which stipulates that all identifiable assets and liabilities of a company acquired in a business combination are measured at the fair value as of the acquisition date. Any excess of the sum of the consideration transferred, the fair value of any previously held equity interest in the acquiree, and any non-controlling interest over the remeasured net assets of the subsidiary is recognized as goodwill. Any gain from a bargain purchase (negative goodwill), after careful reassessment, is recognized in other operating income in profit or loss.

Associates are companies over which Gerresheimer has significant influence, but no control or joint control of the financial and operating policy. Investments in associates are accounted for using the equity method. They are initially measured at cost. Changes in the share of equity and any goodwill impairments recognized in profit or loss are accounted for in net income from investments accounted for using the equity method. Net income from investments accounted for using the equity method is carried under operating income, as Gerresheimer holds such investments not for financial purposes but as part of the Group's operating business. The associate included in the Consolidated Financial Statements prepares its financial statements as of December 31, and therefore at a different reporting date to the Consolidated Financial Statements. The equity-method accounting is based on the last available balance sheet of the associate. For reasons of materiality, interim financial statements were not prepared as of the consolidated reporting date.

The financial statements of the domestic and foreign companies included in the Consolidated Financial Statements are prepared using uniform accounting policies and generally as of the reporting date of the Consolidated Financial Statements. Subsidiaries whose financial year does not end on November 30 due to country-specific regulations generally prepare interim financial statements as of that date.

Intra-group transactions are eliminated. Receivables and payables between consolidated companies are set off against each other, intercompany profits and losses are eliminated, and intra-group income is set off against corresponding expenses. Temporary differences from consolidation are subject to tax deferrals.

(5) Currency Translation

Transactions in a currency other than a company's functional currency are translated into the functional currency at the exchange rate as of the date of initial recognition. Monetary assets and liabilities denominated in foreign currency are measured at the exchange rate at the reporting date. Currency translation gains and losses are accounted for in profit or loss in the consolidated income statement. In deviation from this, the effective portion of translation gains and losses on financial instruments designated as hedging instruments in a cash flow hedge is accounted for in accumulated other comprehensive income. Non-monetary items denominated in foreign currency are carried at historical exchange rates.

Assets and liabilities of foreign companies whose functional currency is not the Group currency are translated into euros using the mid-market rates at the reporting date as published by the European Central Bank. Equity items are carried at historical exchange rates. Expense and income items as well as cash flows of foreign companies are translated into euros at the average exchange rate for the financial year. Currency translation differences are recognized directly in equity as accumulated other comprehensive income. On disposal of interests in a foreign company, the cumulative translation difference attributable to the shareholders of Gerresheimer AG is reclassified to profit or loss in the consolidated income statement in the period of the disposal.

Exchange gains and losses from the translation of foreign currency operating receivables and payables and the net gain or loss from remeasurement of derivative financial instruments used as hedges of operating foreign currency risks are netted and reported in other operating income or other operating expenses. Exchange gains or losses from financing activities are reported in the financial result.

The following exchange rates were used for the translation of currencies that are material to the Gerresheimer Group:

		Closing rate		Average rate	
1 Euro	Currency	**Nov. 30, 2022**	Nov. 30, 2021	**2022**	2021
Brazil	BRL	5.51	6.38	5.54	6.38
Switzerland	CHF	0.99	1.04	1.01	1.08
China	CNY	7.34	7.24	7.08	7.69
Czech Republic	CZK	24.34	25.53	24.68	25.80
India	INR	84.42	85.33	82.62	87.86
Poland	PLN	4.66	4.66	4.68	4.56
United States of America	USD	1.04	1.14	1.06	1.19

(6) Accounting Policies as well as Judgment and Estimation Uncertainty

Intangible assets

Intangible assets are carried at cost, less amortization over their planned useful life if this is finite, and less any impairment losses. The useful life of licenses and similar rights is one to 20 years. Like technologies, brand names with finite useful lives are amortized over five to 25 years. Customer relationships are amortized over 15 to 20 years.

Other brand names and goodwill are classified as intangible assets with indefinite useful lives. Goodwill arising from business combinations is recognized at cost less any necessary impairment losses. Brand names with indefinite useful lives and goodwill are tested for impairment at least once a year. Impairment testing is performed at the end of a financial year and additionally when there are indications of a possible impairment.

The Group receives emission allowances free of charge in certain European countries as part of the European system for trading in greenhouse gas emission certificates. Obligations from emissions are accounted for by Gerresheimer using the net liability method. Gerresheimer carries emission allowances as non-monetary government grants at their nominal amount. A liability to surrender emission rights due to the emission of pollutants is only taken into account if the emissions exceed the volume covered by the emission allowances held by the Gerresheimer Group. The obligation is recognized at the fair value of the additional emission allowances to be procured and reported within other provisions. Emission allowances acquired from third parties are reported at cost under other non-financial assets.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and impairment losses. In addition to directly attributable costs, the cost of internally generated property, plant and equipment also includes proportionate indirect material and labor costs as well as production-related administrative expenses. Borrowing costs are recognized solely for qualifying assets, which are assets that take at least twelve months to get ready for use. Depreciable property, plant and equipment is generally subject to depreciation on a straight-line basis over its standard useful life. The following useful lives are applied uniformly by the Group:

in years	
Buildings	10 to 50
Plant and machinery	5 to 15
Fittings, tools and equipments	3 to 10

Gerresheimer recognizes costs of repairs and maintenance in the consolidated income statement as they are incurred. Costs of major servicing and furnace overhauls are recognized as part of carrying amount by Gerresheimer if it is probable that they will result in future economic benefits and can be measured reliably.

Government grants

Gerresheimer carries government grants relating to assets initially as deferred income under other non-financial liabilities at fair value if there is reasonable assurance that they will be granted and that Gerresheimer will meet the conditions attached to them. They are then recognized over the useful life of the asset as other operating income in the income statement.

Grants that compensate expenses incurred by the Group are carried in the income statement over the same period as the expenses to be compensated. Gerresheimer has elected to present expense-related grants as other operating income in the income statement.

Investment property

Investment property comprises land and buildings held on a long-term basis to earn rental income or for capital appreciation. It is recognized at cost less accumulated depreciation and accumulated impairment losses (cost model).

Leases

Gerresheimer normally recognizes a right-of-use asset for the leased property and a lease liability for all leases where it is the lessee. Exceptions apply to short-term leases with a lease term of twelve months or less and for leases of low-value assets. Leased items with a maximum value of EUR 5,000 are defined as low-value assets.

The lease liability is measured at the present value of the future lease payments. Lease payments include fixed payments, payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease early.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, Gerresheimer uses its incremental borrowing rate. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability (calculated using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

If there is an option to extend or terminate a lease, the lease term is determined considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend or not to exercise the option to terminate. Periods covered by options are considered when determining the lease term if the lessee is reasonably certain to exercise or not to exercise the option, as the case may be. Upon the occurrence of a significant event or significant change in circumstances that is within Gerresheimer's control, Gerresheimer reassesses its likelihood of exercising an option to extend.

In the consolidated balance sheet, right-of-use assets are included in property, plant and equipment — that is, in the same line item in which the underlying assets would be presented if they were owned by Gerresheimer. Lease liabilities are included in financial liabilities.

On initial measurement, the cost of a right-of-use asset comprises the amount of the lease liability, any lease payments made at or before the lease commencement date, less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset, or in restoring the underlying asset or the site on which it is located. Subsequent measurement is at cost less accumulated depreciation and impairments.

Right-of-use assets are depreciated on a straight-line basis from the commencement date to the end of the lease term, unless ownership of the underlying asset transfers to Gerresheimer at the end of the lease term or the cost of the right-of-use asset reflects the fact that Gerresheimer will exercise a purchase option, in which case the right-of-use asset is depreciated over the useful life of the underlying asset determined in accordance with the rules for property, plant and equipment. The cost of the right-of-use asset is additionally adjusted on an ongoing basis, where necessary, for any impairment losses and any remeasurement of the lease liability.

Further information on leases is provided in Note (17).

If substantially all risks and rewards are attributable to Gerresheimer as a lessor, the leased asset is recognized in the balance sheet. Measurement of the leased asset is then based on the accounting policies applicable to that asset. Gerresheimer recognizes lease payments in profit or loss.

Factoring

To ensure access to other favorable sources of funding, a portion of the trade receivables is sold to factoring companies. If the associated default risks are transferred to the purchaser (non-recourse factoring) the trade receivables are derecognized from the consolidated balance sheet at the time of the sale. Amounts retained by the factoring company are recognized in current other financial assets. Payment receipts not yet transferred to the factoring company are reported in current financial debt.

Impairment

Property, plant and equipment, investment property, goodwill, and intangible assets are tested for impairment if circumstances or other events indicate that their carrying amount is not at least equal to their recoverable amount. Goodwill and other intangible assets with indefinite useful lives are tested annually for impairment at the level of the cash-generating units to which they belong, regardless of the existence of a triggering event. An impairment loss is recognized in the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and its value in use.

Impairment losses recognized in prior periods are reversed if the reasons for impairment cease to exist, except for impairment losses on goodwill.

Impairment losses on goodwill are recognized in other operating expenses, impairment losses and income from the reversal of impairment losses on assets are reported in the respective functional area expenses. An impairment loss recognized for goodwill may not be reversed in future periods.

Inventories

Inventories are carried at the lower of cost and net realizable value, generally using an average amount or an amount determined on the basis of the FIFO (first in, first out) method. In addition to directly attributable costs, production costs include labor and material costs as well as other expenses attributable to production. Apart from the cost of sales, the production costs reported in the consolidated income statement also include the cost of unused capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial assets

A financial asset is recognized when Gerresheimer becomes a party to the contractual provisions of the financial asset. Except for trade receivables without a significant financing component, which are initially measured at their transaction price, Gerresheimer recognizes financial assets at initial recognition at fair value plus directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognized directly in the consolidated income statement. The settlement date, i.e., the date on which the asset is delivered to or by the Gerresheimer Group (date of transfer of ownership), is relevant for the first-time recognition and derecognition of regular way purchases or sales. Financial assets are derecognized when the contractual rights to the cash flows from the asset expire or have been transferred and the Group has transferred substantially all risks and rewards of ownership of the asset.

In the Gerresheimer Group, financial assets are divided into one of the following measurement categories:

Financial assets measured at amortized cost: Financial assets held in order to collect contractual cash flows that are solely payments of principal and interest. Interest income on such assets is measured using the effective interest method and accounted for in the financial result. All gains and losses from derecognition, from impairment losses, and from currency translation are recognized directly in the consolidated income statement. At Gerresheimer, this category primarily comprises trade receivables that are not sold in the context of factoring agreements, cash and cash equivalents, contractual refund claims, other loans, and other individual items included in other financial assets.

Impairment losses on financial assets measured at amortized cost are recognized on the basis of the expected credit losses. In accordance with the general approach to be applied to all of the above financial assets with the exception of trade receivables or contract assets without a significant financing component, impairment losses are recognized in the amount of the twelve-month expected credit loss unless the credit risk has increased significantly since initial recognition. If the credit risk significantly increases in subsequent periods, the impairment loss is measured as the expected credit losses over the remaining term. To determine whether the credit risk has significantly increased, the Gerresheimer Group makes use of all information that is reasonable and available without undue cost or effort. For cash and cash equivalents, no impairment for expected credit losses is recognized due to the short terms (in some cases with daily maturities) and the good credit rating of the banks.

The simplified approach is applied for trade receivables and contract assets. Under this approach, impairment losses are always recognized in the amount of the lifetime expected credit losses. As of the beginning of financial year 2022 , the calculation of the impairment loss is based on actual credit losses incurred in the past three years in the Americas, Asia and Europe region. The historical loss rates are adjusted to reflect current and forward-looking information affecting the creditworthiness of customers. Thereby, the development and forecasts of the gross domestic product are taken into account.

Impairments are recognized on individual financial assets when there is objective evidence of impairment. Objective evidence of impairment can be — among other things — an increased probability that the borrower will enter bankruptcy or other financial re-organization, significant financial difficulty of the contractual party, the disappearance of an active market for the financial asset, or a breach of contract.

Financial assets measured at fair value through other comprehensive income: This category includes equity instruments for which Gerresheimer has irrevocably elected at initial recognition to present fair value changes in other comprehensive income. In the Gerresheimer Group, that election is made for various investments on a case-by-case basis. On disposal of such financial assets, the gains and losses recognized in accumulated other comprehensive income are not reclassified to the consolidated income statement and remain instead in equity. Dividends from such equity instruments are recognized in other operating income.

Financial assets measured at fair value through profit or loss: Financial assets that are measured neither at amortized cost nor at fair value through other comprehensive income. At Gerresheimer, these are primarily derivative financial instruments with positive market values that are not in an effective hedging relationship as well as equity instruments for which the election has not been made to recognize subsequent changes in other comprehensive income. Furthermore, trade receivables that are being sold in the context of factoring agreements are included in this measurement category.

Other non-financial assets

Tax receivables and other non-financial assets are recognized at their nominal amount.

Cash and cash equivalents

Cash and cash equivalents are carried as financial assets at their nominal amount. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Cash equivalents have original terms of three months or less. Cash and cash equivalents comprise cash in hand and demand deposits not subject to risk of changes in value.

Non-current assets and disposal groups held for sale

This item includes non-current assets or disposal groups that are able to be sold in their current condition and whose sale is decided by the appropriate management and is highly probable within twelve months.

Intangible assets and property, plant and equipment held for sale are no longer depreciated or amortized. These assets or the disposal group are carried at the lower of their carrying amount or fair value less costs to sell. An impairment loss is charged if the fair value less estimated costs to sell is lower than the carrying amount. Impairment losses are recognized by Gerresheimer in the consolidated income statement.

Provisions for pensions and similar obligations

The Group has a number of pension schemes geared to the regulations and practices of the countries they apply to. Commitments have also been made in the U.S. to provide post-employment medical care.

When accounting for pensions and other post-employment benefits, a distinction is made between defined benefit plans and defined contribution plans. For defined contribution plans, the Group's obligation is limited to making ongoing annual contributions to an external pension fund. There is no legal or constructive obligation to pay any additional contributions in cases where the fund cannot meet its performance obligations for the current or prior years. Accordingly, Gerresheimer does not recognize any assets and liabilities in relation to defined contribution plans with the exception of contribution payments made in advance and any arrears.

Under defined benefit plans, however, the Group has an obligation to pay pension benefits. The amount of the defined benefit obligation is tied to factors such as age, years of service, and salary. The cost of providing benefits under defined benefit plans is determined separately for each plan using the projected unit credit method. Gerresheimer calculates the current service cost and the net interest expense on the basis of the assumptions made at the end of the respective prior year. The effects of the revaluation of pension obligations, which is based on updated valuation parameters as of the balance sheet date, are recognized by Gerresheimer in retained earnings. Past service costs from plan changes or curtailments are expensed.

The amount recognized as the defined benefit liability comprises the present value of the defined benefit obligation minus the fair value of plan assets out of which the obligations are to be settled directly.

The obligations are measured annually by independent actuaries. The expenses from compounding the net pension obligations are recognized in the financial result.

Other provisions

Other provisions are recognized if a current obligation exists as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if the amount of the obligation can be reliably estimated. Non-current provisions are discounted. If a contractual claim to a full or partial refund from a third party is sufficiently probable, Gerresheimer recognizes an asset in the consolidated balance sheet.

Other provisions also include obligations from partial retirement arrangements on a block model basis. The salary portion to be paid during the passive phase and the top-up amounts granted by the employer are recognized pro rata temporis during the active phase over the employee's remaining term of service. While the top-up amounts are paid out from the beginning of the active phase, the salary amounts are payable from the beginning of the passive phase.

Post-employment benefits are accounted for when an obligation demonstrably exists on the basis of a detailed formal plan or a specific offer relating to termination benefits. Benefits not expected to be paid in full within twelve months are discounted to the present value.

Long-term share-based payment (phantom stocks)

Up to the end of the financial year 2021, the members of the Management Board were granted rights to the performance of so-called phantom stocks as a form of long-term variable remuneration. Phantom stocks entitlements are the right to receive a cash payment that can be claimed within two years (vesting period) of the end of a five-year waiting period, subject to the performance of virtual Gerresheimer share as defined in the target.

The rights were granted for each year of service on the Management Board up to the end of the financial year 2021. Phantom stocks entitlements are issued and granted around one month after the Annual General Meeting for the prior financial year. The issue price of the annual entitlement (annual tranche) is determined on the basis of the closing price of the Gerresheimer share.

Target achievement for the entitlement from the respective annual tranche is determined on the basis of the development of the Gerresheimer share price (price performance) or the percentage increase in value of the Gerresheimer share compared to the MDAX (MDAX outperformance). The target corridor for the price performance target is between 20% and 40% of the increase in value of the corresponding annual tranche compared to the respective issue price. If the target value is within this corridor, the payment entitlement is a minimum of 40% and a maximum of 80% of the basic salary. Linear interpolation is used between the values. The MDAX outperformance target is achieved if the price of the Gerresheimer share outperforms the MDAX in the defined period. If this is the case, the payment entitlement is 40% of the basic salary.

The valuation of the entitlements in the years until they are exercised is based on a recognized option pricing model (binomial model). The volatility of the target value is assumed as 39.4% p.a. (prior year: 30.9% p.a.) and the employee turnover rate as 3.6% p.a. (prior year: 3.6% p.a.). The yield on German government bonds of matching maturities is used as the risk-free interest rate.

The obligations under the phantom stocks agreements are reported as personnel obligations under other provisions.

Income taxes

In addition to the calculation of current income taxes, deferred income tax liabilities (deferred income tax assets) are recognized for differences between the tax bases and the IFRS carrying amounts of assets and liabilities, the future reversal of which has the effect of increasing (decreasing) the tax burden. Deferred tax assets are also recognized for expected tax benefits from the future utilization of tax loss carryforwards and tax credits. The calculation is based on the tax rates valid as of the reporting date, unless a tax rate change has already been resolved for the period of expected reversal of the temporary differences or expected use of loss carryforwards and tax credits. Deferred tax assets are only taken into account if realization of the tax benefits within the planning horizon seems more likely than not.

Changes in recognized deferred tax assets or liabilities result in deferred tax expense or income. As far as the changes in deferred taxes result from items recognized in other comprehensive income, deferred taxes and their changes are also recognized in other comprehensive income.

The deferred tax assets and liabilities are netted for each company or tax group, provided that they relate to income taxes that apply to the same tax authority and Gerresheimer has an enforceable right to offset actual tax refund claims against actual tax liabilities.

Financial debt and other financial liabilities

Financial debt and other financial liabilities include non-derivative liabilities and negative fair values of derivative financial instruments.

A non-derivative liability is recognized when a contractual obligation to make a payment arises. Initial measurement is at fair value less any transaction costs. Subsequent measurement is at amortized cost using the effective interest method. Any differences between the amount on initial recognition and the amount repayable on maturity are recognized as interest expense in the consolidated income statement over the term of the liability.

In contrast to this, contingent consideration in connection with acquisitions and derivative financial instruments not determined to be an effective hedge are accounted for at fair value through profit or loss.

Financial debt and other financial liabilities are derecognized when they are settled or canceled or have become statute-barred, and are thus extinguished.

Other non-financial liabilities

Gerresheimer measures liabilities to employees from other taxes or from social security and miscellaneous other non-financial liabilities at their settlement amount. Advance payments received on account of orders as well as liabilities under construction contracts for which the customer has already paid the consideration are accounted for as contract liabilities.

Revenue recognition

- Gerresheimer recognizes revenues when it has transferred control over the promised goods or services to the customer. A customer has control when it has the ability to direct the use of, and obtain the remaining benefits from, a product or service. Revenues from the sale of goods are recognized at the time of shipment. Such revenues are recognized at the point in time when the risks and rewards of ownership are transferred to the customer, provided that the revenues and costs can be measured reliably, recovery of the consideration is probable, Gerresheimer retains no control of the goods, and it is not probable that recognized revenues will have to be canceled.
- Conversely, revenues from services are recognized over the performance period and based on progress achieved.
- Gerresheimer recognizes revenue from customer-specific construction and development contracts over the contract performance period to the extent that control over the promised goods and services is transferred to the customer. Gerresheimer determines the percentage of completion of a customer contract for this purpose as the ratio of contract costs incurred to expected total contract costs (cost-to-cost method). To the

extent that contract costs incurred plus recognized profits and less recognized losses exceed the consideration received from the customer, the excess is recognized as a contract asset. In the opposite case, the shortfall is recognized as a contract liability.

