GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Annual Report, including the Consolidated Financial Statements
And Report of the Réviseur d'entreprises agréé

Year Ended December 31, 2021
And
Year Ended December 31, 2020

FORWARD-LOOKING STATEMENTS

The following discussion and analysis are intended to assist in providing an understanding of the Company's financial condition and results of operations and should be read in conjunction with the Audited Consolidated Financial Statements as of and for the years ended December 31, 2021 and 2020. The following discussion includes forward-looking statements which, although based on assumptions and/or estimates that the Company considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms "anticipate," "assume," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "forecasts," "should," "could," "would," "may," "will" and other similar expressions or, in each case, their negative or other variations or comparable terminology.

All statements other than statements of historical facts included in this document, including, without limitation, statements regarding the Company's future financial position, risks and uncertainties related to its business, strategy, capital expenditures, projected costs and its plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties.

The Company cautions that forward-looking statements are not guarantees of future performance and that the actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statement that the Company make in this document speaks only as of the date on which it is made, and it does not intend to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within its control.

Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for it to predict all such risk factors, nor can it assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, one should not place undue reliance on forward-looking statements as a prediction of actual results.

NON-GAAP MEASURES

This document contains certain financial measures and ratios, including Beverage Can Bodies Volume, Adjusted EBITDA, cash flow conversion ratio, free cash flow, Total Debt and Net Debt, changes in Working Capital, Interest Coverage Ratio, Capital Expenditures, Maintenance Capital Expenditures, Expansionary Capital Expenditures that are not required by, or presented in accordance with, U.S. GAAP (the "**Non-GAAP Measures**").

NON-GAAP MEASURES (CONTINUED)

The Company presents these Non-GAAP Measures because they are measures that its management uses to assess operating performance and liquidity, and it believes that they and similar measures are widely used in its industry as supplemental measures of performance and liquidity. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under U.S. GAAP or other generally accepted accounting principles.

Non-GAAP Measures and ratios are not measurements of the Company's performance or liquidity under U.S. GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with U.S. GAAP or as alternatives to cash flow from operating, investing or financing activities.

OVERVIEW

BUSINESS OVERVIEW AND INDUSTRY TRENDS

Giorgi International Holdings S.à r.l. ("GIH") is the parent company of CANPACK S.A., which in turn is the parent company of the CANPACK Capital Group. From this point forward, GIH and its subsidiaries will collectively be referred to as the "Company" or "Group".

The Company is a leading global manufacturer of high-quality aluminum cans (can bodies) and ends (can ends), glass containers and metal closures for the beverage industry and of steel cans for the food and chemical industries, serving customers in approximately 100 countries worldwide. Together with its related company CANPACK US LLC it manufactures products in 27 plants located in 16 countries across Europe, Asia, the Middle East, North Africa and South America and North America.

Based upon data from BMO Capital Markets and GlobalData, we believe the Company is the fourth largest supplier of beverage cans in the world and the third largest supplier in Europe. Through its global sales organization, it supplies products across a variety of end-user categories, including, but not limited to, soft drinks, energy drinks, beer, spirits, packaged water, seltzers, and food. Its scale allows it to serve customers ranging from small, local brands to leading, blue-chip multinational beverage producers with diverse requirements for capacity, format, design, location and innovation. It offers high-value products and services, and has a proven track record of prioritizing, adapting to and meeting the dynamic needs of its customers. It benefits from a young, well-invested asset base, employing state-of-the-art technologies that provide it with the agility to respond to the ever-changing customer demands for differentiation and premiumization of cans.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations, financial condition and liquidity have been influenced in the periods discussed in this document by the following events, facts, developments and market characteristics. The Company believes that these factors are likely to continue to influence the results of operations in the future.