If the outcome of a customer-specific construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract costs are recognized in profit or loss when they are incurred unless they result in recognition of a contract asset for future performance, in which case Gerresheimer recognizes a contract asset for the costs and amortizes them to the extent that they serve to transfer goods or services to the customer. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately in the consolidated income statement.

Revenues are limited in amount to the consideration that Gerresheimer believes it is highly likely to receive for the fulfillment of performance obligations. Reported revenues are reduced by amounts collected on behalf of third parties (such as value added tax) as well as by actual and expected sales deductions for discounts and rebates. Sales deductions are estimated primarily on the basis of historical experience and specific contract terms. Revenues are additionally reduced by amounts for expected returns of defective goods, or in connection with contractual agreements for the return of saleable products, at the time of sale or at the point in time when the amount of future returns can be reliably determined.

Cost of sales

Cost of sales comprises the cost of goods manufactured and sold and the purchase cost of merchandise sold. Cost of conversion includes direct costs such as production material, labor, and energy costs and depreciation of production facilities as well as indirectly attributable costs such as repairs.

Research and development

Research expenses are recognized directly as an expense.

Development expenses are capitalized if the capitalization criteria under IAS 38 are met. All other development expenses are immediately recognized in profit or loss. Capitalized development expenses are carried at production cost less accumulated amortization and impairment losses. The amortization period is usually three to ten years.

Judgments and estimation uncertainty

The preparation of the Consolidated Financial Statements requires estimates, assumptions, and judgments that affect the recognition and measurement of assets and liabilities, the amount of recognized income and expenses, and the disclosure of contingent liabilities and receivables. Although the estimates are subject to ongoing review and made to the best of management's knowledge of current events and transactions, actual future results may differ from the estimated amounts. Changes in accounting estimates are recognized in profit or loss in the period of the change if the change affects that period only and in the period of the change and future periods if the change affects both. Such changes do not affect prior-year figures.

Information on the main assumptions made about the future and other sources of estimation uncertainty that have a risk of resulting in material accounting adjustments is provided in the following.

Acquisitions of **subsidiaries** are accounted for using the acquisition method, which stipulates that all identifiable assets and liabilities of a company acquired in a business combination are included in the Consolidated Financial Statements at acquisition date fair values. Measuring fair values requires estimates to be made. The fair values of land, buildings, and office equipment are generally measured by independent appraisers. Gerresheimer also uses the expertise of appraisers to value intangible assets, depending on the type of asset and the complexity of the valuation method. As a rule, measurement is based on management projections of the net cash flows to be generated from assets and the applicable discount rate.

Assessing the impairment of **goodwill** involves determining the value in use of the cash-generating unit to which it is allocated. Measuring the value in use requires an estimation of future cash flows for the cash-generating unit and of an appropriate discount rate for the present value calculation. If the future cash flows prove lower than management estimated, impairment may be required in the future. For further information, please see Note (16).

The amount of **pension and similar obligations** to employees significantly depends on assumptions about future developments. The defined benefit obligation is measured in accordance with actuarial methods based on assumptions regarding the discount rate, increases in salaries and pensions, and life expectancy. These can differ considerably from actual developments because of variations in the market and economic environment. In addition, Gerresheimer provides subsidized healthcare for retired employees in the U.S. Should it become necessary to modify the assumptions relating to the aforementioned parameters, this may have an effect on the future amount of pension costs, equity, and provisions for pensions and similar obligations. For further information, please see Note (25).

The Gerresheimer Group operates in many different countries and is consequently subject to multiple different tax jurisdictions. If no group taxation regimes such as a consolidated tax group are used, **income tax** owed, tax receivables and payables, temporary differences, tax loss carryforwards, and the resulting deferred tax assets and liabilities must be determined separately for each taxable entity. Deferred tax assets are subject to significant estimation uncertainty. Deferred tax assets are recognized insofar as their realization within the planning horizon is more likely than not. Consequently, the realization of deferred tax assets depends in particular on the ability to generate sufficient taxable income for the applicable type of tax in the relevant tax jurisdiction in the future. When assessing the probability of the inflow of future economic benefits, various factors must be taken into account, such as corporate planning, restrictions on tax loss carryforwards, minimum taxation, and tax planning strategies. The amounts recognized for deferred tax assets may decrease if the estimates of budgeted taxable income have to be revised or if changes in tax law restrict the timescale of future tax benefits or the extent to which they can be realized. For further information, please see Note (14).

The fair value of **phantom stocks** is recognized pro rata temporis in personnel expenses and, at the same time, as a provision because there is an obligation to make a cash settlement. Fair values of phantom stocks are determined using a recognized option pricing model (binomial model). The fair value of each tranche is presented in Note (26). Any necessary changes in the assumptions relating to the aforementioned parameters may affect the future amount of expenses, equity, and provisions for obligations relating to phantom stocks.

Revenues from customer-specific construction and development contracts are recognized in accordance with the transfer of goods or services to a customer (percentage of completion method). Gerresheimer determines the extent of services rendered to the customer as the ratio of contract costs incurred to expected total contract costs (cost-to-cost method). The main estimates relate to the total contract costs and the costs to complete the contract. These estimates are reviewed and adjusted as necessary on an ongoing basis. This may affect the amount of revenues recognized and the profit from a construction contract.

(7) Financial Risk Management and Derivatives

A Group-wide financial risk management system centrally monitors the Group’s financial risks. Identified potential risks are managed using suitable hedging instruments on the basis of clearly defined guidelines.

Besides price risks from fluctuations on money and capital markets as well as international commodities and energy markets, risk management also targets credit and liquidity risk.

Derivative financial instruments are used exclusively for hedging purposes.

Currency and interest rate risk

Forward exchange contracts and currency swaps are used to limit currency risks in operating activities. Generally, the risk exposures assessed in currency management are transaction risks only. Currency derivatives are generally used to hedge specific underlying transactions and are recognized accordingly as hedging instruments.

Credit risk

Credit risks resulting from the Gerresheimer Group’s trade relationships are monitored by credit and receivables management and the operating companies’ sales functions. The Group subjects its customers to internal credit checks on an ongoing basis in order to avoid losses on receivables. Receivables from customers that do not have a first-class credit rating are generally insured.

Approximately 21% of trade receivables were covered by credit insurance in the financial year 2022 (prior year: approximately 22%). The risk concentration in relation to trade receivables and contract assets is considered to be low due to the worldwide activities of the Gerresheimer Group and its diversified group of customers.

Liquidity risk

The Gerresheimer Group’s liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning.

Derivative financial instruments

All derivative financial instruments are measured at fair value. Derivative financial instruments with positive fair values are recognized as other financial assets; otherwise, they are reported as other financial liabilities.

The fair values of derivative financial instruments are measured using the relevant exchange rates, interest rates, prices, and credit standings at the balance sheet date. The fair value is the price that a Group company would receive or have to pay to transfer a derivative financial instrument in an orderly transaction between market participants at the balance sheet date. Changes in the fair value of derivative financial instruments are recognized in profit or loss, with the exception of instruments used to hedge price risks.

Due to their short maturity, Gerresheimer has not designated the currency derivatives used to hedge currency risks as hedging instruments. Changes in their fair value are recognized in profit or loss in accordance with the general rules of derivatives accounting.

We counter price risks on the commodities and energy markets by using appropriate hedging instruments. The derivatives used to hedge price risks on the commodities and energy markets are designated as hedging instruments for corresponding underlyings. Changes in fair value are initially recognized in other comprehensive income.

Hedge accounting was applied in the financial year 2022 for the purpose of hedging product price risks from procurement transactions. If a hedge is used as a cash flow hedge, a distinction is made between an effective and an ineffective portion of the fair value fluctuations. The effective portion of the fair value fluctuations is initially recognized directly in equity as accumulated other comprehensive income. It is reclassified when the underlying is recognized in profit or loss. The ineffective portion of the fair value fluctuations is accounted for directly in profit or loss. If the hedging transactions serve to hedge procurement risks, this item is presented under cost of sales.

For further information on derivative financial instruments, please see Note (32).

(8) Consolidated Statement of Cash Flows

The consolidated statement of cash flows shows how the financial resources of the Gerresheimer Group have changed due to cash inflows and outflows during the financial year. The cash flow effects of acquisitions and divestments are presented separately.

Financial resources as reported in the consolidated statement of cash flows comprise cash and cash equivalents, which consist of cash in hand and checks and bank balances, offset by overdraft facilities.

The change in liabilities from financing activities is as follows:

		Cash flows	Non-cash effective changes			
In EUR k	Dec. 1, 2021	Cash flow from financing activities[1]	Currency effects	New lease and installment purchase contracts	Other changes[2]	**Nov. 30, 2022**
Promissory loans	959,097	-166,000	–	–	141	793,238
Revolving credit facility	70,000	265,000	–	–	–	335,000
Liabilities to banks	8,986	3,955	1,113	–	–	14,054
Lease and installment purchase liabilities	64,247	-18,995	2,803	18,322	-3,563	62,814
Liabilities from factoring	5,001	-663	–	–	–	4,338
	1,107,331	**83,297**	**3,916**	**18,322**	**-3,422**	**1,209,444**

		Cash flows	Non-cash effective changes			
In EUR k	Dec. 1, 2020	Cash flow from financing activities[1]	Currency effects	New lease and installment purchase contracts	Other changes[2]	Nov. 30, 2021
Promissory loans	809,047	150,000	–	–	50	959,097
Revolving credit facility	162,639	-92,639	–	–	–	70,000
Liabilities to banks	6,898	2,027	61	–	–	8,986
Lease and installment purchase liabilities	39,584	-17,313	1,560	40,890	-474	64,247
Liabilities from factoring	–	5,001	–	–	–	5,001
	1,018,168	**47,076**	**1,621**	**40,890**	**-424**	**1,107,331**

[1] The cash flows from promissory loans, revolving credit facility and liabilities to banks represent the net amount of proceeds from raising and repaying loans in the statement of cash flows. The cash flows do not include interest, which is shown in the cash flow from operating activities. Here, only representation of the repayment component Is presented.
[2] The other changes include next to lease disposals interest payments, which are shown in the statement of cash flows under cash flow from operating activities.

Notes to the Consolidated Income Statement

(9) Revenues

Revenues rose from EUR 1,498,007k in the financial year 2021 by 21.3% to EUR 1,817,094k in the financial year 2022.

Revenues mainly result from the sale of goods. Revenues from customer-specific construction contracts amounted to EUR 55,194k in the reporting year (prior year: EUR 48,334k).

For information on contract assets and liabilities, please see Note (23).

An analysis of revenues by division and region is provided in Note (33) Segment Reporting.

(10) Selling and General Administrative Expenses

Selling expenses comprise personnel and non-personnel expenses for the sales organizations and distribution of the products (including freight and commissions). In addition, selling expenses include depreciation, amortization, and impairment losses of EUR 37,090k (prior year: EUR 30,938k). Of the depreciation and amortization, EUR 31,587k (prior year: EUR 28,518k) relate to fair value adjustments less capitalized cost components from purchase price allocations.

General administrative expenses mainly comprise personnel and non-personnel expenses for administrative functions as well as depreciation and amortization amounting to EUR 9,642k (prior year: EUR 8,871k).

(11) Personnel Expenses and Employees

In EUR k	**2022**	2021
Wages and salaries	422,087	373,472
Social security and other benefit costs	77,980	73,287
thereof pension costs	*4,914*	*4,513*
Personnel expenses	**500,067**	**446,759**

The average number of employees in the financial year 2022 is as follows:

	2022	2021
White-collar	2,734	2,525
Blue-collar	7,861	7,356
Trainees	190	197
Average number of employees	**10,785**	**10,078**

(12) Other Operating Income

In EUR k	**2022**	2021
Income from other taxes	4,013	–
Income from reversal of loss allowance	3,652	165
Income from government grants	3,609	127
Income from refund claims third parties	1,225	6,009
Income from reversal of provisions	1,081	863
Income from sale of scrap	995	985
Income from disposal of intangible assets and property, plant and equipment	631	6,363
Restructuring income	578	18
Income from derecognition of liabilities	497	1,007
Exceptional income	170	2,605
Other miscellaneous income	4,414	5,309
Other operating income	**20,865**	**23,451**

Income from other taxes mainly relates to Brazilian sales tax and is attributable to a decision of the Brazilian Supreme Court.

Due to the calculation of the impairment loss on the basis of actual credit losses incurred over the past three years in the regions of Americas, Asia and Europe, it was possible to reverse the majority of the impairment losses recognized.

Income from government grants result from various government-funded projects. These are mainly due to the Covid-19 pandemic and support the expansion of production capacity for the manufacture of vials. The government of the Republic of North Macedonia is also supporting the construction of our plant in Skopje, although It should be noted that the income is included in the exceptional Income until the second quartal of 2022.

Other miscellaneous income includes income from investments accounted for using the equity method amounting to EUR 0k (prior year: EUR 84k).

(13) Other Operating Expenses

In EUR k	2022	2021
Exceptional expenses	19,108	21,545
Addition to loss allowances and loss from derecognition of receivables	3,186	1,708
Supervisory Board remuneration and expense reimbursement	1,320	1,527
Currency losses	483	586
Loss from disposal of intangible assets and property, plant and equipment	444	284
Restructuring expenses	240	–
Other miscellaneous expenses	595	2,177
Other operating expenses	**25,376**	**27,827**

The exceptional expenses are related with EUR 5,246k to costs for strategic and structural personnel adjustment due to automation and digitalization, as well as measures to improve efficiency in the Primary Packaging Glass Division. Expenses of EUR 4,827k in connection with a special payment to employees to compensate for inflation are also included here. In addition, exceptional expenses of EUR 3,162k were incurred in connection with the construction of our new plant in Skopje (Republic of North Macedonia).

(14) Income Taxes

In EUR k	2022	2021
Current income taxes	-41,241	-45,395
Deferred income taxes	2,621	4,771
Income taxes	**-38,620**	**-40,624**

Current income taxes include — among other things — expenses for additional tax payments from a tax audit at Gerresheimer Glass Inc., Vineland (NJ/USA), which was completed in the financial year 2022 relating to the years 2013 to 2016.

As in the prior year, income taxes in Germany were determined on the basis of a combined tax rate of 29.0%, comprising the 15.0% corporation tax rate, the 5.5% solidarity surcharge, and the 13.4% average trade tax rate. The income tax rates applied for foreign subsidiaries ranged from 0.0% to 34.0% (prior year: 0.0% to 34.0%). Some subsidiaries in China benefited from temporary tax privileges, with a resulting income tax rate of 10.0% or 15.0%. The subsidiary in the Republic of North Macedonia is exempt from income taxes for a period of ten years.

The income tax expenses expected on the basis of the combined tax rate differ from the reported amounts as follows:

In EUR k	2022	2021
Income before income taxes	140,811	127,865
Expected tax expense: 29% (prior year: 29%)	**-40,835**	**-37,081**
Loss carryforwards without deferred tax assets	-483	-2,707
Different foreign tax rates	3,616	6,466
Non-deductible expenses	-5,399	-3,299
Tax-free income	794	937
Effects from changes in tax rates	–	689
Change in value allowance for deferred tax assets	5,560	482
Taxes from prior periods	-1,802	-5,995
Other	-71	-116
Total differences	**2,215**	**-3,543**
Income taxes	**-38,620**	**-40,624**
Tax rate	**27.4%**	**31.8%**

The tax rate in the financial year 2022 stood at 27.4% and fell by 4.4 percentage points compared to the tax rate of 31.8% in 2021. The lower tax rate in 2022 compared to 2021 resulted primarily from the capitalization of deferred tax assets on the previously impaired loss carryforwards of the foreign subsidiaries.

Deferred taxes relate to the following main balance sheet items and loss carryforwards:

In EUR k	Nov. 30, 2022 Deferred tax assets	Nov. 30, 2022 Deferred tax liabilities	Nov. 30, 2021 Deferred tax assets adjusted[1)]	Nov. 30, 2021 Deferred tax liabilities adjusted[1)]
Non-current assets	5,711	171,041	5,780	158,804
Inventories	5,740	1,745	4,547	1,360
Receivables and other assets	4,391	39,548	981	4,758
Provisions for pensions	15,571	–	24,605	–
Other provisions	3,215	443	5,774	330
Payables and other liabilities	5,538	2,702	3,093	442
Loss carryforwards	18,962	–	11,078	–
Subtotal	**59,128**	**215,479**	**55,858**	**165,694**
Offset	-52,648	-52,648	-49,510	-49,510
Deferred taxes	**6,480**	**162,831**	**6,348**	**116,184**

[1)] For further information, please see Note (2).

The deferred tax assets and liabilities are netted for each company or tax group, provided that they relate to income taxes owed to the same tax authority and Gerresheimer has an enforceable right to offset actual tax refund claims against actual tax liabilities.

The deferred income taxes, which are recognized in other comprehensive income, result in a decrease in equity of EUR 41,536k (prior year: decrease in equity of EUR 4,577k). They are attributable in full to the remeasurement of defined benefit obligation pension plans and the change in the fair value of derivative financial instruments for the hedging of cash flows.

Deferred tax assets were not recognized for tax loss carryforwards in the amount of EUR 122,554k (prior year: EUR 142,167k) at Group companies of Gerresheimer AG, as these loss carryforwards are not expected to be used in the next five years. This amount includes corporate tax loss carryforwards of EUR 11k (prior year: EUR 11k) and trade tax loss carryforwards of EUR 9,181k (prior year: EUR 9,181k) at domestic subsidiaries. By contrast, deferred tax assets were recognized for previously impaired tax loss carryforwards of EUR 23,731k, as these loss carryforwards are expected to be used within the next financial year.

Despite losses in the current year and in the prior year, deferred tax assets of EUR 65k (prior year: EUR 66k) were recognized for tax loss carryforwards at foreign Group companies, as the companies concerned expect to generate future taxable profits. There is sufficient certainty that the tax loss carryforwards can be realized.

Temporary loss carryforwards in the amount of EUR 126,232k, which can be used in the period from 2023 to 2030 (prior year: EUR 100,622k, period from 2022 to 2030), relate exclusively to foreign companies.

Deferred tax liabilities for taxable temporary differences from investments in fully consolidated subsidiaries in the amount of EUR 80,776k (prior year: EUR 47,990k) were not recognized, as Gerresheimer AG is able to control the timing of the reversal of the temporary differences and the differences are unlikely to reverse in the foreseeable future.

(15) Earnings per Share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of Gerresheimer AG by the weighted average number of shares issued. Diluted earnings per share and basic earnings per share are identical, since no diluting financial instruments were in circulation at the end of the reporting period, as in the prior year.

		2022	2021
Net income attributable to shareholders of Gerresheimer AG	in EUR k	96,120	83,788
Average number of issued ordinary shares	in thousand	31,400	31,400
Basic and diluted earnings per share	in euros	3.06	2.67

Notes to the Consolidated Balance Sheet

(16) Intangible Assets

In EUR k	Goodwill	Customer relationship, brand names, technologies and similar assets	Development costs	Other	**Intangible assets**
Cost as of December 1, 2021	**665,094**	**1,059,044**	**74,666**	**71,980**	**1,870,784**
Currency translation	28,612	45,977	736	329	75,654
Additions	–	–	18,446	7,511	25,957
Disposals	–	–	–	-89	-89
Reclassifications	–	–	-42	815	773
As of November 30, 2022	**693,706**	**1,105,021**	**93,806**	**80,546**	**1,973,079**
Accumulated amortization and impairment losses as of December 1, 2021	**8,864**	**515,962**	**20,318**	**36,883**	**582,027**
Currency translation	–	19,921	369	314	20,604
Disposals	–	–	–	-89	-89
Reclassifications	–	–	1,083	-4	1,079
Amortization	–	43,680	2,189	6,312	52,181
Reversal of impairment losses	–	–	–	-125	-125
As of November 30, 2022	**8,864**	**579,563**	**23,959**	**43,291**	**655,677**
Net book value as of November 30, 2022	**684,842**	**525,458**	**69,847**	**37,255**	**1,317,402**

In EUR k	Goodwill	Customer relationship, brand names, technologies and similar assets	Development costs	Other	Intangible assets
Cost as of December 1, 2020	651,174	1,033,309	57,850	57,557	1,799,890
Currency translation	13,920	25,735	248	150	40,053
Additions	–	–	16,568	15,512	32,080
Disposals	–	–	–	-1,317	-1,317
Reclassifications	–	–	–	78	78
As of November 30, 2021	**665,094**	**1,059,044**	**74,666**	**71,980**	**1,870,784**
Accumulated amortization and impairment losses as of December 1, 2020	**8,864**	**464,693**	**19,390**	**32,544**	**525,491**
Currency translation	–	10,658	96	130	10,884
Disposals	–	–	–	-1,317	-1,317
Amortization	–	40,611	2,144	5,526	48,281
Impairment losses	–	–	172	–	172
Reversal of impairment losses	–	–	-1,484	–	-1,484
As of November 30, 2021	**8,864**	**515,962**	**20,318**	**36,883**	**582,027**
Net book value as of November 30, 2021	**656,230**	**543,082**	**54,348**	**35,097**	**1,288,757**

Significant intangible assets result from business combinations. Amortization of those intangible assets from business combinations is described by Gerresheimer as amortization of fair value adjustments. Amortization of fair value adjustments is disclosed in the cost of sales and selling expenses. Brand names — except at two companies — have indefinite useful lives.

Amortization of and impairment losses on intangible assets in the amount of EUR 9,246k (prior year: EUR 10,329k) are contained in the cost of sales. Of that amount, EUR 7,823k (prior year: EUR 7,541k) are attributable to amortization of and impairment losses on fair value adjustments from purchase price allocations.

Goodwill is assigned to five (prior year: five) cash-generating units as follows:

In EUR k	Nov. 30, 2022	Nov. 30, 2021
Plastics & Devices		
Plastic Packaging	82,472	79,679
Medical Systems	115,468	115,468
Centor	297,241	271,422
Primary Packaging Glass		
Converting	63,341	63,341
Moulded Glass	126,320	126,320
Goodwill	**684,842**	**656,230**

To assess the recoverability of goodwill, Gerresheimer has tested whether the recoverable amount of each of the cash-generating units covers at least the carrying amount of the net assets in each case. The recoverable amount is determined as the higher of value in use and the fair value less cost of disposal. Value in use — based on cash flow projections budgeted for the financial years 2023 to 2027 (prior year: 2022 to 2026) — is the main measure of value applied by Gerresheimer. Corporate planning considers factors in historical developments and current market expectations. As in the prior year, the growth rate used to extrapolate for subsequent years was 1.0%. Future cash flows are discounted using the weighted average cost of capital (WACC). Both the beta factor used to determine the cost of equity and borrowing costs were derived on the basis of a peer group.

The WACC before tax was determined iteratively from the WACC after tax and breaks down as follows for the cash-generating units:

	WACC before tax	
In %	Nov. 30, 2022	Nov. 30, 2021
Plastics & Devices		
Plastic Packaging	11.1	9.3
Medical Systems	8.4	6.8
Centor	7.8	7.5
Primary Packaging Glass		
Converting	9.4	6.1
Moulded Glass	9.5	6.1

The impairment test for the goodwill did not result in any need for impairment. The change in the carrying amount of the goodwill of the individual cash-generating units results exclusively from currency effects.

For each cash-generating unit to which goodwill was allocated as of November 30, 2022, no reasonably anticipated change in the underlying assumptions employed to determine the value in use would cause the carrying amount of the cash-generating unit to exceed their net realizable value considerably.

The **brand names** capitalized as of November 30, 2022, break down as follows:

In EUR k	Nov. 30, 2022	Nov. 30, 2021
Plastic Packaging	15,635	15,347
thereof with indefinite useful life	*15,635*	*15,347*
Medical Systems	4,957	4,957
thereof with indefinite useful life	*4,957*	*4,957*
Centor	2,765	2,723
thereof with indefinite useful life	–	–
Sensile Medical	1,404	1,655
thereof with indefinite useful life	–	–
Brand names	**24,761**	**24,682**

The change in the carrying amount of brand names with indefinite useful lives results exclusively from currency effects.

Development costs in the amount of EUR 18,446k (prior year: EUR 16,568k) were capitalized. The capitalized development costs largely came as a result of projects in the Advanced Technologies Division, namely the planned further development of a micro pump for the treatment of heart disease.

The "other" item mainly relates to licenses, off-the-shelf software, and advance payments made on intangible assets. Licenses notably relate to an integrated passive syringe safety system and a new product portfolio of prefillable sterile injection vials (Gx® RTF vials), together with the related technological know-how.

(17) Property, Plant and Equipment and Investment Property

In EUR k	Land, land rights and buildings (used for operating purposes)	Plant and machinery	Other equipment	Advance payments made and assets under construction	Property, plant and equipment	Investment property
Cost as of December 1, 2021	**345,369**	**1,071,148**	**140,708**	**207,844**	**1,765,069**	**974**
Currency translation	9,507	38,028	2,400	9,714	59,649	–
Additions	16,074	75,003	11,710	144,125	246,912	–
Disposals	-2,042	-21,287	-2,211	-436	-25,976	–
Reclassification	41,034	109,786	5,606	-158,871	-2,445	–
As of November 30, 2022	**409,942**	**1,272,678**	**158,213**	**202,376**	**2,043,209**	**974**
Accumulated depreciation and impairment losses as of December 1, 2021	**116,975**	**657,297**	**86,291**	**182**	**860,745**	**–**
Currency translation	3,194	22,986	1,213	–	27,393	–
Disposals	-2,039	-19,645	-1,954	–	-23,638	–
Reclassification	1,816	1,485	-4,516	–	-1,215	–
Depreciation	18,061	83,979	17,211	–	119,251	–
Impairment losses	-	124	–	–	124	–
Reversal of impairment losses	-329	-37	–	–	-366	–
As of November 30, 2022	**137,678**	**746,189**	**98,245**	**182**	**982,294**	**–**
Net book value as of November 30, 2022	**272,264**	**526,489**	**59,968**	**202,194**	**1,060,915**	**974**

In EUR k	Land, land rights and buildings (used for operating purposes)	Plant and machinery	Other equipment	Advance payments made and assets under construction	Property, plant and equipment	Investment property
Cost as of December 1, 2020	**289,233**	**936,114**	**112,131**	**192,969**	**1,530,447**	**4,325**
Currency translation	4,919	14,599	1,224	1,665	22,407	–
Additions	21,850	78,254	14,319	117,430	231,853	–
Disposals	-2,750	-13,052	-1,163	–	-16,965	-2,001
Reclassification	32,117	55,233	14,197	-104,220	-2,673	-1,350
As of November 30, 2021	**345,369**	**1,071,148**	**140,708**	**207,844**	**1,765,069**	**974**
Accumulated depreciation and impairment losses as of December 1, 2020	**101,649**	**592,423**	**73,084**	**190**	**767,346**	**724**
Currency translation	1,662	8,945	602	-15	11,194	–
Disposals	-1,497	-12,551	-1,042	–	-15,090	-1
Reclassification	723	-1,820	–	–	-1,097	-723
Depreciation	14,438	68,242	13,647	–	96,327	–
Impairment losses	–	2,058	–	7	2,065	–
As of November 30, 2021	**116,975**	**657,297**	**86,291**	**182**	**860,745**	**–**
Net book value as of November 30, 2021	**228,394**	**413,851**	**54,417**	**207,662**	**904,324**	**974**

Depreciation and impairment losses on property, plant and equipment of EUR 107,125k (prior year: EUR 88,905k) are contained in the cost of sales. Of the impairment losses, 0.0% (prior year: 0.3%) refer to the Primary Packaging Glass Division, and 100.0% (prior year: 99.7%) to the Plastics & Devices Division.

The investment property refers to non-operating property with a carrying amount of EUR 974k (prior year: EUR 974k) and a fair value of EUR 1,826k (prior year: EUR 1,826k). The fair value is determined from various sources of information, which include past sales, officially published indicative land values, and independent appraisals. The fair values of other non-operating land are the same as the carrying amounts.

Rental income from investment property amounted to EUR 0k in the financial year 2022 (prior year: EUR 0k). Expenses of EUR 0k were incurred in this context (prior year: EUR 0k).

In the financial year 2021, the leasehold land classified as investment property with a carrying amount of EUR 2,001k was sold for a profit of EUR 3,179k. The profit is reported in the consolidated income statement under other operating income.

Leases

In addition to assets owned by Gerresheimer, property, plant and equipment also comprises right-of-use assets under leases where Gerresheimer is the lessee. The leases mainly concern longer-term right-of-use assets related to warehouses, office buildings, land, production machinery, and vehicles. The lease terms generally range between 30 and 60 months.

The table below shows changes in the right-of-use assets included in property, plant and equipment:

In EUR k	Right-of-use-assets land, land rights and buildings (used for operating purposes)	Right-of-use-assets plant and machinery	Right-of-use-assets other equipment	**Total**
Net book value as of December 1, 2021	**24,771**	**28,557**	**13,196**	**66,524**
Currency translation	353	1,436	792	2,581
Additions	8,208	3,764	4,163	16,135
Disposals	25	1,555	109	1,689
Reclassifications	3,803	–	-1,290	2,513
Depreciation	7,033	3,482	5,013	15,528
Net book value as of November 30, 2022	**30,077**	**28,720**	**11,739**	**70,536**
Cost	49,989	35,220	22,128	107,337
Accumulated depreciation and impairment losses	19,912	6,500	10,389	36,801

Information on the maturities of the corresponding lease liabilities is included in Note (32) as part of the maturity analysis of the financial instruments.

The following amounts were recognized in the income statement in the reporting period:

In EUR k	**2022**	2021
Interest expense on lease liabilities	2,058	1,493
Expenses relating to short-term leases	1,604	1,466
Expenses relating to leases of low-value assets	1,741	1,959
Lease expenses	**5,403**	**4,918**

In the reporting period, the total cash outflows for leases, including the interest portion, amounted to EUR 20,569k (prior year: EUR 17,897k).

(18) Investments Accounted for Using the Equity Method

The following table presents a summary of aggregated financial information on the company PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic), which is accounted for using the equity method.

In EUR k	**Nov. 30, 2022**	Nov. 30, 2021
Assets	268	299
Equity	84	128
Liabilities	182	169
Revenues	462	472
Profit or loss	-50	28

Investments accounted for using the equity method developed as follows:

In EUR k	**Investments accounted for using the equity method**
Book value as of December 1, 2020	**332**
Currency translation	22
Result from investments accounted for using the equity method	83
Changes in non-current assets and disposal groups held for sale	-383
Book value as of November 30, 2021	**54**
Book value as of December 1, 2021	**54**
Currency translation	2
Result from investments accounted for using the equity method	-20
Book value as of November 30, 2022	**36**

(19) Other Financial Assets

	Nov. 30, 2022		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Derivative financial instruments	129,408	*308*	*129,100*
Investments	20,298	*–*	*20,298*
Investments in non-consolidated companies	3,413	*–*	*3,413*
Receivables bills of exchange	6,104	*6,104*	*–*
Refund claims from third parties	4,323	*1,832*	*2,491*
Other miscellaneous financial assets	10,822	*10,213*	*609*
Other financial assets	**174,368**	***18,457***	***155,911***

	Nov. 30, 2021		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Derivative financial instruments	7,391	*37*	*7,354*
Investments	5,134	*–*	*5,134*
Investments in non-consolidated companies	2,368	*–*	*2,368*
Receivables bills of exchange	3,486	*3,486*	*–*
Refund claims from third parties	7,163	*4,660*	*2,503*
Other miscellaneous financial assets	12,295	*11,583*	*712*
Other financial assets	**37,837**	***19,766***	***18,071***

The increase in derivative financial instruments year on year results mainly from the development of commodity derivatives measured at fair value through other comprehensive income in cash flow hedge accounting to hedge procurement price risks.

At EUR 5,309k (prior year: EUR 5,100k), the investments primarily relate to the investment in Securetec Detektions-Systeme AG, Neubiberg (Germany), at EUR 1,500k to the investment in Adamant Health Oy, Helsinki (Finland) and at EUR 13,452k to the investment in Portal Instruments Inc., Cambridge (MA/USA) which were acquired in 2022 and are designated into the category "at fair value through other comprehensive income."

The shares in non-consolidated companies relate to Gerresheimer respimetrix GmbH, Duesseldorf (Germany).

The item "Other miscellaneous financial assets" primarily contains collateral from factoring (EUR 4,626k; prior year: EUR 7,592k), receivables for reimbursement agreements and other loans. As of November 30, 2022, the other loans contained a loan of EUR 151k (prior year: EUR 277k) to a former subsidiary that had been secured with pledges.

The carrying amount of other financial assets in the Consolidated Financial Statements represents the maximum exposure to credit risk for the Group as a whole.

(20) Other Non-financial Assets

In EUR k	**Nov. 30, 2022** Total	*Thereof current*	*Thereof non-current*
Government grants	24,428	*24,428*	*–*
Other taxes	38,109	*37,395*	*714*
Prepaid assets	6,040	*5,992*	*48*
Other miscellaneous non-financial assets	11,736	*10,519*	*1,217*
Other non-financial assets	**80,313**	***78,334***	***1,979***

In EUR k	Nov. 30, 2021 Total	*Thereof current*	*Thereof non-current*
Government grants	16,284	*16,284*	*–*
Other taxes	22,034	*21,852*	*182*
Prepaid assets	4,964	*4,565*	*399*
Other miscellaneous non-financial assets	8,267	*7,806*	*461*
Other non-financial assets	**51,549**	***50,507***	***1,042***

The government grants were provided for capacity expansions and are linked to certain additional conditions — such as preferential delivery to the subsidy provider or delivery to a defined market in a clearly defined future period of time — that we are virtually certain to fulfill.

Other miscellaneous non-financial assets include deferred financing fees and prepayments made in the financial year 2022.

(21) Inventories

In EUR k	**Nov. 30, 2022**	Nov. 30, 2021
Raw materials, consumables and supplies	125,490	94,419
Work in progress	32,862	20,082
Finished goods and merchandise	146,028	120,948
Prepayments made	6,334	2,821
Inventories	**310,714**	**238,270**

Write-downs of inventories totaling EUR 11,920k (prior year: EUR 8,475k) were recognized as an expense in the financial year. The write-down is reversed when the circumstances that led to it no longer exist. Reversals of write-downs amounted to EUR 697k (prior year: EUR 4,317k) in the financial year. These are mainly attributable to the increase of the net realizable value of finished goods and merchandise written down in prior periods.

The cost of inventories of EUR 523,632k (prior year: EUR 426,014k) was recognized in cost of sales as an expense during the financial year 2022.

(22) Trade Receivables

Trade receivables break down as follows:

In EUR k	**Nov. 30, 2022**	Nov. 30, 2021
Gross carrying amount	273,936	217,105
Less loss allowances	-4,101	-4,720
Net book value	**269,835**	**212,385**
Receivables for which no individual allowances have been set up thereof		
not due	*223,859*	*181,220*
overdue up to 30 days	*20,900*	*14,236*
overdue 31 to 60 days	*8,769*	*5,877*
overdue 61 to 90 days	*2,557*	*4,453*
overdue 91 to 120 days	*2,521*	*1,982*
overdue more than 120 days	*9,807*	*5,207*
	268,413	**212,975**

Trade receivables relate to unconditional payment claims of the Group for completed and invoiced services. Trade receivables generally do not include any interest component.

Payment terms are generally agreed individually with customers and last usually up to 60 days.

The impairment losses taken into account for the expected credit losses are immaterial due to the good creditworthiness of the contractual partners and the measures taken in the context of credit and receivables management.

Loss allowances on trade receivables developed as follows:

In EUR k	2022	2021
As of December 1	**4,720**	**3,928**
Additions	3,186	1,552
Utilizations	-433	-701
Reversals	-3,652	-165
Currency translation	280	106
As of November 30	**4,101**	**4,720**

(23) Contract Assets and Contract Liabilities

In EUR k	Nov. 30, 2022	Nov. 30, 2021
Contract assets	16,677	19,480
Contract liabilities	25,267	12,597

The contract assets mainly relate to the Group's rights to consideration for services from construction contracts not yet invoiced as of the balance sheet date. The amounts recognized as contract assets are reclassified to trade receivables as soon as the Group has an unconditional right to payment.

The contract assets consist either of the netted contract position from advance payments received for non-current construction contracts or for consignment warehouse contracts under which the customers already obtain control upon delivery of the goods to the consignment warehouse.

In the reporting period, the following changes in contract liabilities were significant:

In EUR k	2022	2021
As of December 1	**12,597**	**9,912**
Additions to contract liabilities	20,348	20,768
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period	-7,866	-2,236
Other	188	-15,847
As of November 30	**25,267**	**12,597**

The performance obligations (unfulfilled or partially unfulfilled) in the amount of EUR 62,148k (prior year: EUR 25,498k), which are partly netted in the contract assets, have an original contract term of more than one year. Management expects that approximately 55% (prior year: 70%) of the transaction price allocated to the unfulfilled performance obligations at the end of the financial year 2022 will be recognized as revenues in the next reporting period. The remaining 45% (prior year: 30%) is expected to be recognized as revenues in subsequent financial years.

The other remaining performance obligations in the amount of EUR 10,140k (prior year: EUR 10,742k) relate to Gerresheimer's obligation to transfer goods or services to customers for whom advance payments have already been received. The Group assumes that approximately 90% (prior year: 85%) of the related revenues will be recognized within one year. The remaining 10% (prior year: 15%) is expected to be recognized as revenues in subsequent financial years.

(24) Equity

As of November 30, 2022, subscribed capital stood at EUR 31,400k, and the capital reserve amounted to EUR 513,827k, as they did on the balance sheet date in the prior year. The capital reserve contains share premiums from the IPO in 2007 and cash contributions from shareholders made in 2004 and 2007.

The number of shares issued at the reporting date is 31.4m no-par value shares, each with a nominal value of EUR 1.00. In the reporting year, a dividend of EUR 39,250k was paid out for the financial year 2021, corresponding to a dividend of EUR 1.25 per share.

Proposal for appropriation of retained earnings

At the Annual General Meeting on June 7, 2023, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.25 per share be paid for the financial year 2022 (prior year: EUR 1.25 per share), corresponding to a dividend payment of EUR 39,250k. Furthermore, it will be proposed to carry forward the remaining retained earnings from the Annual Financial Statements of Gerresheimer AG to new account.

Authorized capital

	Resolution of the general meeting	Duration until	Number in million
Authorized Capital I	June 9, 2021	June 8, 2023	6.28
Authorized Capital II	June 9, 2021	June 8, 2023	3.14

For additional information on authorized capital, please see the disclosures in the Group Management Report in the section entitled "Takeover-related Disclosures."

(25) Provisions for Pensions and Similar Obligations

The Gerresheimer Group has pension plans in various countries. Of these, the pension plans in Germany and Switzerland, as well as the pension and health plans (health insurance for retired employees) in the U.S., account for 96.6% of the Gerresheimer Group's total provisions for pensions and similar obligations.

No new employees are accepted into the German defined benefit plans. The German plans are in the process of being wound down, with their pension obligations decreasing over time. Pension guarantees are generally based on an employee's length of service, pay, and position. Pension entitlements are thus acquired for each year of service according to salary. Defined benefit pension commitments granted to former members of the Executive Board are generally financed through a pension fund or provident fund. Supplementary contributions have to be called in if the assets of the pension or provident fund are insufficient when payment of the pension starts.

The defined benefit U.S. pension plans were closed definitively to new members in 2005. The benefits have been vested. These pension plans are funded by external investments (plan assets). The pension plans are financed from annual contribution payments. To limit exposure to capital market and demographic risk for the Gerresheimer Group, all new U.S. pension plans are defined contribution plans.

Retired employees domiciled in the U.S. also receive subsidized healthcare. Under these plans, retirees are refunded a certain percentage of eligible healthcare expenditure. The healthcare plans in the U.S. have been closed and the benefits vested, thereby limiting the risk of continuously increasing refund claims for the Gerresheimer Group.

Changes in the legal framework may lead to changes in pension and health plans:

In EUR k	**2022**	2021
As of December 1	**147,390**	**163,199**
Utilizations	-10,595	-10,293
Additions	3,703	3,264
Impact of revaluation	-25,643	-10,381
Currency translation	2,469	1,601
As of November 30	**117,324**	**147,390**
thereof current	*11,940*	*12,462*

Of the provisions for pensions, EUR 92,959k (prior year: EUR 117,266k) relate to various pension plans and individual agreements entered into by German subsidiaries. The obligations entered into by foreign subsidiaries amount to EUR 24,367k (prior year: EUR 30,124k) and relate primarily to subsidiaries in the U.S. and Switzerland. The provision also includes the obligations of the U.S. subsidiaries to assume a portion of the medical expenses of retired employees.