General Economic Conditions and End Market Demand

The beverage can industry is impacted by general economic conditions, with demand historically being correlated to the level of disposable income, changing consumption trends (such as the increasing popularity of energy drinks, seltzers and other specialty beverages), anti-plastic packaging trends, and an increasing focus on sustainability in the economies in which the Company operates. The Company's business depends in large part on the demand of the end-users who consume products that utilize its inputs, which, in turn, depends, to a large extent, on general economic conditions in the countries, regions and localities in which those end-users are located. Changes in economic conditions, particularly when widespread and pronounced, may therefore materially affect results of operations and financial condition. However, the Company believes that it has limited exposure to economic cycles, with stable underlying demand for products providing resilience during downturns. Additionally, the diversification across products, markets, geographies and customers reduces, in part, the Company's sensitivity to economic cycles in certain geographies and markets. However, if adverse economic conditions are widespread, pronounced and/or long-lasting, such conditions could present challenges which may negatively impact the Company's business, financial condition and results of operations.

The Company's products are used primarily in the beverage end-market. There are several secular trends shaping the food and beverage industry that are expected to drive market growth for our products. These secular trends include increased levels of disposable income, stricter environmental regulations and a focus on sustainability that drives product substitution to more sustainable packaging, such as aluminum, and a shift towards specialty beverages, which has incentivized brands to differentiate and produce varied can types, sizes and colors. As such, the Company's business is affected by its ability to design and manufacture new and attractive products in line with changing consumer preferences as well as overall consumer demand in the beverage end market. Furthermore, following the outbreak of the COVID-19 pandemic, the Company has benefited from the trend in the year ended December 31, 2021 towards off-premise consumption. Given increased work from home flexibility announced by many major corporates, this trend is likely to continue, at least in part, in the future. Many of the products that fill the Company's packaging are typically sold in can format, which can be consumed at home and where the packaging and visual aesthetic is a strong part of that product's branding, as opposed to beverages that are often sold on draft or in glasses at on-premise establishments. Such products include beer, soda, energy drinks and other beverages which are frequently sold in can format.

The Company works closely with our customers to follow consumer preferences and demand trends. The Company has invested in manufacturing equipment to support new product lines and adapt to shifts in demand and offer customers customization support throughout the idea, design, pretesting and execution phases of their product development processes. The Company has the ability to set up machines and re-engineer production facilities, as well as increase production capacity to manufacture new and different products in response to changing trends and consumer preferences. This ability to pivot to the changing specifications desired by customers offers a competitive advantage over certain competitors. In addition, the breadth of product offerings and ability to redeploy machines to make new designs makes the Company less subject to the success or failure of any given product.

General Economic Conditions and End Market Demand (Continued)

Demand for the Company's products also varies in the geographic regions that it serves. For example, in Europe, demand has been driven by customer requirements for high-quality packaging solutions to differentiate the Company's customers' products. In addition, a consumer and governmental focus on sustainability has led to a shift away from plastic packaging, which is widely considered as less environmentally friendly than aluminum beverage cans which are infinitely recyclable. Demand in developing regions has been driven by social changes (through a growing middle class, in particular) and higher disposable income which directly impacts consumption patterns in favor of the beverage can market.

Foreign Exchange Rate Fluctuations

The Company operates internationally and, as a result, is exposed to changes in the value of its functional currencies (of which there were 16 as of December 31, 2021). The Company is primarily exposed to movements in the euro ("EUR") and the U.S. dollar ("USD"). As a consequence, the Company has considerable cash flow, earnings and assets in currencies other than the reporting currency, which is the U.S. dollar.

Transaction risk arises when the Company's subsidiaries execute transactions in a currency other than its functional currency. Exposure to currency transaction risk occurs in operating, investing and financing activities. In the case of operating activities, the primary sources of currency transaction risk are the price quotes of raw materials, which are the basis for calculating the prices of materials and products, and the denomination of the vast majority of sales contracts in foreign currency. Both the costs of purchasing the material and the sales income for the manufactured product may be denominated in foreign currencies. For example, if the raw material is quoted in U.S. dollars and if the settlement currency is a currency other than U.S. dollars (typically euro or pounds Sterling), the cost of purchasing the material or the price of selling are converted into the currency of payment based on the current rates published by the London Metal Exchange ("**LME**") or the European Central Bank. The currency risk results from the mismatch in the inflows related to sold products and the outflows connected with purchasing of the raw materials, expressed or indexed to the currency.