The benefits are mainly financed through the systematic accumulation of pension provisions at the subsidiaries. External funds that meet the definition of plan assets exist both domestically and internationally.

The following assumptions were made when determining the pension provisions and plan assets:

	Domestic		International	
In %	**Nov. 30, 2022**	Nov. 30, 2021	**Nov. 30, 2022**	Nov. 30, 2021
Discount rate	3.20	0.89	2.10-10.00	0.30-7.60
Increase in salaries	3.25	3.25	1.50-6.50	0.50-6.62
Increase in pensions	2.40	1.75	–	–
Increase in medical costs	–	–	5.00	5.00

The discount rate is based on the yield on high-quality corporate bonds. The 2018 G mortality tables of Prof. Dr. Heubeck were used as the biometric reference basis with regard to mortality for the determination of domestic pension obligations. Current country-specific biometric assumptions were used for foreign subsidiaries. The projected income trends reflect expected rates of increase in salaries and income.

The present value of the defined benefit obligations breaks down as follows:

In EUR k	2022	2021
As of December 1	**208,310**	**221,219**
Current service cost	1,898	1,829
Interest expense	2,594	1,924
Employee contributions	856	718
Benefit payments	-12,894	-14,079
Actuarial gains/losses	-36,108	-7,118
Financial assumptions	*-37,340*	*-3,644*
Demographic assumptions	*123*	*-2,234*
Experience assumptions	*1,109*	*-1,240*
Past service cost	-375	-100
Administration costs	356	243
Settlement	115	–
Currency translation and other changes	6,262	3,674
As of November 30	**171,014**	**208,310**

Changes in the fair value of total plan assets are as follows:

In EUR k	2022	2021
As of December 1	**60,920**	**58,020**
Interest income on plan assets	885	632
Actual return on plan assets, excluding interest income on plan assets	-10,465	3,263
Employee contributions	856	718
Employer contributions	1,119	966
Benefit payments	-3,418	-4,752
Currency translation and other changes	3,793	2,073
As of November 30	**53,690**	**60,920**

The composition of the plan assets used to cover the defined benefit obligation breaks down as follows as of the balance sheet date:

	Domestic		International	
In EUR k	**Nov. 30, 2022**	Nov. 30, 2021	**Nov. 30, 2022**	Nov. 30, 2021
Plan assets with quoted market price	4,898	5,626	44,391	49,117
Shares (held directly)	*502*	*1,980*	*17,610*	*18,652*
Fixed-interest securities	*2,777*	*1,664*	*17,990*	*20,099*
Liquidity	*1,619*	*1,982*	*1,902*	*865*
Real estate	–	–	*5,110*	*5,804*
Other	–	–	*1,779*	*3,697*
Plan assets with non-quoted market price	4,324	6,104	77	73
Insurance contracts	*4,259*	*6,036*	*77*	*73*
Other	*65*	*68*	–	–
Plan assets	**9,222**	**11,730**	**44,468**	**49,190**

The expected contributions to plan assets in the next financial year are estimated at EUR 1,909k.

The main pension funds financed through plan assets exist in the U.S., Switzerland, and Germany. The following table shows the composition of the defined benefit obligation and the fair value of plan assets by country:

In EUR k	Defined benefit obligation (DBO)	Fair value plan assets
Germany	102,181	9,222
USA	38,934	21,983
Schwitzerland	25,590	22,216
Other	4,309	269
As of November 30	**171,014**	**53,690**

Within the regulatory requirements, the investment policy of these plan assets is geared to the risk structure of the defined benefit obligation.

The total pension expenses included in the consolidated income statement are calculated as follows:

In EUR k	2022	2021
Current service cost	*1,898*	*1,829*
Past service cost	*-375*	*-100*
Settlement	*115*	*–*
Service cost	**1,638**	**1,729**
Interest expense	*2,594*	*1,924*
Interest income on plan assets	*-885*	*-632*
Net interest expense	**1,709**	**1,292**
Administration costs	**356**	**243**
Pension expenses	**3,703**	**3,264**
thereof expense for pension benefits for which there are reimbursement rights	*40*	*30*

With the exception of net interest expense, all expenses and income are recognized on a net basis in personnel expenses, which is included in functional costs. Net interest expense is shown in the financial result.

For one pension obligation in Germany, there is a contractual refund claim for pension payments against a third party. This refund claim does not conform to the definition of plan assets and therefore cannot be accounted for in the pension obligations. The refund claim for pension benefits is included in other financial assets. Please see Note (19).

The Gerresheimer Group expects the following benefit payments in future years:

In EUR k	2023	2024	2025	2026
Expected benefit payments	11,940	13,215	12,361	12,120

The weighted average term of the defined benefit obligation is 10.7 years in Germany and between 5.7 and 14.1 years internationally.

The main actuarial assumptions used in the measurement of the pension obligations are the discount rate and the mortality rate. The assumptions made in the prior year regarding the expected salary trend are of a minor importance compared with the possible effects of a change in the mortality rate. The following sensitivity analyses show how the amount of the defined benefit obligation would have been affected by possible changes in the relevant assumptions. The calculations assume otherwise unchanged assumptions. Any dependencies between the assumptions listed are not taken into account:

	Effect on present value of defined benefit obligation	
In EUR k	2022	2021
Increase in discount rate by 50 bps	-8,536	-12,304
Decrease in discount rate by 50 bps	9,413	13,790
Increase in mortality by 1 year	10,246	14,209
Decrease in mortality by 1 year	-10,416	-14,133

The following table gives an overview of the expenses for defined contribution plans and the statutory pension insurance contributions:

In EUR k	2022	2021
Defined contribution plans	2,029	1,742
Statutory pension insurance contributions	15,866	15,068

Defined contribution plans mainly exist at U.S. subsidiaries.

(26) Other Provisions

Other provisions developed as follows:

In EUR k	Personnel obligations	Warranties	Restruc-turing provisions	Legal dispute and lawsuits	Environ-mental issues	Other miscella-neous	**Total**
As of December 1, 2021	**20,755**	**10,034**	**3,890**	**3,909**	**1,314**	**3,652**	**43,554**
thereof current	*11,598*	*10,034*	*3,890*	*2,857*	*1,134*	*3,652*	*33,165*
Additions	1,811	5,739	255	3,756	168	1,301	13,030
Utilizations	3,094	1,880	1,009	2,413	274	143	8,813
Reversals	2,166	3,984	577	590	–	2,259	9,576
Reclassifications	54	–	–	60	–	-303	-189
Currency translation	497	305	229	334	46	30	1,441
As of November 30, 2022	**17,857**	**10,214**	**2,788**	**5,056**	**1,254**	**2,278**	**39,447**
thereof current	*10,718*	*9,940*	*2,788*	*3,837*	*1,136*	*2,278*	*30,697*

In particular, the provisions for **personnel obligations** include obligations relating to phantom stocks agreements. The provision for the phantom stocks entitlement amounted to EUR 4,823k as of the reporting date (prior year: EUR 5,036k). The expense from additions to obligations under phantom stock agreements recognized in profit or loss in the reporting year stood at EUR 353k (prior year: EUR 886k). The fair values of the phantom stocks amounted to EUR 6,366k (prior year: EUR 6,680k) as of November 30, 2022.

In connection with the changes to the remuneration system for the members of the Management Board, no further tranches from the individual phantom stocks agreements are issued after the end of the financial year 2021. Accordingly, the tranche for the financial year 2021, is the last tranche from the phantom stocks agreements.

Beyond that, the provisions for personnel obligations mainly include obligations relating to a group health insurance program at the U.S. subsidiaries, as well as long-service awards and partial retirement agreements.

Provisions for **warranties** are recorded on the basis of legal requirements or individual contractual obligations and pertain to product-related warranty commitments and the Group's obligation to replace deficient products within the given warranties. The amount of provisions recorded is based on the management's best estimate. This estimate was made on the basis of past experience and warranty data for similar products. It can fluctuate due to changed production processes or other parameters influencing a product's quality.

Restructuring provisions primarily refer to two main matters that have been started in prior periods. On the one hand, such provisions include adjustments of employee capacities within the Plastics & Devices Division. On the other hand, the item comprises obligations for plant closures in the Primary Packaging Glass Division. The restructuring provisions are based on detailed formal plans.

The provisions for **legal dispute and lawsuits** pertain to disputes of any nature with third parties, except for product liability and warranty obligations. Such legal disputes or court proceedings may relate to customers, suppliers, employees, or other parties.

Interest expenses relating to the compounding of non-current provisions amount to EUR 140k (prior year: EUR 70k).

Cash outflows in relation to provisions are expected in the amount of EUR 8,750k after one to five years.

(27) Financial Debt

	Nov. 30, 2022		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Promissory loans	794,500	*163,000*	*631,500*
Liabilities to banks	363,711	*356,627*	*7,084*
Lease liabilities	62,784	*16,090*	*46,694*
Miscellaneous financial liabilities	4,366	*4,366*	–
Financial debt	**1,225,361**	***540,083***	***685,278***

	Nov. 30, 2021		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Promissory loans	960,500	*305,500*	*655,000*
Liabilities to banks	109,450	*109,450*	–
Lease liabilities	63,733	*23,459*	*40,274*
Miscellaneous financial liabilities	5,514	*5,500*	*14*
Financial debt	**1,139,197**	***443,909***	***695,288***

The maturities and interest rates of the promissory loans are:

		Carrying amount in EUR k	
Maturity (final maturity)	Interest rate in % p.a.	**Nov. 30, 2022**	Nov. 30, 2021
2022	– (prior year: 0.60 – 1.44[1])	–	305,500
2023	0.95 – 3.27[1] (prior year: 0.95[1])	163,000	163,000
2024	0.45 – 2.78[1] (prior year: 0.45 – 1.25[1])	184,000	184,000
2025	1.30 – 4.57[1] (prior year: 1.30 – 2.04[1])	234,500	187,500
2026	0.60 – 2.93[1] (prior year: 0.60[1])	75,000	75,000
2027	1.72 – 4.75[1] (prior year: 1.72)	116,000	45,500
2029	4.21 – 4.96[1]	22,000	–
Promissory loans		**794,500**	**960,500**

[1] The range of interest rates shown includes variable interest rates based on the last interest rate fixing plus margin. In the prior year only a margin was shown for the variable interest rate, since the EURIBOR was negative at this reporting date.

The promissory loans are issued solely in euros. The new promissory loans issued on November 2022, in the total nominal amount of EUR 300,000k are divided into three value dates. The first value date of EUR 139,500k was already paid out in November 2022. The two further value dates totaling EUR 160,500k are scheduled to be paid out in the first quarter of the financial year 2023. The term of the mainly floating-rate promissory loans with final maturity varies between three and seven years, with the first tranche of EUR 151,000k maturing in 2025. The funds will be used in part to settle the tranches from prior promissory loan transactions that fall due in the financial year 2023.

The liabilities to banks break down as follows:

In EUR k	Interest rate in % p.a.	**Carrying amount Nov. 30, 2022**	Carrying amount Nov. 30, 2021
Revolving credit facility	2.46 – 3.09[1] (prior year: 1.05[1])	335,000	70,000
Local credit facilities including overdraft facilities	0.67 – 15.84[1] (prior year: 0.70 – 8.25[1])	28,711	39,450
Liabilities to banks		**363,711**	**109,450**

[1] Variable interest.

In July 2022, a revolving credit facility was signed in the amount of EUR 150,000k, which was increased by a further EUR 50,000k in December 2022. The revolving credit facility is scheduled to reach maturity in three years. Together with the promissory loans issued in November 2021, the transaction served to refinance the tranches of promissory loans totaling EUR 305,500k that matured and were repaid in September and November 2022.

For general financing purposes, the Gerresheimer Group therefore has access to syndicated facilities in the form of two revolving facilities plus ancillary credit facilities with a total volume of EUR 626,000k, of which EUR 278,898k remain undrawn as of the balance sheet date. The revolving facilities have terms until fiscal year 2026 (EUR 476,000k) and 2025 (EUR 150,000k).

As of the reporting date, the local credit facilities and overdraft facilities were largely valued in Euro and Brazilian real.

On account of their character, the accrued financing fees are disclosed under other non-financial assets.

(28) Other Financial Liabilities

The other financial liabilities primarily include accrued interest liabilities and derivative financial instruments.

(29) Other Non-financial Liabilities

	Nov. 30, 2022		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Personnel liabilities	77,919	*76,234*	*1,685*
Liabilities from government grants	25,789	*7,095*	*18,694*
Liabilities from other taxes	14,182	*14,182*	–
Liabilities from social security obligations	5,914	*5,914*	–
Other miscellaneous non-financial liabilities	8,343	*8,341*	*2*
Other non-financial liabilities	**132,147**	***111,766***	***20,381***

	Nov. 30, 2021		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Personnel liabilities	65,765	*63,553*	*2,212*
Liabilities from government grants	16,284	*580*	*15,704*
Liabilities from other taxes	8,592	*8,592*	–
Liabilities from social security obligations	6,679	*6,679*	–
Other miscellaneous non-financial liabilities	7,304	*7,264*	*40*
Other non-financial liabilities	**104,624**	***86,668***	***17,956***

The government grants were provided for capacity expansions and are linked to certain additional conditions — such as preferential delivery to the subsidy provider or delivery to a defined market in a clearly defined future period of time — that we are virtually certain to fulfill.

(30) Other Financial Obligations

In EUR k	**Nov. 30, 2022**	Nov. 30, 2021
Obligations under rental agreements, which are not recognized in the balance sheet	5,788	6,432
Capital expenditure commitments	90,047	69,744
Other miscellaneous financial obligations	29,569	24,208
Other financial obligations	**125,404**	**100,384**

(31) Additional Information on Capital Management

Gerresheimer's primary goal is to ensure liquidity at all times by procuring funding on a centralized basis and actively managing foreign exchange risks and interest rate risks. Adjusted EBITDA leverage, which is the ratio of net financial debt to adjusted EBITDA, plays an important role in monitoring this goal.

Gerresheimer strives to achieve adjusted EBITDA leverage of around 2.5× in the long term. The ratio indicates the approximate number of years necessary to repay net financial debt through adjusted EBITDA.

As of November 30, 2022, net financial debt stood at EUR 1,112,572k, following EUR 1,025,146k in the prior year, resulting in adjusted EBITDA leverage of 3.0× (prior year: 3.2×) against adjusted EBITDA.

(32) Additional Information on Financial Instruments

The following table shows the carrying amounts of all categories of financial assets and liabilities:

In EUR k	**Carrying amount Nov. 30, 2022**	Carrying amount Nov. 30, 2021
Trade receivables		
At amortized cost	269,835	212,385
Other financial assets		
At fair value through other comprehensive income	20,261	5,100
Derivative financial assets measured at fair value in cash flow hedge accounting	129,100	7,354
At fair value through profit or loss	3,758	2,439
At amortized cost	21,249	22,944
Cash and cash equivalents		
At amortized cost	112,789	114,051
Financial assets	**556,992**	**364,273**
Financial debt		
At amortized cost	1,225,361	1,139,197
Other financial liabilities		
At fair value through profit or loss	564	338
At amortized cost	3,493	1,914
Trade payables		
At amortized cost	356,789	284,759
Financial liabilities	**1,586,207**	**1,426,208**

On account of their short remaining terms to maturity, the carrying amounts of the trade receivables, other financial assets, assets held for sale, and cash and cash equivalents measured at amortized cost correspond to their fair values.

On account of their overwhelmingly short remaining terms to maturity, the carrying amounts of the trade payables and the other financial liabilities measured at amortized cost correspond to their fair values. The same applies to the promissory loans included in financial debt and the revolving credit facilities on account of the largely variable interest rates.

Fair Value Hierarchy

Financial assets and liabilities that are recognized at fair value can be assigned to the following two fair value hierarchy levels:

	Nov. 30, 2022		Nov. 30, 2021	
In EUR k	**Level 1**	**Level 2**	Level 1	Level 2
Equity investments at fair value through other comprehensive income	–	20,261	–	5,100
Equity investments at fair value through profit and loss	–	3,450	–	2,402
Derivative financial assets at fair value in cash flow hedge accounting	–	129,100	–	7,354
Derivative financial assets at fair value through profit and loss	–	308	–	37
Financial assets at fair value	**–**	**153,119**	**–**	**14,893**
Derivative financial liabilities at fair value through profit and loss	–	564	–	338
Financial liabilities at fair value	**–**	**564**	**–**	**338**

Level 1 includes those financial instruments whose fair value is determined on the basis of publicly quoted prices on active markets. Level 2 fair values are determined on the basis of observable market data. Level 3 includes those financial instruments whose fair value is measured using non-observable inputs based on recognized valuation methods. As in the prior year, there were no financial assets or liabilities in the reporting year that needed to be assigned to level 3.

Derivative financial instruments

The Gerresheimer Group uses various derivative financial instruments — including forward exchange contracts, currency swaps, and commodity futures — to hedge foreign exchange risks, interest rate risks and procurement price risks. In some cases, the derivatives are designated within the scope of hedge accounting as hedging instruments.

In EUR k	Nov. 30, 2022 Nominal value	Nov. 30, 2022 Fair value	Nov. 30, 2021 Nominal value	Nov. 30, 2021 Fair value
Assets				
Currency derivates that do not qualify for hedge accounting	48,922	232	38,593	-152
Commodity derivates in cash flow hegdes	56,819	129,100	75,237	7,354
Total	**105,741**	**129,332**	**113,830**	**7,202**
thereof non-current	*56,819*	*129,100*	*75,237*	*7,354*
Equity and liabilities				
Currency derivates that do not qualify for hedge accounting	19,660	-114	3,820	–
Total	**19,660**	**-114**	**3,820**	**–**
thereof non-current	–	–	–	–

Forward exchange contracts for receivables and payables between consolidated companies in the amount of EUR 31,994k (prior year: EUR 28,079k) that have been eliminated in the consolidation also existed.

Commodity derivatives in cash flow hedges

Cash flow hedges exist to hedge future cash flows against product prices risks from future procurement transactions. The hedging relationship behind the cash flow hedges is determined prospectively on the basis of the critical term method. The fair value changes of the hedged item are determined on the basis of the hypothetical derivative method. On account of the good creditworthiness of the counterparties, the credit risk associated with the derivative contracts is considered insignificant. The ratio of the designated underlying to the hedging instrument is 100%, as the first procurement transaction of all expected procurement transactions is always hedged, the price for the stated future periods is fixed, and no proxy (approximation method) is used for the hedge.

The carrying amounts of the commodity derivatives in cash flow hedges, the designated part of the hedging instruments, and the changes in the market values of the underlyings are presented in the following table:

In EUR k	Commodity derivatives in cash flow hedges Nov. 30, 2022	Commodity derivatives in cash flow hedges Nov. 30, 2021
Derivative asset	129,100	7,354
Designated part of hedging instruments	100%	100%
Fair value change of hedged item	-163,965	-8,758

The commodity derivatives in cash flow hedges have terms between 36 and 49 months.

The earnings effect of the hedging transactions is generally reported in the same item of the income statement as the hedged underlying.

The following table shows the development of the other comprehensive income for the cash flow hedge reserve:

In EUR k	Procurement price risk 2022	Procurement price risk 2021
As of December 1	**5,255**	–
Change in unrealized gains/losses	163,965	8,758
Tax effects	-34,779	-2,099
Total comprehensive income	**129,186**	**6,659**
Reclassified to inventories	-42,219	-1,404
As of November 30	**92,222**	**5,255**

As of November 30, 2022, ineffective components of the commodity derivatives in cash flow hedges resulted in a net gain of EUR 0k (prior year: EUR 0k).

Financial Risks

Currency and interest rate risk

Forward exchange contracts and currency swaps are used to limit currency risks in operating activities. The sole risk exposure in connection with currency management relates to transaction risks. Due to their short maturity, Gerresheimer has not designated the currency derivatives used to hedge currency risks as hedging instruments.

Gains from derivative financial instruments of EUR 33k were recognized in net income in the financial year 2022 (prior year: EUR 330k).

Additionally, the Gerresheimer Group is exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing. If necessary, interest rate risks are contained by entering into interest rate swaps.

Maturity analysis

The liquidity risk to which the Gerresheimer Group is exposed lies in not being able to meet existing or future payment obligations due to insufficient availability of funds.

The following table shows the future, undiscounted, contractually agreed-upon payment obligations resulting from financial liabilities:

	Nov. 30, 2022			
In EUR k	Up to 1 year	1 to 5 years	Over 5 years	**Total**
Financial liabilities	559,043	696,325	33,389	1,288,757
thereof lease liabilities	*18,004*	*43,708*	*9,208*	*70,920*
Trade payables	356,789	–	–	356,789
Other financial liabilities	3,982	75	–	4,057
Payments	**919,814**	**696,400**	**33,389**	**1,649,603**

	Nov. 30, 2021			
In EUR k	Up to 1 year	1 to 5 years	Over 5 years	**Total**
Financial liabilities	447,571	670,189	55,506	1,173,266
thereof lease liabilities	*23,793*	*36,401*	*9,224*	*69,418*
Trade payables	284,253	506	–	284,759
Other financial liabilities	3,575	80	–	3,655
Payments	**735,399**	**670,775**	**55,506**	**1,461,680**

Sensitivity analyses

The market risks relevant to the Gerresheimer Group include currency and interest rate risk, as well as procurement risk (product price risk), particularly for energy and commodity prices.

The analyses and totals described and calculated below constitute reasonably possible hypothetical and prospective information that may vary due to unforeseen developments on financial markets and actual events.

Currency and interest rate risk

Had the euro increased by 10% against all currencies as of November 30, 2022, income before income taxes would have been EUR 586k lower (prior year: EUR 598k). Had the euro decreased by 10% against all currencies as of November 30, 2022, income before income taxes would have been EUR 1,719k higher (prior year: EUR 1,259k).

Interest rate risk is presented using sensitivity analyses. The interest rate sensitivity analyses are based on the following assumptions:

	Effect on income before income taxes	
In EUR k	**Nov. 30, 2022**	Nov. 30, 2021
Increase in market interest rate by 100 bps	-4,757	-838
Decrease in market interest rate by 100 bps	4,757	30

Procurement price risk

Gerresheimer additionally uses a variety of methods to minimize the risk from energy and commodity price volatility, including long-term fixed-price contracts with energy suppliers and stipulates price escalation clauses in some customer contracts.

	Recognized in accumulated other comprehensive income		Recognized in the income statement	
In EUR k	**Nov. 30, 2022**	Nov. 30, 2021	**2022**	2021
Increase in prices by EUR 10.00 (prior year: EUR 5.00)	12,016	7,956	3,895	–
Decrease in prices by EUR 10.00 (prior year: EUR 5.00)	-12,016	-7,956	-3,895	–

Other Disclosures

(33) Segment Information

Within the Gerresheimer Group, the Management Board of Gerresheimer AG, as the chief operating decision maker, allocates resources to the operating segments and assesses their performance. The boundaries of the segments and regions, as well as the key figures disclosed, are consistent with the internal management and reporting system.

The Gerresheimer Group is managed through strategic business units organized as divisions. The strategic business units are aggregated into reporting segments based on their specific production technologies and the materials we use in our products.

The Gerresheimer Group is divided into the three reportable divisions Plastics & Devices, Primary Packaging Glass, and Advanced Technologies.

Our product portfolio in the **Plastics & Devices Division** consists of complex, customer-specific products for simple and safe drug delivery, along with system packaging for liquid and solid medicines plus services.

In the **Primary Packaging Glass Division**, we produce primary glass packaging for the pharma and cosmetics industries, as well as special small-volume glass containers for the food and beverage industry.

The **Advanced Technologies Division** works on technical and digital solutions to improve the therapy outcome for patients. Advanced Technologies has a balanced development portfolio of micro pumps and autoinjectors for the subcutaneous administration of liquid drugs.

The effects of intra-group services of Gerresheimer AG, consolidation measures, and inter-segment reconciliations are presented in the segment reporting in the column “Corporate functions/consolidation.” The measurement principles for segment reporting are based on the IFRSs applied in the Consolidated Financial Statements.

Metrics of the segments

Segmental performance is assessed and calculated according to the following criteria:

› Intercompany revenues are measured using market conditions on an arm’s length basis. There were no revenues with key accounts amounting to more than 10% of Gerresheimer Group revenues, neither in the financial year 2022 nor in the prior year.
› Adjusted EBITDA represents a key financial performance indicator for the Gerresheimer Group but is not defined in International Financial Reporting Standards. Adjusted EBITDA is income before income taxes, financial result, amortization and impairment losses of fair value adjustments less capitalized cost components, depreciation and amortization, impairment losses, restructuring expenses, and exceptional income and expenses.
› Net working capital is defined as inventories plus trade receivables, contract assets, less contract liabilities and trade payables.
› Cash-effective capital expenditure comprises all payments for additions to intangible assets and property, plant and equipment.
› Non-current assets do not include financial instruments, deferred taxes, post-employment benefits, or rights arising from insurance contracts.

Segment Data by Division

In EUR k	Plastics & Devices 2022	Plastics & Devices 2021	Primary Packaging Glass 2022	Primary Packaging Glass 2021	Advanced Technologies 2022	Advanced Technologies 2021	Corporate functions/ consolidation 2022	Corporate functions/ consolidation 2021	Group 2022	Group 2021
Segment revenues	945,393	806,046	870,618	690,598	12,979	7,967	–	–	1,828,990	1,504,611
thereof intercompany revenues	*7,409*	*5,092*	*3,754*	*1,512*	*733*	–	*-11,896*	*-6,604*	–	–
Revenues with third parties	**937,984**	**800,954**	**866,864**	**689,086**	**12,246**	**7,967**	**–**	**–**	**1,817,094**	**1,498,007**
Adjusted EBITDA	232,088	204,040	161,652	142,574	-11,648	-14,695	-27,936	-25,605	354,156	306,314
Adjusted EBITDA margin in %	24.5	25.3	18.6	20.6	–	–	–	–	19.5	20.4
Net working capital	128,658	91,060	90,440	91,731	-413	-7,556	-3,515	-2,456	215,170	172,779
Cash-effective capital expenditure	107,524	83,537	114,516	109,445	18,966	9,489	493	1,155	241,499	203,626
Employees (average)	4,754	4,504	5,767	5,333	117	103	147	138	10,785	10,078

Key Indicators by Region

In EUR k	Germany 2022	Germany 2021	Other Europe 2022	Other Europe 2021	North America 2022	North America 2021	Emerging markets 2022	Emerging markets 2021	Other regions 2022	Other regions 2021	Group 2022	Group 2021
Revenues by location of the customer	329,359	288,058	687,938	560,488	519,602	417,070	230,659	194,606	49,536	37,785	1,817,094	1,498,007
Revenues by location of the company	685,476	581,781	390,259	322,705	468,029	381,624	273,330	211,897	–	–	1,817,094	1,498,007
Non-current assets	862,071	821,720	562,755	518,281	720,257	672,508	236,647	183,308	35	50	2,381,765	2,195,867
Employees (average)	3,779	3,650	2,399	2,351	1,104	1,047	3,503	3,030	–	–	10,785	10,078

Gerresheimer has defined the emerging markets for itself. This definition includes the highest-revenue emerging markets for Gerresheimer, Brazil, China, India, and Mexico.

Reconciliation from adjusted EBITDA to net income

In EUR k	2022	2021
Adjusted EBITDA	**354,156**	**306,314**
Depreciation/amortization and impairment losses	-126,833	-103,892
Adjusted EBITA	**227,323**	**202,422**
Exceptional income and expenses	-18,600	-18,922
Amortization and impairment losses of fair value adjustments	-39,410	-36,059
Operating income	**169,313**	**147,441**
Financial result	-28,502	-19,576
Income taxes	-38,620	-40,624
Net income	**102,191**	**87,241**

(34) Auditors' Fees

The auditor of the annual and Consolidated Financial Statements of Gerresheimer AG is Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf (Germany). The independent auditor's report is signed by German public auditor (Wirtschaftsprüfer) René Kadlubowski (since the financial year 2016) and German public auditor (Wirtschaftsprüfer) Dieter Peppekus (since the financial year 2021). René Kadlubowski is the German public auditor (Wirtschaftsprüfer) in charge.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft has been the auditor for Gerresheimer AG since the financial year 2009.

The following fees have been recognized as expense for services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft:

In EUR k	2022	2021
Audit fees	781	712
Other assurance services	80	74
Auditor fees	**861**	**786**

All services provided are consistent with the firm's work as the auditor of the annual financial statements and Consolidated Financial Statements of Gerresheimer AG. The fee for audit services provided by Deloitte GmbH Wirtschaftsprüfungsgesellschaft pertain to the audit of the Consolidated Financial Statements and the annual financial statements of Gerresheimer AG, as well as various annual financial statement audits at domestic subsidiaries.

Other assurance services include the audit of the non-financial statement and agreed-upon audit activities.

(35) Related-party Disclosures

In the course of our operating activities, we conduct business with legal entities and natural persons who are able to exert influence on Gerresheimer AG or its subsidiaries or are controlled or significantly influenced by Gerresheimer AG or its subsidiaries. All transactions are conducted at arm's length prices and conditions as between third parties.

Related parties include companies that are related parties of members of the Supervisory Board of Gerresheimer AG, non-consolidated companies and associated companies, and members of the Gerresheimer AG Supervisory Board and Management Board.

For information on the remuneration of the Management Board and the Supervisory Board, please refer to Note (36).

The table below shows transactions with related parties:

	2022		Nov. 30, 2022	
In EUR k	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	1,711	–	316	–
Associated companies	–	702	–	31
Non-consolidated companies	3,252	–	1,055	–
	4,963	**702**	**1,371**	**31**

	2021		Nov. 30, 2021	
In EUR k	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	2,335	–	363	–
Associated companies	–	534	–	2
Non-consolidated companies	1,513	–	343	–
	3,848	**534**	**706**	**2**

The transactions with companies that are related parties of members of the Supervisory Board of Gerresheimer AG relate to Vetter Pharma-Fertigung GmbH & Co. KG, Ravensburg (Germany).

The transactions with non-consolidated companies relate primarily to Gerresheimer respimetrix GmbH, Duesseldorf (Germany).

(36) Total Remuneration of the Members of the Supervisory Board and Management Board

In EUR k	2022	2021
Short-term employee benefits	4,754	3,788
Long-term benefits	1,060	189
Share-based payment	–	886
Total remuneration of the members of the Management Board	**5,814**	**4,863**

The provision for pensions for former members of the Management Board and their dependents stood at EUR 23,166k. Regular payments for pensions and other benefits amounted to EUR 1,402k.

The total remuneration of the members of the Supervisory Board includes annual fixed remuneration plus additional remuneration for committee work and an attendance fee, and totaled EUR 1,342k (prior year: EUR 1,508k).

(37) Corporate Governance

The Management Board and Supervisory Board of Gerresheimer AG adopted the Declaration of Compliance pursuant to § 161 AktG on September 8, 2022.

The declaration is available on the Company's website at www.gerresheimer.com/en/company/investor-relations/corporate-governance/statements-of-compliance.

(38) Subsequent Events

On November 30, 2022 Gerresheimer AG increased the revolving credit facility of EUR 150,000k with a term until July 1, 2025 by EUR 50,000k. The increase is valid from December 1, 2022.

Beyond that there were no further subsequent events after November 30, 2022, that are expected to have a material impact on the net assets position, financial position, or results of operations of the Gerresheimer Group.

Duesseldorf (Germany), February 6, 2023

Dietmar Siemssen   Dr. Bernd Metzner   Dr. Lukas Burkhardt

Additional Information

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group Combined Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Duesseldorf (Germany), February 6, 2023

Dietmar Siemssen   Dr. Bernd Metzner   Dr. Lukas Burkhardt

Independent Auditor's Report

To Gerresheimer AG, Düsseldorf/Germany

Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report

Audit Opinions

We have audited the consolidated financial statements of Gerresheimer AG, Düsseldorf/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at November 30, 2022, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from December 1, 2021 to November 30, 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Gerresheimer AG, Düsseldorf/Germany, for the financial year from December 1, 2021 to November 30, 2022. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the further reporting on corporate governance, included in section "Corporate Governance Statement" of the combined management report, nor the content of the separate consolidated non-financial report pursuant to Sections 315b and 315c HGB, which is referenced in section "Corporate Responsibility and Sustainability at Gerresheimer" of the combined management report.

In our opinion, on the basis of the knowledge obtained in the audit,

› the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at November 30, 2022 and of its financial performance for the financial year from December 1, 2021 to November 30, 2022, and
› the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned combined corporate governance statement, including the further reporting on corporate governance, nor of the separate consolidated non-financial report, which is referenced in the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from December 1, 2021 to November 30, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

❶ Recoverability of goodwill and technologies

❷ Deferred taxes on deductible temporary valuation differences and on loss carryforwards

Our presentation of these key audit matters has been structured as follows:

ⓐ description (including reference to corresponding information in the consolidated financial statements)

ⓑ auditor's response

❶ Recoverability of goodwill and technologies

ⓐ In the consolidated financial statements of Gerresheimer AG, goodwill totaling mEUR 684.8 (20.1% of the balance sheet total), and technologies, which are amortized, totaling mEUR 220.7 (6.5% of the balance sheet total) are disclosed under the balance sheet item "intangible fixed assets". Goodwill and technologies are allocated to respective cash-generating units.

These cash-generating units are tested for impairment at least annually or on specific occasions (impairment tests), with the carrying amounts of the cash-generating units being compared with the respective recoverable amount. The recoverable amount is determined based on the value in use. For this purpose, the planned future cash inflows (cash flows) are discounted (DCF method). The cash flow forecasts are based on the corporate planning for the next five years approved by the executive board, taken note of by the supervisory board, and valid at the time the impairment test is conducted, which is written forward with assumptions concerning long-term growth rates (perpetuity), also taking into account expectations concerning the future market trend, and country-related assumptions concerning the trends of macroeconomic variables. A major value driver for the technologies is their assumed residual useful life. The beta factor used for determining weighted capital costs is derived from the capital market data of a group of comparable entities.

Since the result of these measurements depends to a large extent on the executive board's assumptions regarding the future development and its assessment of the future cash flows and of the discount factors used which has been made on this basis, and thus involves a high degree of uncertainty, this was a key audit matter.

The executive board's disclosures on goodwill and technologies are included in notes 6 and 16 of the notes to the consolidated financial statements.

ⓑ As part of our audit, we verified, among other things, the methodical procedure for performing the impairment tests, assessed the determination of weighted capital costs, and assessed, calling in our valuation experts, the method of computing the impairment test. For the purpose of risk assessment, we gained an insight into adherence to planning in the past, and assessed to what extent the impairment tests had been influenced by subjectivity, complexity and other inherent risk factors. We reconciled the future cash flows used for valuation purposes with the 5 year planning prepared by the executive board and taken note of by the supervisory board, as well as obtained from the executive board information about the material assumptions underlying this planning, and reviewed the assumptions made for reasonableness. For this purpose, we reconciled, among others, the assumptions with macroeconomic and industry-related market expectations. Furthermore, we examined whether the planning was consistently derived from the assumptions. Especially the growth rates (perpetuity) assumed for the phase after the detailed planning period, which have a great influence on the measurement, were reviewed with professional skepticism. Our procedure in respect of the cash-generating unit Sensile Medical was analogous to the procedure in respect of the scenario planning submitted concerning the assumed useful life of 24 years of the technologies, assessing the potential scenarios assumed by the executive board, and the estimated probabilities of their occurrence in determining the value in use. For this purpose, we could also rely on evidence of the prior year's audit. Our audit also covered auditing whether costs for group functions have appropriately been taken into account in the impairment tests of the respective cash-generating units.

Knowing that even relatively minor changes in the respective discount factor used may have major effects on the amount of the recoverable amount determined, calling in our valuation experts, we intensively dealt with the parameters used in determining the discount factors used. Furthermore, we performed supplementary own sensitivity analyses on account of the material importance of the goodwill and of the technologies for the Group's financial performance in order to be able to assess a potential impairment risk in the event of a potential change in one of the major assumptions underlying the measurement. We traced the computation schemes applied. Finally, we audited the completeness and appropriateness of the disclosures in the notes to the consolidated financial statements required to be made under IAS 36.

2 Deferred taxes on deductible temporary valuation differences and on loss carryforwards

ⓐ In the consolidated financial statements of Gerresheimer AG, deferred tax assets totaling mEUR 6.5 net of deferred tax liabilities (before netting mEUR 56.8; of which mEUR 19.0 related to tax loss carryforwards) are disclosed in the consolidated balance sheet. No deferred tax assets were recognized for tax loss carryforwards totaling mEUR 122.6, because these are not expected to be realized within the next five years. The tax planning is based on the corporate planning approved by the executive board and taken note of by the supervisory board.

From our point of view, the deferred tax assets were of most significance, because the corporate planning, as the basis of deferred tax asset recoverability, is to a large extent dependent on the assessment and the assumptions of the executive board, and therefore involves a high degree of uncertainty.

The Company's disclosures on deferred taxes are included in notes 6 and 14 of the notes to the consolidated financial statements.

ⓑ As part of our audit, we verified, calling in our tax experts, the recognition and measurement of deferred taxes. We evaluated the recoverability of deferred tax assets related to deductible differences and loss carryforwards on the basis of the corporate planning and internal forecasts of the Company concerning the future tax income situation of the respective Company, and assessed the appropriateness of the assumptions used. We traced the reconciliation to the tax result by means of supporting evidence, calling in our tax expert. Furthermore, we audited the computational accuracy of the reconciliation. In addition, we audited the completeness and appropriateness of the disclosures in the notes to the consolidated financial statements required to be made under IAS 12.

Other Information

The executive board and the supervisory board are responsible for the other information. The other information comprises

- the report of the supervisory board,
- the separate consolidated non-financial report which is referenced in the combined management report,
- the combined corporate governance statement, including the further reporting on corporate governance, included in the combined management report,
- The executive board's confirmation pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, respectively, regarding the consolidated financial statements and the combined management report, and
- all other parts of the annual report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board. The executive board and the supervisory board are responsible for the declaration on the German Corporate Governance Code according to Section 161 German Stock Corporation Act (AktG), which is part of the corporate governance statement included in the combined management report. Apart from that, the executive board is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information stated above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Board and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive board is responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

› identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. 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 controls.
› obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
› evaluate the appropriateness of accounting policies used by the executive board and the reasonableness of estimates made by the executive board and related disclosures.
› conclude on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
› evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value 407AB6CEE7D4719D 673BA6EEDBC6A7EF9D739EFE9ED221C6EF1D1E423D32A344 meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from December 1, 2021 to November 30, 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Board and the Supervisory Board for the ESEF Documents

The executive board of the parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive board of the parent is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit.
We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on June 8, 2022. We were engaged by the supervisory board on September 8, 2022. We have been the group auditor of Gerresheimer AG, Düsseldorf/Germany, without interruption since the financial year 2008/2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is René Kadlubowski.

Düsseldorf/Germany, February 6, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
René Kadlubowski	Dieter Peppekus
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Compensation Report

This Compensation Report presents the main principles of the remuneration system of the Gerresheimer AG Management Board and Supervisory Board. In addition, the report also outlines the remuneration granted and owed in the financial year 2022 to each current and former member of the Management Board and Supervisory Board. The report complies with the requirements of the German Stock Corporation Act (Aktiengesetz, AktG). Detailed information on the remuneration systems for members of the Gerresheimer AG Management Board and the Supervisory Board is available on the website at www.gerresheimer.com/en/company/investor-relations/corporate-governance.

For reasons of readability, the masculine form is used when referring to positions in this report and is representative of persons of any gender.

Remuneration for Members of the Management Board

Principles, structure, and components

The current remuneration system was approved by the Annual General Meeting on June 9, 2021, by a majority of 90.4%. It has applied to the current members of the Management Board since December 1, 2021. The system creates incentives for a successful implementation of the Group strategy and the long-term development of the Gerresheimer Group, in accordance with the German Stock Corporation Act and the recommendations of the German Corporate Governance Code (GCGC), as amended on December 16, 2019. The Supervisory Board also aims to structure Management Board remuneration in such a manner as to ensure that it is market-oriented and competitive, so that Gerresheimer AG can attract competent and dynamic Management Board members. The appropriateness of the remuneration system has been confirmed by Korn Ferry, an independent, external remuneration advisor.