With respect to investing activity, the main source of currency risk is costs related to the purchase of machinery and equipment and investments in the Company's various subsidiaries. These positions are indexed to foreign currency or denominated in foreign currency. In terms of financing activities, the Company is exposed to currency risk in connection with executed contracts causing the formation of obligations and debts expressed in foreign currency or indexed to them, such as granted and received credits, loans or bonds. The Company mitigates its transactional risk through forward contracts to hedge changes of currency exchange rates.

Business Relationships and Customer Success

The Company generally operates a business-to-business sales model and rarely accesses the end consumer directly. Therefore, the Company relies on its customers' ability to sell and market their products effectively to end-consumers in order to increase the Company's orders and consequently, net sales and cash flows. In general, as customers have grown, the Company has experienced increased orders from those customers. Therefore, the Company seeks to maintain strong relationships with its customers and work with them to help grow their businesses. The Company has sought to strengthen its existing sales networks and customer relationships by positioning itself as a value-creating partner with its customers, rather than a commodity supplier, providing value-added solutions, technical and technological innovation, high product quality and efficiency improvements. Additionally, while overall market demand is strong, the Company sees efficiencies in continuing to provide a greater supply to its existing or a limited number of new purchasers and working to expand those relationships. The Company believes that those relationships are also a base upon which it can introduce new products to consumers, enter new geographies and enhance its pricing strategy.

The Company focuses on selling directly to large, multinational beverage producers, as well as smaller but high margin local producers. The Company has developed what it believes are deep, longstanding relationships with many of its customers and benefit from a diverse customer base. For the year ended December 31, 2021, the Company's top ten customers, based on net sales for finished goods, accounted for approximately 60% of total net sales.

Raw Materials Expenses

Raw materials constitute the substantial majority of the Company's production costs. The key raw material input in the Beverage Cans and Ends division, is aluminum. The cost of aluminum is affected by a variety of micro and macro factors, such as aluminum quotation for prices on the LME, supply and demand for aluminum, market movements in other base metals and geopolitical factors.

Securing a stable supply of aluminum is central to the Company's business operations. The Company has not experienced any significant aluminum sourcing issues due to the COVID-19 pandemic, however beginning in the second quarter of 2021, there were some limitations on the aluminum supply side, primarily due to delivery limitations in Europe by an aluminum coil supplier, political unrest in South Africa, fires at premises of some of the Company's aluminum suppliers, and an overall global increase in demand. In order to secure timely deliveries of aluminum coils, the Company has intensified the process of enlarging its pool of qualified aluminum suppliers. Additionally, the Company has strong relationships with ten of the leading global suppliers of aluminum, which further helps to minimize the risk of supply disruptions. However, given the fluidity of global aluminum supply, there can be no assurance that the Company will not experience supply disruptions or that sufficient quantities will be available in the future.

The Company places orders based on sourcing needs for customer contracts. Prices for aluminum tend to fluctuate in response to changes in supply and demand dynamics in the industry and may also be impacted by the behavior of financial investors. In addition, since most of the raw materials used are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves. The Company centrally manages its procurement operations in order to achieve economies of scale, seek consistency across global relationships and provide more certainty for production planning.