Overall remuneration for members of the Management Board is made up of non-performance-based and performance-based components. The performance-based component consists of a short-term, one-year element and long-term, multi-year remuneration. The Presiding Committee of the Supervisory Board, which, as of November 30, 2022, comprised the Chairman of the Supervisory Board, Dr. Axel Herberg; the Deputy Chairman, Francesco Grioli; Markus Rocholz; and Dr. Peter Noé sets annual targets for the total remuneration of the individual members of the Management Board prior to or at the start of the financial year. The remuneration components are explained in further detail in this report.

When setting targets for performance-based remuneration, the Supervisory Board may take into consideration extraordinary events over the course of the year that have an effect on the global economy, such as economic or healthcare crises. The Supervisory Board will report on such adjustments fully and transparently.

In the financial year 2022, the Supervisory Board had no reason to exercise its authority to withhold or reclaim variable remuneration components.

Members of the Management Board also have directors and officers insurance, which includes a deductible in accordance with § 93 (2) Sentence 3 AktG.

If members of the Management Board take on Supervisory Board or other mandates at Gerresheimer AG subsidiaries or affiliated companies thereof, no separate remuneration will be granted for said mandates.

Non-performance-based remuneration

Basic salary

Each member of the Management Board receives a fixed basic salary paid in twelve equal monthly installments.

Fringe benefits

Members of the Management Board receive various non-cash fringe benefits, including contributions to group accident insurance and a company car that is also available for personal use.

Pension contribution

In place of a company pension, current members of the Management Board receive a pension contribution in the form of an annual cash amount to be used at their free disposal for their private pension provision. This pension contribution amounts to 30% of the respective basic salary. It is paid in twelve equal monthly installments, together with the basic salary.

Based on the remuneration system that applied until November 30, 2021, the pension contribution amount in the financial year 2021 consisted of a basic pension contribution and a supplementary pension contribution. The basic pension contribution was 20% of the basic salary. The supplementary pension contribution was 20% of the short-term variable remuneration for the financial year. The payment was made after the end of the financial year 2021, together with the payment of performance-based remuneration.

Performance-based remuneration

Short-term variable remuneration (short-term incentive, STI)

Short-term variable remuneration (short-term incentive, STI) is linked to the level of achievement of operating and sustainability-related targets set by the Supervisory Board. Those targets are derived from the corporate planning approved by the Supervisory Board. The financial targets refer to differently weighted key performance indicators in the Gerresheimer Group's financial performance system: Revenues (weighting: 20%), adjusted EBITDA (weighting: 65%), and net working capital (weighting: 15%). The net working capital target component is calculated as average net working capital as a percentage of revenues.

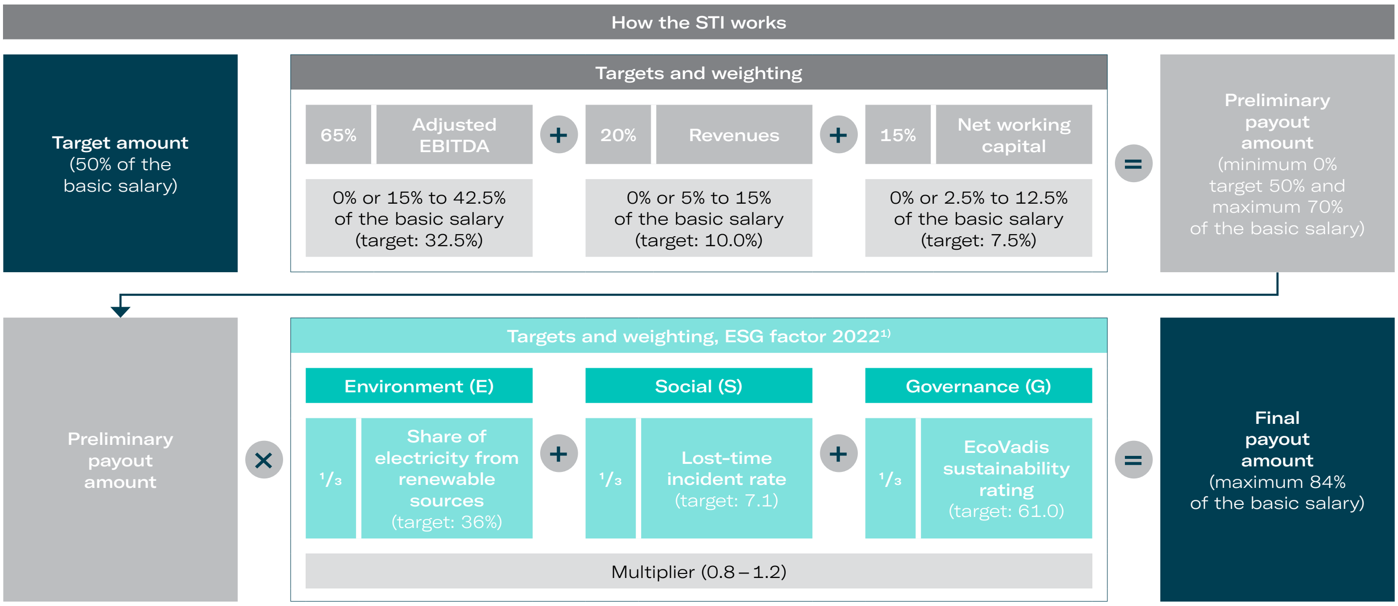
When all financial target values are achieved, the preliminary payout amount is 50% of the basic salary. The preliminary payout amount is capped at 70% of the basic salary.

Achievement of financial targets is calculated on the basis of actual currency-adjusted figures derived from the audited Consolidated Financial Statements.

The sustainability-related targets are derived from equally weighted key performance indicators in the areas of environment (environmental protection), social (social components), and governance (sustainable corporate management). These targets are taken from the sustainability strategy of the Gerresheimer Group: Share of electricity from renewable sources (environment), number of occupational accidents per 1 million work hours (lost-time incident rate, social), and the sustainability ranking by EcoVadis, a leading provider of sustainability ratings (governance). The sustainability-related targets are linked to the operating targets through the ESG factor; the preliminary payout amount for the operating targets is multiplied by the ESG factor. The ESG factor is calculated on the basis of the level of achievement of the three ESG targets and is between 0.8 and 1.2.

The final payout amount is capped at 84% of the basic salary.

The STI works as follows:



[1] The ESG targets are selected annually by the Supervisory Board from a list of proposals; operationalization takes place before the start of the financial year, system first applied in 2021 for the financial year 2022.

The following table shows target achievement of individual STI components in the financial year 2022:

STI component	Weighting	2022 target	2022 actual	**2022 target achievement**
Operating targets				
Adjusted EBITDA[1] (currency-adjusted)	65%	EUR 330m	EUR 338m	102.5%
Revenues[1] (currency-adjusted)	20%	EUR 1,637m	EUR 1,738m	106.2%
Net working capital (currency-adjusted)	15%	19.7%	18.9%	104.1%
ESG factor				
Share of electricity from renewable sources	1/3	36.0%	35.5%	98.6%
Lost-time incident rate	1/3	7.10	7.49	94.8%
EcoVadis sustainability rating	1/3	61.0	68.0	111.5%

[1] All changes in percent were calculated on a thousand-euro basis. Slight deviations may therefore occur when stating figures in millions of euros in the table.

Based on the target achievement of the individual STI components in the financial year 2022, the preliminary payout amount is 64.1% of basic salary and the ESG factor is 0.98. As a result, the payout amount for the short-term performance-based remuneration equates to 62.9% of the basic salary. The amounts attributable to individual members of the Management Board are listed in the table in the “Remuneration of current Management Board members” section.

The 2022 STI is paid out in the month after the approval of the Consolidated Financial Statements on the basis of which the STI target achievement is calculated.

Under the remuneration system that applied until November 30, 2021, the STI was linked to the level of achievement of annual targets agreed in each member’s employment contract. Those targets were derived from the corporate planning approved by the Supervisory Board. The targets referred to differently weighted key performance indicators in the Gerresheimer Group’s financial performance system: Revenues, adjusted EBITDA, and net working capital. The net working capital target component is calculated as average net working capital as a percentage of revenues. If all targets were met, short-term variable remuneration amounted to 50% of the basic salary. It was capped at 70% of the individual basic salary and was paid out in the subsequent year following the approval of the Consolidated Financial Statements by the Supervisory Board.

The 2021 STI was paid out in February 2022. The amounts attributable to individual members of the Management Board are listed in the table in the “Remuneration of current Management Board members” section.

Long-term variable remuneration (long-term incentive, LTI)

LTI program from the financial year 2022 on

Target achievement under the agreement on long-term variable remuneration (long-term incentive, LTI) that has applied since December 1, 2021, is linked to the level of achievement of the strategic targets defined prior to the term of the respective LTI tranche — organic revenue growth rate (weighting: 75%) and adjusted earnings per share (weighting: 25%) — over a period of four years. Those targets are derived from the operating and strategic corporate planning approved by the Supervisory Board. Target achievement for each strategic target is calculated on an annual basis.

At the end of the four-year period, the arithmetic mean of the four levels of target achievements for each of the specific year is calculated for the organic revenue growth rate target figure. If the average value of organic revenue growth lies between the minimum and maximum value at the end of the four-year period, the preliminary payout amount is between 30% (minimum) and 90% (maximum) of the basic salary, with values between these upper and lower bounds interpolated linearly. A value lower than the minimum means that target achievement for this target figure is 0%. If target achievement exceeds the maximum, the preliminary payout amount for this target component is not increased any further.

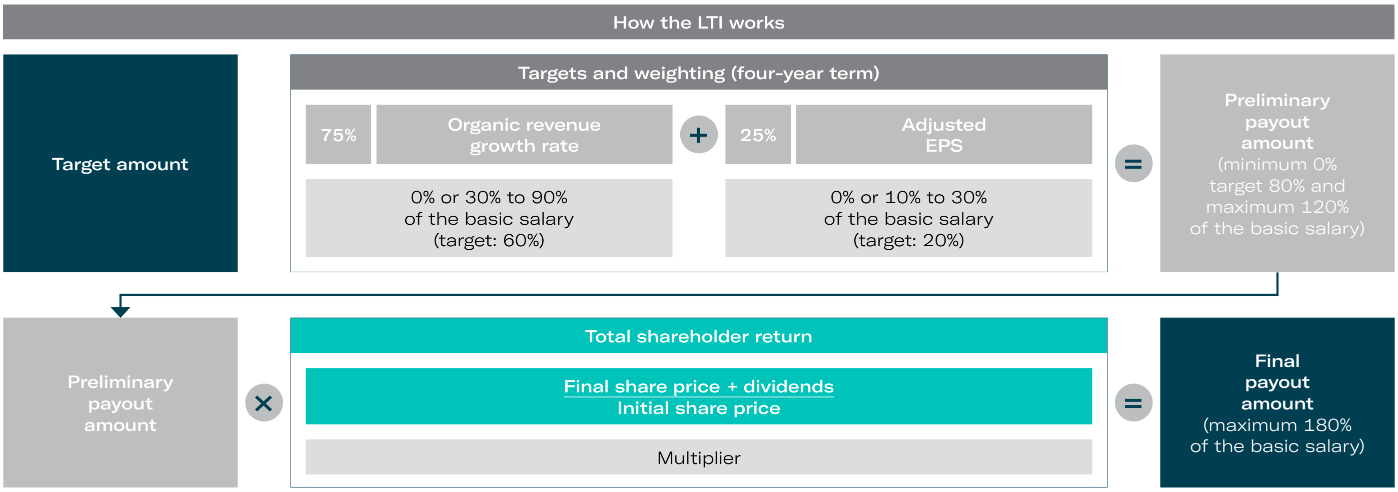
The adjusted earnings per share (adjusted EPS) target figure is adjusted earnings per share attributable to the shareholders of Gerresheimer AG, based on 31.4m shares (as of November 30, 2022). The effects adjusted when calculating this indicator are the same as those used as a basis for adjusted EBITDA. One-off items that have no negative impact on operating earnings, such as the outcomes of tax audits, are also accounted for in this calculation. At the end of the four-year period, the total of the adjusted EPS reported in the relevant Consolidated Financial Statements is calculated for the adjusted EPS target figure. If the total adjusted EPS lies between the minimum (90%) and maximum value (110%) at the end of the four-year period, the preliminary payout amount is between 10% (minimum) and 30% (maximum) of the basic salary, with values between these upper and lower bounds interpolated linearly. A value lower than the minimum means that target achievement for this target figure is 0%. If target achievement exceeds the maximum, the preliminary payout amount for this target component is not increased any further.

If the targets are achieved (100%) for both of these target figures, the preliminary payout amount is 80% of the basic salary and is capped at 120% of the basic salary.

The preliminary payout amount is multiplied by the TSR multiplier. The TSR multiplier is derived from total shareholder return (TSR) as a ratio of the average XETRA[1] closing price of Gerresheimer AG stock for the 30 trading days prior to the end of the respective four-year LTI period (final share price), plus the total dividend payments per Gerresheimer AG share paid out in the respective four-year LTI period (dividends) and the average XETRA closing price of Gerresheimer AG stock during the 30 trading days prior to the start of the respective four-year LTI period (initial share price). The TSR therefore reflects the development of the Gerresheimer stock over the four-year period and takes into consideration both actual price performance and the dividends paid out in the period.

The final payout amount for an LTI tranche is capped at 180% of the basic salary.

The LTI works as follows:



[1] XETRA is the reference market for stock-market trading of German stock and a trading platform of Deutsche Börse AG.

The payment of each due LTI tranche is made in the month after the approval of the Consolidated Financial Statements for the final year of the four-year period and after the Supervisory Board calculates target achievement. The 2022 LTI tranche (2022 – 2025) has not yet been fully earned in the financial year 2022.

LTI program until the financial year 2021

Under the remuneration system in place until November 30, 2021, the LTI program incentivized the achievement of the targets derived from operating and strategic corporate planning for the key figures for the Gerresheimer Group — organic revenue growth and Gx ROCE, each of which carrying an equal weighting of 20% — over a period of three years. Return on capital, Gx ROCE, is a key measure of capital efficiency that is used to manage efficient resource allocation. Gx ROCE is calculated as the ratio of adjusted EBITA to average capital employed. Capital employed is calculated as equity plus interest-bearing debt less cash and cash equivalents.

At the end of the three-year period, the arithmetic mean level of target achievement in the respective year is calculated separately for each of the two target figures. Target achievement is calculated on a step-by-step basis according to the level of target achievement. If the average organic revenue growth figure achieved at the end of the three-year period is lower than 2%, target achievement is 0%. Target achievement of 100% requires an average figure of between 4% and 5%, in which case the payout amount is 20% of the basic salary. The maximum level of target achievement, 137.5%, is attained through average organic revenue growth of at least 6%, in which case the payout amount is 27.5% of the basic salary. The range of target achievement for Gx ROCE is between a value that is less than -3.5 percentage points (target achievement: 0%) and greater than 1.5 percentage points (target achievement: 137.5%) Target achievement of 100% is achieved when the average figure deviates by +/- 0.5 percentage points from the target value, in which case the payout amount is 20% of the basic salary. The maximum payout amount for the Gx ROCE target figure is 27.5% of the basic salary, at target achievement of 137.5%. The payout amount for the 2020 and 2021 LTI tranches cannot exceed 55% of the basic salary of the base year.

On the basis of the target achievement for the two target figures of the 2020 LTI tranche, the payout amount after the end of the three-year period amounts to 47.5% of the basic salary. The amounts attributable to individual members of the Management Board are listed in the table in the “Remuneration of current Management Board members” section. The payout is made in the month after the approval of the Consolidated Financial Statements 2022.

The key figures of the current LTI tranches are shown in the following tables:

2022 LTI (2022 – 2025)	2022	2023	2024	2025	Target value (100%)
Initial share price of Gerresheimer AG EUR 79.8 per share					
Organic revenue growth rate (average)	16.2%	–	–	–	6.5%
Adjusted earnings per share[1] in euros (currency-adjusted, cumulative)	4.47	–	–	–	22.31
Dividend payments per share in euros (paid out)	1.25	–	–	–	

[1] Adjusted earnings per share, attributable to shareholders of Gerresheimer AG, based on 31.4m shares.

2021 LTI (2021 – 2023)	2021	2022	2023	Average target value
Organic revenue growth rate	7.4%	16.2%	–	11.8%
Gx ROCE (currency-adjusted)	11.8%	11.3%	–	11.6%

2020 LTI (2020 – 2022)	2020	2021	2022	Average target value	Target achievement
Organic revenue growth rate	2.6%	7.4%	16.2%	8.7%	137.5%
Gx ROCE (currency-adjusted)	11.5%	11.5%	11.0%	11.3%	100.0%

Long-term share-based variable remuneration (phantom stocks)

Under the remuneration system that applied until November 30, 2021, the members of the Management Board were entitled to phantom stocks as a form of long-term variable remuneration. Phantom stocks entitlements are the right to receive a cash payment that can be claimed within two years of the end of a five-year vesting period, subject to the performance of virtual Gerresheimer stock as defined in the target.

The entitlements were granted for each year of Management Board service up to the financial year 2021. Phantom stocks entitlements were issued and granted around one month after the Annual General Meeting for the prior financial year. The issue price of the annual entitlement (annual tranche) was determined on the basis of the closing price of the Gerresheimer stock. The valuation of the entitlements in the years until they are exercised is based on a recognized option pricing model (binomial model).

Target achievement for the entitlement from the respective annual tranche is determined on the basis of the development of the Gerresheimer stock (price performance) or the percentage increase in value of the Gerresheimer stock compared to the MDAX (MDAX outperformance). The MDAX is a German mid-cap share index to which Gerresheimer also belongs. The target corridor for the price performance target is between 20% and 40% of the increase in value of the corresponding annual tranche compared to the respective issue price. If the target value is within this corridor, the payment entitlement is a minimum of 40% and a maximum of 80% of the basic salary at the time of issuance. Linear interpolation is used between the values. The MDAX outperformance target is achieved if the price of the Gerresheimer stock outperforms the MDAX in the defined period. If this is the case, the payment entitlement is 40% of the basic salary.

The key figures for the respective tranches of phantom stocks for current members of the Management Board are as follows:

	Phantom stocks entitlement	Issue price in euros per share	Issue date	End of the vesting period	Exercise period	**Fair value in EUR k Nov. 30, 2022**	Fair value in EUR k Nov. 30, 2021
Dietmar Siemssen	2019 tranche	66.78	July 22, 2019	July 22, 2024	July 23, 2024 – July 22, 2026	620	697
	2020 tranche	92.31	Aug. 6, 2020	Aug. 6, 2025	Aug. 7, 2025 – Aug. 6, 2027	458	495
	2021 tranche	92.57	July 22, 2021	July 22, 2026	July 23, 2026 – July 22, 2028	494	534
	Total					**1,572**	**1,726**
Dr. Lukas Burkhardt	2018 tranche	67.42	June 11, 2018	June 11, 2023	June 12, 2023 – June 11, 2025	351	443
	2019 tranche	66.78	July 22, 2019	July 22, 2024	July 23, 2024 – July 22, 2026	372	418
	2020 tranche	92.31	Aug. 6, 2020	Aug. 6, 2025	Aug. 7, 2025 – Aug. 6, 2027	308	333
	2021 tranche	92.57	July 22, 2021	July 22, 2026	July 23, 2026 – July 22, 2028	301	326
	Total					**1,332**	**1,520**
Dr. Bernd Metzner	2019 tranche[1]	66.78	July 22, 2019	July 22, 2024	July 23, 2024 – July 22, 2026	226	255
	2020 tranche	92.31	Aug. 6, 2020	Aug. 6, 2025	Aug. 7, 2025 – Aug. 6, 2027	308	333
	2021 tranche	92.57	July 22, 2021	July 22, 2026	July 23, 2026 – July 22, 2028	301	326
	Total					**835**	**884**

[1] Dr. Bernd Metzner has a partial entitlement to the 2019 tranche on a pro rata basis for 6.5 months due to him joining Gerresheimer during the year.

No payouts were made in the financial year 2022 for the 2018 to 2021 annual tranches of phantom stocks entitlements, as the corresponding vesting periods had not yet ended.

The payouts of the phantom stocks tranches attributable to individual former members of the Management Board in the financial years 2022 and 2021 are shown in the tables in the "Remuneration of former Management Board members" section.

Granted and owed remuneration

Remuneration of current Management Board members

The following tables show the remuneration granted and owed to each of the current members of the Management Board pursuant to § 162 (1) Sentence 1 AktG for the respective financial year. In order to present the individual remuneration components in the reporting period transparently, both the actual remuneration received in a financial year and the remuneration earned in the financial year on a voluntary basis are shown. Earned remuneration includes all amounts that the individual members of the Management Board have earned in the respective reporting year in return for their service as members of the Management Board, even if these amounts have not yet fallen due or been received. Received remuneration includes the amounts paid out in the reporting year.

Dietmar Siemssen Chief Executive Officer	Earned remuneration				Received remuneration			
	2022 In EUR k	In %	2021 In EUR k	In %	**2022** In EUR k	In %	2021 In EUR k	In %
Basic salary	1,108	42.6	1,050	45.3	1,108	41.4	1,050	61.5
Fringe benefits	10	0.4	10	0.4	10	0.4	10	0.6
Pension contribution[1]	332	12.8	315	13.6	644	24.1	262	15.4
Non-performance-based remuneration	**1,450**	**55.7**	**1,375**	**59.4**	**1,762**	**65.8**	**1,322**	**77.5**
STI[2]	697	26.8	537	23.2	511	19.1	352	20.6
2018 LTI tranche (2018 – 2020)	–	–	–	–	–	–	32	1.9
2019 LTI tranche (2019 – 2021)[3]	–	–	404	17.4	404	15.1	–	–
2020 LTI tranche (2020 – 2022)[3]	455	17.4	–	–	–	–	–	–
Performance-based remuneration	**1,152**	**44.3**	**941**	**40.6**	**915**	**34.2**	**384**	**22.5**
Total remuneration	**2,602**	**100.0**	**2,316**	**100.0**	**2,677**	**100.0**	**1,706**	**100.0**
Maximum remuneration as defined in § 87a (1) Sentence 2 No. 1 AktG	**5,000**							

[1] The amounts reported for the prior year include a performance-related remuneration component.
[2] The payout is made in the month after the approval of the Consolidated Financial Statements on which STI target achievement is based. Amount paid out in the subsequent financial year. The STI received in the financial year 2022 is based on target achievement in the financial year 2021.
[3] The LTI is earned on a pro rata basis over a period of multiple years and paid out at the end of this period depending on the level of target achievement. For the financial year 2021, this means that the 2019 LTI for the period from 2019 to 2021 was fully earned at the end of the financial year and paid out in the financial year 2022 in consideration of the level of target achievement. The 2020 LTI was earned in the period from 2020 to 2022 and will be paid out in the financial year 2023.

Dr. Lukas Burkhardt Primary Packaging Glass	Earned remuneration				Received remuneration			
	2022 In EUR k	In %	2021 In EUR k	In %	**2022** In EUR k	In %	2021 In EUR k	In %
Basic salary	677	42.1	640	45.6	677	41.7	640	53.2
Fringe benefits	–	–	–	–	–	–	–	–
Pension contribution[1]	203	12.6	192	13.7	393	24.2	173	14.4
Non-performance-based remuneration	**880**	**54.8**	**832**	**59.3**	**1,070**	**65.9**	**813**	**67.6**
STI[2]	426	26.5	327	23.3	311	19.2	233	19.4
2018 LTI tranche (2018 – 2020)	–	–	–	–	–	–	157	13.1
2019 LTI tranche (2019 – 2021)[3]	–	–	243	17.3	243	15.0	–	–
2020 LTI tranche (2020 – 2022)[3]	301	18.7	–	–		–	–	–
Performance-based remuneration	**727**	**45.2**	**570**	**40.7**	**554**	**34.1**	**390**	**32.4**
Total remuneration	**1,607**	**100.0**	**1,402**	**100.0**	**1,624**	**100.0**	**1,203**	**100.0**
Maximum remuneration as defined in § 87a (1) Sentence 2 No. 1 AktG	**4,000**							

[1] The amounts reported for the prior year include a performance-related remuneration component.
[2] The payout is made in the month after the approval of the Consolidated Financial Statements on which STI target achievement is based. Amount paid out in the subsequent financial year. The STI received in the financial year 2022 is based on target achievement in the financial year 2021.
[3] The LTI is earned on a pro rata basis over a period of multiple years and paid out at the end of this period depending on the level of target achievement. For the financial year 2021, this means that the 2019 LTI for the period from 2019 to 2021 was fully earned at the end of the financial year and paid out in the financial year 2022 in consideration of the level of target achievement. The 2020 LTI was earned in the period from 2020 to 2022 and will be paid out in the financial year 2023.

Dr. Bernd Metzner Chief Financial Officer	Earned remuneration				Received remuneration			
	2022 In EUR k	In %	2021 In EUR k	In %	**2022** In EUR k	In %	2021 In EUR k	In %
Basic salary	671	41.8	651	48.8	671	43.7	651	61.0
Fringe benefits	7	0.4	7	0.5	6	0.4	7	0.7
Pension contribution[1]	201	12.5	195	14.6	394	25.7	175	16.4
Non-performance-based remuneration	**879**	**54.8**	**853**	**64.0**	**1,071**	**69.8**	**833**	**78.0**
STI[2]	422	26.3	333	25.0	316	20.6	235	22.0
2019 LTI tranche (2019 – 2021)[3]	–	–	147	11.0	147	9.6	–	–
2020 LTI tranche (2020 – 2022)[3]	304	18.9	–	–	–	–	–	–
Performance-based remuneration	**726**	**45.2**	**480**	**36.0**	**463**	**30.2**	**235**	**22.0**
Total remuneration	**1,605**	**100.0**	**1,333**	**100.0**	**1,534**	**100.0**	**1,068**	**100.0**
Maximum remuneration as defined in § 87a (1) Sentence 2 No. 1 AktG	**4,000**							

[1] The amounts reported for the prior year include a performance-related remuneration component.
[2] The payout is made in the month after the approval of the Consolidated Financial Statements on which STI target achievement is based. Amount paid out in the subsequent financial year. The STI received in the financial year 2022 is based on target achievement in the financial year 2021.
[3] The LTI is earned on a pro rata basis over a period of multiple years and paid out at the end of this period depending on the level of target achievement. For the financial year 2021, this means that the 2019 LTI for the period from 2019 to 2021 was fully earned at the end of the financial year and paid out in the financial year 2022 in consideration of the level of target achievement. The 2020 LTI was earned in the period from 2020 to 2022 and will be paid out in the financial year 2023.

Remuneration of former Management Board members

The following table shows the remuneration granted and owed to former members of the Management Board that was received in the respective financial year. The total remuneration of former members of the Management Board amounted to EUR 187k in the financial year 2022 (prior year: EUR 1,353k). All remuneration components listed in the table are fully performance-based (100.0%). The remuneration of former Management Board members does not include any non-performance-based remuneration (0.0%).

In EUR k	Remuneration components	**2022**	2021
Rainer Beaujean (until Apr. 30, 2019)	2019 LTI tranche (2019 – 2021)	117	–
	2018 LTI tranche (2018 – 2020)	–	195
	Phantom stocks	–	434
Uwe Röhrhoff (until Aug. 31, 2017)	Phantom stocks	–	530
Andreas Schütte (until Feb. 28, 2019)	2019 LTI tranche (2019 – 2021)	70	–
	2018 LTI tranche (2018 – 2020)	–	194
Total variable remuneration		**187**	**1,353**

The development of pension entitlements to and payouts received by former members of the Management Board in the respective financial year are shown in the following table:

	Pension payments		Present value of the defined benefit obligation [1]		Fair value plan assets [1]		Net defined benefit obligation [1]	
In EUR k	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Rainer Beaujean (until Apr. 30, 2019)	–	–	1,376	2,125	–	–	1,376	2,125
Uwe Röhrhoff (until Aug. 31, 2017)	–	–	4,880	6,547	2,367	3,206	2,513	3,341
Andreas Schütte (until Feb. 28, 2019)	–	–	2,946	3,952	1,713	2,421	1,233	1,531
Hans-Jürgen Wiecha (until Jan. 31, 2013)	–	–	2,069	2,767	983	1,325	1,086	1,442
Other former Management Board members	1,402	1,336	21,051	24,708	4,093	4,710	16,958	19,998
Total	**1,402**	**1,336**	**32,322**	**40,099**	**9,156**	**11,662**	**23,166**	**28,437**

[1] These values have been calculated according to the International Financial Reporting Standards (IFRS).

In accordance with § 162 (5) AktG, personal information relating to former members of the Management Board is not published here if said members stepped down from the Management Board prior to November 30, 2012.

Benefits at the end of a Management Board contract

Termination benefits

In the event of premature termination of a Management Board member's contract other than for cause, payments to said member are limited to two times the member's annual remuneration and may not exceed the annual remuneration for the remaining term of the employment contract. The annual remuneration used to calculate the severance payment is twice the basic salary.

Change of control

In the event of a change of control, Management Board members have, until December 31, 2023, a special one-time right to terminate their contracts with six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained — or, were it not for gross negligence, would have gained — knowledge of the change of control. Furthermore, the special right of termination only applies if, at the date notice is given, the contract has a remaining term of at least nine months or more. If the special right of termination is exercised by the members of the Management Board, the Company is obliged to pay the member termination benefits amounting to three times the member's annual remuneration, less payments made during the notice period. Annual remuneration is defined as double the respective basic salary excluding variable components.

Remuneration for Members of the Supervisory Board

Supervisory Board remuneration is governed by § 14 of Gerresheimer AG's Articles of Association. In addition to reimbursement of expenses and an attendance allowance of EUR 2k per meeting day, each member of the Supervisory Board receives fixed annual remuneration of EUR 70k. The fixed annual remuneration of the chairperson of the Supervisory Board is EUR 175k and that of the deputy chairperson is EUR 105k. Members of the Supervisory Board also receive fixed remuneration for chairing or serving on committees, which is also set out in § 14 of the Articles of Association of Gerresheimer AG. Fixed remuneration is considered to have been granted, as the relevant service has been performed by November 30, 2022, and the remuneration has therefore been fundamentally earned. Supervisory Board remuneration does not include performance-based components.

Supervisory Board and committee members who belonged to the Supervisory Board or a committee for only part of the financial year receive remuneration pro rata temporis.

The annual fixed remuneration and the additional remuneration for committee work falls due for payment at the end of the Annual General Meeting at which a resolution is adopted on formal approval of the actions of the members of the Supervisory Board for the financial year in question. Attendance allowances are paid out immediately after the respective meeting.

Granted and owed Supervisory Board remuneration in the financial year 2022 was distributed among individual members as follows:

In EUR	Period of membership	Fixed remuneration	Additional remuneration for committee work	Attendance allowance	2022[1]	2021[2]
Dr. Axel Herberg, Chairman	full year	175,000	60,000	20,000	255,000	309,000
Francesco Grioli, Deputy Chairman	full year	105,000	40,000	16,000	161,000	173,000
Andrea Abt	full year	70,000	20,000	16,000	106,000	106,000
Heike Arndt	until Dec. 30, 2021	5,753	–	–	5,753	76,000
Dr. Karin L. Dorrepaal	full year	70,000	–	8,000	78,000	78,000
Robert Fröhler	since June 8, 2022	33,753	–	6,000	39,753	–
Franz Hartinger	until June 8, 2022	36,438	–	2,000	38,438	78,000
Prof. Dr. Annette G. Köhler	since June 8, 2022	33,753	19,288	8,000	61,041	–
Marlis Mergenthal	since June 8, 2022	33,753	–	6,000	39,753	–
Dr. Peter Noé	full year	70,000	9,644	12,000	91,644	104,000
Markus Rocholz	full year	70,000	40,000	20,000	130,000	138,000
Paul Schilling	full year	70,000	–	8,000	78,000	78,000
Katja Schnitzler	full year	70,000	20,000	16,000	106,000	106,000
Theodor Stuth	until June 8, 2022	36,438	20,822	6,000	63,260	126,000
Udo J. Vetter	full year	70,000	10,411	8,000	88,411	136,000
Total fixed remuneration		**949,888**	**240,165**	**152,000**	**1,342,053**	**1,508,000**

[1] The remuneration for the financial year 2022 will be paid out in mid-2023 after the Annual General Meeting (excl. attendance allowance).
[2] The remuneration for the financial year 2021 was paid out in mid-2022 after the Annual General Meeting (excl. attendance allowance).

In the reporting year, Franz Hartinger, Markus Rocholz, and Paul Schilling each received EUR 5,000 for Supervisory Board mandates at Gerresheimer AG subsidiaries.

In the financial year 2022, the members of the Supervisory Board did not take out any loans or receive any further remuneration or benefits in the reporting year for services they provided personally, such as consulting and referral services.

Comparison of earnings development and annual change in remuneration

The table below lists, in accordance with § 162 (1) Sentence 2 No. 2 AktG, the annual changes in granted and owed remuneration of members of the Management Board and Supervisory Board, the development of average employee remuneration on the basis of the number of employees, and variation in selected earnings indicators.

These disclosures are made in accordance with the transitional provision defined in § 26j (2) German Introductory Act to the Stock Corporation Act (Einführungsgesetz zum Aktiengesetz, EGAktG) and the comparison based on the financial years 2022 and 2021.

Earnings development is presented using the key performance indicators revenues, organic revenue growth rate, adjusted EBITDA, and adjusted EPS. These key performance indicators are the most important indicators to the Gerresheimer Group and form part of the financial targets for the short- and long-term variable remuneration of Management Board members, and therefore have a significant effect on the amount of remuneration. In addition, the development of the net income of Gerresheimer AG is also shown in accordance with § 275 (3) No. 16 German Commercial Code (Handelsgesetzbuch, HGB).

The figures concerning the average remuneration of employees (including trainees) are based on the workforce of Gerresheimer AG and Gerresheimer AG's German subsidiaries, which comprised an average of 3,779 employees in the financial year 2022 (prior year: 3,650 employees). They include payments for wages and salaries, fringe benefits, employer social security contributions, and variable remuneration components attributable to the respective financial year.

Change in earnings development and remuneration of employees, the Management Board, and the Supervisory Board	2022
	Change from 2022 compared to 2021 in %
Earnings development	
Revenues	21.3%
Organic revenue growth	860 bps
Adjusted EBITDA (currency-adjusted)	10.2%
Adjusted EPS	11.6%
Net income of Gerresheimer AG according to HGB	-45.8%
Average employee remuneration	
Employees in Germany	2.2%
Current members of the Management Board	
Dietmar Siemssen	56.9%
Dr. Lukas Burkhardt	35.0%
Dr. Bernd Metzner	43.6%
Former members of the Management Board	
Rainer Beaujean (until Apr. 30, 2019)	-81.4%
Uwe Röhrhoff (until Aug. 31, 2017)	-100.0%
Andreas Schütte (until Feb. 28, 2019)	-63.9%
Current members of the Supervisory Board	
Dr. Axel Herberg, Chairman	-17.5%
Francesco Grioli, Deputy Chairman	-8.1%
Andrea Abt	0.0%
Dr. Karin L. Dorrepaal	0.0%
Robert Fröhler (since June 8, 2022)	100.0%
Prof. Dr. Annette G. Köhler (since June 8, 2022)	100.0%
Marlis Mergenthal (since June 8, 2022)	100.0%
Dr. Peter Noé	-11.9%
Markus Rocholz	-5.8%
Paul Schilling	0.0%
Katja Schnitzler	0.0%
Udo J. Vetter	-35.3%
Former members of the Supervisory Board	
Heike Arndt (until Dec. 30, 2021)	-92.5%
Franz Hartinger (until June 8, 2022)	-50.8%
Theodor Stuth (until June 8, 2022)	-49.8%

Report of the independent auditor on the audit of the compensation report in accordance with section 162 (3) AktG

To Gerresheimer AG, Düsseldorf/Germany

Audit Opinion

We conducted a formal audit of the compensation report of Gerresheimer AG, Düsseldorf/Germany, for the financial year from December 1, 2021 to November 30, 2022, to assess whether the disclosures required under Section 162 (1) and (2) German Stock Corporation Act (AktG) have been made in the compensation report. In accordance with Section 162 (3) AktG, we did not audit the content of the compensation report.

In our opinion, the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the accompanying compensation report. Our audit opinion does not cover the content of the compensation report.

Basis for the Audit Opinion

We conducted our audit of the compensation report in accordance with Section 162 (3) AktG and in compliance with the IDW Auditing Standard: Audit of the Remuneration Report pursuant to Section 162 (3) AktG (IDW AuS 870 (08.2021)). Our responsibilities under those requirements and this standard are further described in the "Auditor's Responsibilities" section of our auditor's report. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1). We have fulfilled our professional responsibilities in accordance with the German Public Auditor Act (WPO) and the Professional Charter for German Public Auditors and German Sworn Auditors (BS WP/vBP) including the requirements on independence.

Responsibilities of the Executive Board and the Supervisory Board

The executive board and the supervisory board are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of Section 162 AktG. In addition, they are responsible for such internal control as they consider necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the disclosures required under Section 162 (1) and (2) AktG have been made, in all material respects, in the compensation report, and to express an opinion on this in the compensation report.

We planned and conducted our audit so as to be able to determine whether the compensation report is formally complete by comparing the disclosures made in the compensation report with the disclosures required under Section 162 (1) and (2) AktG. In accordance with Section 162 (3) AktG, we did neither audit whether the contents of these disclosures are correct, nor whether the contents of individual disclosures are complete, nor whether the compensation report has been presented in a reasonable manner.

Handling of possible misrepresentations

In connection with our audit, our responsibility is to read the compensation report taking into account our knowledge obtained in the financial statement audit while remaining attentive to any signs of misrepresentations in the compensation report regarding the correctness of the disclosures' contents, the completeness of individual disclosures' contents or the reasonable presentation of the compensation report.

If, based on the work we have performed, we conclude that there is such a misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Düsseldorf/Germany, February 6, 2023

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
René Kadlubowski
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Dieter Peppekus
Wirtschaftsprüfer
(German Public Auditor)

Report of the Supervisory Board

Dr. Axel Herberg
Chairman of the Supervisory Board

In the financial year 2022, the Supervisory Board addressed the Company's situation in detail and fulfilled its obligations under the law, the Articles of Association, and the Rules of Procedure. Those obligations include holding discussions on the basis of regular, timely, and comprehensive information provided by the Management Board; involvement of the Supervisory Board in decisions of material importance for the Company; and the necessary supervision of management.

Both in and outside of Supervisory Board meetings, the Management Board notified the Supervisory Board of all significant company matters verbally or in writing in a detailed manner and in accordance with the statutory requirements. This reporting comprised information on the economic development and financial position, the intended business policy, sustainability goals, and other fundamental corporate planning matters, and also included information on the situation of the Company and the Group (including the risk situation, risk management, and compliance). The Supervisory Board granted its consent to individual transactions insofar as this was necessary in accordance with the law, the Articles of Association, or internal regulations. In addition, the Chairman of the Supervisory Board was in regular contact with the Management Board, and in particular with its Chairman. This contact included the regular exchange of information and ideas. The Chairman of the Management Board continuously and promptly informed the Chairman of the Supervisory Board about important developments and upcoming decisions.

Personnel Changes on the Supervisory Board and the Management Board

The terms of office of all members of the Supervisory Board ended after the Annual General Meeting on June 8, 2022.

On May 24, 2022, the assembly of delegates elected the employee representatives to the Supervisory Board. Francesco Grioli, Markus Rocholz, Paul Schilling, and Katja Schnitzler were re-elected. Franz Hartinger did not put himself up for re-election. Robert Fröhler was elected in his place. Marlis Mergenthal was also re-elected; she had been initially appointed by the competent court in March 2022 as the successor of Heike Arndt, who passed away in December 2021. According to the Articles of Association, the terms of office of all employee representatives expire after the Annual General Meeting 2027.

The election of the shareholder representatives on the Supervisory Board took place at the virtual Annual General Meeting on June 8, 2022. Andrea Abt, Dr. Karin Dorrepaal, Dr. Peter Noé, Udo J. Vetter, and I were elected for a further term of office. Theodor Stuth did not put himself up for election. Prof. Dr. Annette G. Köhler was elected in his place. For the first time, shareholder representatives were elected with shorter and staggered terms of office instead of for five-year terms running concurrently. At the Annual General Meeting 2022, three candidates were elected for two years and another three candidates for four years. The staggered terms of office enabled the Company to continue gradually implementing its renewal concept while also preventing an entirely new Supervisory Board from having to be elected at a single Annual General Meeting, which could lead to a loss of experience on the Supervisory Board. Shorter terms of office also reflect the requirements of modern corporate governance and take into account the expectations of investors (especially international ones) in this regard.

In the constituent meeting following the Annual General Meeting, the members of the Supervisory Board elected me as Chairman once again. The board also re-elected Francesco Grioli as Deputy Chairman, and the committees were also newly set up.

Throughout the financial year 2022, the Company's Management Board comprised Dietmar Siemssen as CEO, Dr. Lukas Burkhardt, and Dr. Bernd Metzner.

Meetings and Resolutions of the Supervisory Board

The regular discussions held by the full Supervisory Board covered the situation of the Company, particularly the revenue and earnings performance of the Company as a whole and of the individual divisions. The Supervisory Board met four times in the reporting year. Additionally, the Supervisory Board adopted four resolutions by means of circulating the relevant documents.

At the Supervisory Board meeting on February 16, 2022, the Annual Financial Statements of Gerresheimer AG, the Consolidated Financial Statements and Combined Management Report for the financial year 2021, the proposal for the appropriation of retained earnings, and the Report of the Supervisory Board were approved. The Annual Financial Statements were thereby adopted. Furthermore, the Supervisory Board consented to the Annual General Meeting being held as a virtual event on June 8, 2022, and adopted its proposed resolutions for the Annual General Meeting.

The Supervisory Board held its constituent meeting following the elections in its meeting on June 8, 2022. The Chairman, Deputy Chairman, and members of the individual committees were elected.

The Supervisory Board approved a new revolving credit facility of EUR 150m by way of a resolution adopted on June 30, 2022, by circulating the relevant documents.

The documents circulated among the Supervisory Board members on July 21, 2022, concerned a (gradual) increase in the interest in Portal Instruments Inc., Cambridge (MA/USA), to 25% of this company's share capital.

On July 29, 2022, the Supervisory Board approved an investment in the expansion of the plant in Morganton (NC/USA), by circulating the relevant documents.

The subject of the Supervisory Board meeting on September 8, 2022, was the corporate strategy developed and presented by the Management Board, with a particular focus on geopolitical and macroeconomic challenges. Furthermore, the Supervisory Board adopted the annual Declaration of Compliance pursuant to § 161 AktG. The rules of procedure for the Supervisory Board and the Management Board were amended to create a catalog of approved non-auditing services that can be delegated to the auditor. The Supervisory Board also engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft to audit the Annual Financial Statements and review the Company's Non-financial Report for the financial year 2022. In this meeting, the Supervisory Board also approved an investment in the expansion of production capacities at the plant in Peachtree City (GA/USA).

The Supervisory Board approved the issue of promissory loans for the pro rata refinancing of maturing promissory loans by way of a resolution adopted on October 5, 2022, by circulating the relevant documents.

The main topics dealt with at the Supervisory Board meeting on November 18, 2022, were the approval of the budget for the financial year 2023 and the Group's medium-term planning. The Supervisory Board also determined the remuneration-related targets for the short-term and long-term variable remuneration for the financial year beginning on December 1, 2022. This meeting also included the self-assessment-based efficiency review of the Supervisory Board.

The Supervisory Board has formed four committees to enable it to efficiently discharge its duties: The Mediation Committee pursuant to § 27 (3) German Codetermination Act (Mitbestimmungsgesetz, MitbestG), the Presiding Committee, the Audit Committee, and the Nomination Committee. These committees prepare topics for resolution by the full Supervisory Board and, in certain cases, also have authority to make decisions autonomously. The Mediation Committee and the Presiding Committee each consist of two shareholder representatives and two employee representatives. The Audit Committee also has an equal number of shareholder and employee representatives and comprises six members. The Nomination Committee has three members and consists solely of shareholder representatives.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions, notably the appointment and dismissal of Management Board members as well as decisions regarding the remuneration of Management Board members. The Presiding Committee met on two occasions in the reporting year, on November 10 and November 16, 2022. Both meetings addressed the LTI and STI targets (including the sustainability targets) for Management Board remuneration.

The responsibilities of the Audit Committee include, in particular, preparing Supervisory Board decisions on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements, as well as discussing the Quarterly Statements and the Half-year Financial Report. Additionally, the Audit Committee deals with supervision of accounting and the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance. The Audit Committee is also responsible for approving the awarding of non-auditing services to the auditor. Finally, it regularly assesses the quality of the auditing. The Audit Committee met four times, on February 15, April 6, July 12, and October 11, 2022. Its discussions focused on the reports on the audit of the Annual Financial Statements and Consolidated Financial Statements for the financial year 2021, as well as the Quarterly Statements and Half-year Financial Report for 2022. The Audit Committee also dealt with the independence of the auditor and the recommendation to the Annual General Meeting regarding the election of the auditor, issued the audit engagement to the auditor for the financial year 2022, and defined and monitored the audit process as well as the areas of emphasis of the audit, taking into account the recommendations of the Federal Financial Supervisory Authority (BaFin) and the European Securities and Markets Authority (ESMA), including the agreement on the audit fee. Its discussions also focused on the effectiveness of the internal audit system and risk reporting to the Audit Committee.

The Nomination Committee recommends suitable candidates to the Supervisory Board for the proposed resolutions that the latter submits to the Annual General Meeting regarding the election of Supervisory Board members as shareholder representatives. The preparations for the Supervisory Board elections that were held at the ordinary Annual General Meeting took place entirely in the financial year 2021. The Nomination Committee did not meet in the financial year 2022.

The Mediation Committee also did not meet during the past financial year.

On the basis of a resolution adopted by them, the shareholder representatives on the Supervisory Board have lodged an objection with the Chairman of the Supervisory Board pursuant to § 96 (2) Sentence 3 AktG with regard to the fulfillment of the gender quota on Gerresheimer AG's Supervisory Board as a whole for the election of Supervisory Board members whose term of office begins at the end of the 2022 Annual General Meeting. As a result, the Supervisory Board must comprise at least two women and at least two men from both the shareholder representative side and the employee side in order to comply with the statutory minimum quota under § 96 (2) Sentence 1 AktG. As of November 30, 2022, the Supervisory Board comprised three female and three male shareholder representatives and two female and four male employee representatives, meaning that the Supervisory Board meets the minimum legal requirements for women in executive positions.

Corporate Governance

The Supervisory Board continuously monitored the development of corporate governance standards. The Company's Management Board and Supervisory Board report on governance at the Gerresheimer Group in the Corporate Governance Statement as part of the Combined Management Report. The Corporate Governance Statement is published at www.gerresheimer.com/en/company/investor-relations/reports. The Management Board and Supervisory Board issued the annual Statement of Compliance pursuant to § 161 AktG on September 8, 2022. The Statement of Compliance was made permanently available to the shareholders at the Company's website at www.gerresheimer.com/en/company/investor-relations/corporate-governance/statements-of-compliance. It is also reproduced in the Corporate Governance Statement.

Under Recommendation E.1 of the German Corporate Governance Code as amended on April 28, 2022, members of the Supervisory Board are required to disclose any conflicts of interest to the Chairman of the Supervisory Board without undue delay. No conflicts of interest arose in the financial year 2022.

Individualized Disclosure of Meeting Attendance

The attendance rate of members at meetings of the Supervisory Board and its committees was 96%. Due to the special circumstances created by the Covid-19 pandemic, the meetings of the Supervisory Board and the Audit Committee in February 2022 were held as video conferences. The Presiding Committee also meet virtually on two occasions. The remaining meetings in the reporting year took place in-person, although some members were permitted to attend virtually in special circumstances. Attendance of Supervisory Board members at meetings of the Supervisory Board and its committees is disclosed below in individualized form:

Individualized disclosure of meeting attendance by Supervisory Board members of Gerresheimer AG in the financial year 2022

	Supervisory Board		Presiding Committee		Audit Committee		Total	
Supervisory Board members	Attendance	In %	Attendance	In %	Attendance	In %	Attendance	In %
Dr. Axel Herberg	4/4	100	2/2	100	4/4	100	10/10	100
Francesco Grioli	3/4	75	2/2	100	3/4	75	8/10	80
Andrea Abt	4/4	100			4/4	100	8/8	100
Dr. Karin L. Dorrepaal	4/4	100					4/4	100
Robert Fröhler	3/3	100					3/3	100
Franz Hartinger	1/1	100					1/1	100
Prof. Dr. Annette G. Köhler	2/3	67			2/2	100	4/5	80
Marlis Mergenthal	3/3	100					3/3	100
Dr. Peter Noé	4/4	100	2/2	100			6/6	100
Markus Rocholz	4/4	100	2/2	100	4/4	100	10/10	100
Paul Schilling	4/4	100					4/4	100
Katja Schnitzler	4/4	100			4/4	100	8/8	100
Theodor Stuth	1/1	100			2/2	100	3/3	100
Udo J. Vetter	4/4	100					4/4	100

Annual Financial Statements and Consolidated Financial Statements for 2022

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf (Germany), audited and issued an unqualified auditor's report for the Annual Financial Statements, the Consolidated Financial Statements, and the Combined Management Report of Gerresheimer AG and the Group prepared by the Management Board for the financial year from December 1, 2021, to November 30, 2022.

The Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Gerresheimer AG and the Group, the proposal for the appropriation of retained earnings, and the auditor's reports for the financial year 2022 were made available to the Supervisory Board for examination. At its meeting on February 21, 2023, the Audit Committee discussed and examined the documents in detail and issued recommendations for resolutions to the Supervisory Board. At the Supervisory Board meeting on February 22, 2023, the Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Gerresheimer AG and the Group, and the proposal for the appropriation of retained earnings, together with the corresponding audit reports of the auditor. The auditor was present at the respective meeting of the Audit Committee and the Supervisory Board and reported on the course, areas of emphasis, and significant findings of the audit. The auditor was available to answer questions and provide information. The examination of the Annual Financial Statements and Consolidated Financial Statements by the Audit Committee was reported on in detail by the Chairman of the Audit Committee at the meeting of the full Supervisory Board.

On completion of the examination by the Audit Committee, and on completion of its own examination, the Supervisory Board approved the auditor's findings and declared that no objections were to be raised. The Supervisory Board adopted the Annual Financial Statements and approved the Consolidated Financial Statements. It concurred with the Management Board's proposal for the appropriation of retained earnings.

At their respective meetings, the Audit Committee and the Supervisory Board also addressed the Separate Non-financial Report prepared by the Management Board. This report was examined by the Supervisory Board and, at the latter's request, additionally underwent a voluntary limited assurance review by the auditor. No objections were raised.

The Supervisory Board thanks the Management Board and all employees of the Gerresheimer Group for their contribution to the Gerresheimer Group's successful performance in the financial year 2022.

Duesseldorf (Germany), February 22, 2023

Dr. Axel Herberg
Chairman of the Supervisory Board

Members of the Management Board and positions held by Management Board members

As of November 30, 2022

Dietmar Siemssen

Appointed through October 31, 2026

Chief Executive Officer

- BFC Fahrzeugteile GmbH, Germany [a]

Affiliated companies of Gerresheimer AG

- Gerresheimer Bünde GmbH, Germany (Chairman) [a]
- Gerresheimer Regensburg GmbH, Germany (Chairman) [a]
- Gerresheimer respimetrix GmbH, Germany (Chairman) [b]
- Centor Inc., USA (Chairman) [b]
- Centor Pharma Inc., USA (Chairman) [b]
- Centor US Holding Inc., USA (Chairman) [b]
- Gerresheimer Glass Inc., USA (Chairman) [b]
- Gerresheimer Boleslawiec S.A., Poland (Chairman) [b]
- Gerresheimer Denmark A/S, Denmark (Chairman) [b]
- Gerresheimer Vaerloese A/S, Denmark (Chairman) [b]
- Sensile Medical AG, Switzerland (Chairman) [b]
- Triveni Polymers Pvt. Ltd., India [b]

Dr. Lukas Burkhardt

Appointed through December 31, 2025

Affiliated companies of Gerresheimer AG

- Gerresheimer Tettau GmbH, Germany (Chairman) [a]
- Corning Pharmaceutical Packaging LLC, USA [b]
- Gerresheimer Boleslawiec S.A., Poland [b]
- Gerresheimer Glass Inc., USA [b]
- Gerresheimer Momignies S.A., Belgium [b]
- Gerresheimer Pharmaceutical Packaging Mumbai Pvt. Ltd., India [b]
- Gerresheimer Queretaro S.A., Mexico (Chairman) [b]
- Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman) [b]
- Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman) [b]
- Neutral Glass and Allied Industries Pvt. Ltd., India [b]

Dr. Bernd Metzner

Appointed through May 14, 2027

- UniCredit Bank AG, Germany (Deputy Chairman) [a]

Affiliated companies of Gerresheimer AG

- Gerresheimer Bünde GmbH, Germany (Deputy Chairman) [a]
- Gerresheimer Regensburg GmbH, Germany (Deputy Chairman) [a]
- Gerresheimer Tettau GmbH, Germany (Deputy Chairman) [a]
- Centor Inc., USA [b]
- Centor Pharma Inc., USA [b]
- Centor US Holding Inc., USA [b]
- Corning Pharmaceutical Packaging LLC, USA [b]
- Gerresheimer Glass Inc., USA [b]
- Sensile Medical AG, Switzerland [b]

[a] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2022)
[b] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2022)

Members of the Supervisory Board and positions held by Supervisory Board members

As of November 30, 2022

Dr. Axel Herberg

Managing Partner of CCC Investment GmbH
Chairman of the Supervisory Board
Elected until the end of the Annual General Meeting in 2026

- Leica Camera AG (until March 31, 2022)
- Leica Group (photography and sport optics) (until March 31, 2022)
- Lisa Germany Holding GmbH (until March 31, 2022)
- Vetter Pharma-Fertigungs GmbH & Co. KG [b)]
- European Medco Development 4 S.àr.l., Luxembourg [b)]
- European Healthcare Acquisition & Growth Company B.V., Netherlands [b)]

Francesco Grioli

Member of the Governing Board of IG Bergbau, Chemie, Energie
Deputy Chairman of Supervisory Board
Elected until the end of the Annual General Meeting in 2027

- Continental AG [a)]
- Bayer AG (since April 29, 2022)

Andrea Abt

Master of Business Administration
Former Head of Supply Chain Management of the Infrastructure Sector, Siemens AG
Elected until the end of the Annual General Meeting in 2026

- Petrofac Ltd., Jersey (until May 26, 2022)
- Polymetal International plc, Jersey (until March 7, 2022)
- Energy Technology Holdings LLC, USA [b)]

Dr. Karin L. Dorrepaal

Consultant
Former member of the Management Board of Schering AG
Elected until the end of the Annual General Meeting in 2024

- Paion AG (Deputy Chairwoman) [a)]
- Triton Beteiligungsberatung GmbH [b)]
- Almirall S.A., Spain [b)]
- Kerry Group plc, Ireland [b)]
- van Eeghen & Co BV, Netherlands [b)]
- Intravacc BV, Netherlands [b)]

Robert Fröhler

Chairman of the Company Works Council of Gerresheimer Regensburg GmbH
Elected until the end of the Annual General Meeting in 2027

- Gerresheimer Regensburg GmbH [a)]

Prof. Dr. Annette G. Köhler

Holder of the Chair of Accounting, Auditing and Controlling at the University of Duisburg-Essen
Elected until the end of the Annual General Meeting in 2026

- GEA Group AG [a)]
- DMG Mori AG [a)]
- HVB UniCredit Bank AG (until February 28, 2022)
- DKSH Holding AG, Switzerland [b)]
- ABB E-Mobility Holding AG, Switzerland (since February 22, 2022) [b)]

Marlies Mergenthal

Trade union secretary of IG BCE in the Mainfranken district
Elected until the end of the Annual General Meeting in 2027

- Sappi Deutschland Holding GmbH
- Indorama Germany GmbH

Dr. Peter Noé

Degree in Business Administration
Former member of the Management Board of Hochtief AG
Elected until the end of the Annual General Meeting in 2024

Markus Rocholz

Chairman of the Company Works Council of Gerresheimer Essen GmbH
Elected until the end of the Annual General Meeting in 2027

- Gerresheimer Tettau GmbH [a)]

[a)] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2022)
[b)] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2022)

Paul Schilling

Chairman of the Company Works Council of
Gerresheimer Bünde GmbH
Elected until the end of the Annual General Meeting in 2027

- Gerresheimer Bünde GmbH [a)]

Katja Schnitzler

Group Senior Director EHS, CSR, OPEX at Gerresheimer AG
Elected until the end of the Annual General Meeting in 2027

Udo J. Vetter

Pharmacist and General Partner of UV-Cap GmbH & Co. KG
Elected until the end of the Annual General Meeting in 2024

- ITM Isotope Technologies Munich SE (Chairman) [a)]
- Vetter Pharma-Fertigungs GmbH & Co. KG (Chairman) [b)]
- HSM GmbH & Co. KG (until June 30, 2022) [b)]
- Navigo GmbH (Chairman) [b)]
- OncoBeta International GmbH (Chairman) [b)]
- OncoBeta GmbH (Chairman) [b)]
- Paschal Form Work (India) Pvt. Ltd. (Chairman) [b)]
- Gland Pharma Ltd., India [b)]

[a)] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2022)
[b)] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2022)

Five-Year Overview

In EUR m	2022	2021 adjusted	2020 adjusted	2019	2018
Results of operations	**12M**	12M	12M	12M	12M
Revenues	1,817.1	1,498.0	1,418.8	1,392.3	1,367.7
Adjusted EBITDA	354.2	306.3	310.1	400.0	298.6
Adjusted EBITDA margin in %	19.5	20.4	21.9	28.7	21.8
Adjusted net income[1]	150.8	133.1	123.7	227.7	180.3
Earnings per share in euros	3.06	2.67	2.82	2.57	4.11
Adjusted earnings per share[2] in euros	4.61	4.13	3.90	7.19	5.67
Dividend per share in euros	1.25[3]	1.25	1.25	1.20	1.15
Financial position	**12M**	12M	12M	12M	12M
Cash flow from operating activities	221.9	212.1	222.2	192.9	173.4
Cash-effective capital expenditure	-241.5	-203.6	-174.1	-164.6	-114.7
Cash flow from investing activities	-256.2	-197.0	-157.0	-203.2	-286.9
Free cash flow before M&A activities	-15.8	17.9	65.2	-10.3	-113.5
Net assets position	**Nov. 30**	Nov. 30	Nov. 30	Nov. 30	Nov. 30
Total assets	3,354.3	2,877.5	2,616.6	2,641.2	2,730.9
Equity	1,269.4	1,014.7	912.2	941.6	890.1
Equity ratio in %	37.8	35.3	34.9	35.6	32.6
Net working capital (reporting date)	215.2	172.8	197.9	183.0	202.7
Net financial debt	1,112.6	1,025.1	961.2	942.7	886.4
Adjusted EBITDA leverage[4]	3.0	3.2	3.0	2.4	3.1
Employees	**Nov. 30**	Nov. 30	Nov. 30	Nov. 30	Nov. 30
Employees (reporting date)	11,062	10,447	9,880	9,872	9,890

[1] Adjusted net income: Net income before amortization/impairment losses of fair value adjustments less capitalized cost components, and restructuring expenses, as well as before the balance of exceptional income and expenses and the related tax effects.
[2] Adjusted earnings per share, attributable to shareholders of Gerresheimer AG, based on 31.4m shares.
[3] Proposed appropriation of net earnings.
[4] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.

Financial Calendar

April 6, 2023	Publication 1st Quarter Results 2023
June 7, 2023	Annual General Meeting 2023
July 6, 2023	Interim Report 2nd Quarter Results 2023
October 5, 2023	Publication 3rd Quarter Results 2023

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Claudia Kempf, Wuppertal, Germany

Note to the Annual Report
This Annual Report is the english translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

Remarks on calculation
All changes in percent were calculated on a thousand-euro basis. Slight deviations may therefore occur when stating figures in millions of euros in the tables.

Disclaimer
This Annual Report contains certain future-oriented statements. Future-oriented statements include all statements that do not relate to historical facts and events and contain future-oriented expressions such as “believe”, “estimate”, “assume”, “expect”, “forecast”, “intend”, “could” or “should” or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company’s current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that actual events, including the financial position and profitability of the Gerresheimer Group and developments in the economic and regulatory fundamentals, may vary substantially (particularly on the down side) from those explicitly or implicitly assumed or described in these statements. Even if the actual results for the Gerresheimer Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Annual Report, no guarantee can be given that this will continue to be the case in the future.