Raw Materials Expenses (continued)

Aluminum, in particular, accounts for a substantial part of the Company's raw material costs, representing 51% of "Cost of sales". Changes in the cost of raw materials affect both "Net sales" and cost of materials and thus substantially affect results of operations. Profits are not usually significantly impacted by variations of LME aluminum costs due to monthly pass-through mechanisms for the LME part of the aluminum costs that are included in approximately 80% of contracts for the Beverage Can and Ends division. With respect to the remaining percentage of contracts, the Company has active hedging measures in place, however, there is an impact to operating costs and results of operations. Another part of the aluminum price is conversion of aluminum ingots to coil which are agreed in advance in contracts signed usually for three years. However, in the event the contracted supplier cannot deliver the contracted amount, the Company has to buy the required aluminum on a spot basis, which is typically more expensive than the price of the conversion of aluminum ingots to coil agreed under our long-term contracts. An additional part of the aluminum purchase price is LME premium, which is applied for approximately 90% of total aluminum supplies. Approximately 35% of such supplies have a pass-through or hedging mechanism in place for year 2022. The Company also negotiates transportation costs related to aluminum annually for 70% of total aluminum purchases. In addition, as custom duties are calculated on the total value of the aluminum including LME and transportation, any change in the value of these costs elements will result in a change of the value of custom duties. The movement in certain aluminum cost elements like conversion of aluminum ingot to coil, aluminum premium, custom duties related to aluminum and transportation costs might be covered fully or partially by the yearly inflationary indexes agreed in most of the long-term sales contracts. For short term sales contracts such movements might be covered in the yearly, quarterly or monthly agreed selling prices. Furthermore, while the Company manages the purchase of key raw materials carefully, leveraging scale and engaging with multiple suppliers in order to optimize pricing and security of supply, changes in the price of aluminum, for example, due to increased demand in the automotive or other industries, could impact the Company's ability to secure a consistent supply in line with our pricing expectations.

Asset Utilization

The Company's ability to utilize its assets by operating at full or close to full capacity to achieve maximum production volumes materially affects the results of operations. Utilization rates, which represent production volume divided by the difference between actual capacity and maximum capacity less scheduled maintenance shutdowns, directly affect the Company's profitability. In turn, the utilization rate is influenced by factors such as market consolidation, regulation, product substitution, unplanned shutdowns for the Company and its suppliers' facilities, industry cycles and customer demand. The Company aims to operate its facilities at full capacity (with allowance for ongoing maintenance), while maintaining a balance between optimizing volume output and the pricing of the corresponding chemical products. The Company regularly reviews and analyzes utilization rates and product mix across its portfolio with the aim of optimizing utilization rates depending on demand. The Company believes that its integrated production model supports such an optimization.

Extended downtime at any of the Company's major manufacturing facilities, whether the result of a scheduled shutdown or otherwise, could reduce rates of asset utilization and undermine its ability to maintain high production volumes and meet its commitment to customers, which could materially adversely affect its business, financial condition and results of operations.

Product and Geographic Mix

The Company offers an extensive range of rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks and glass bottles and engage in other activities such as the labeling, printing and coating of these products. As the margins on products vary, changes in the mix of product sales have a direct impact on the Company's total net sales and profitability. The Company typically achieves higher margins on sales of glass packaging and beverage cans (as compared to the pricing of its Metal Closures and Food and Industrial Packaging divisions) and, as a result, growth in these divisions relative to other divisions generally results in improved overall profitability.

The Company's Beverage Cans and Ends division is a less capital intensive business and requires fewer investments in asset refurbishment as compared to the Glass Packaging division; therefore, the margins in the Glass Packaging division are typically higher than the margins in the Beverage Can and Ends division so as to be able to cover the greater capital needs required for glass production over a shorter period time. For the years ended December 31, 2021 and 2020, sales in the Beverage Can and Ends division represented 87% and 86% of net sales, respectively, sales in the Glass Packaging division represented 5% and 6%, respectively, of net sales, sales in the Food and Industrial Packaging division represented 5%, for both years, and sales in the Metal Closures division business represented 3%, for both years.

Additionally, the Company's range of products have varying margins in the different geographic regions in which it operates and, therefore, the geographic mix impacts the results of operations. These varying margins can be due to a variety of factors, including market competition, contract terms and production plant efficiency. For the year ended December 31, 2021, the Company sold products in approximately one hundred countries worldwide. Europe is the largest market representing 70% and 72%, of net sales for the years ended December 31, 2021 and 2020, respectively. In other markets, for the years ended December 31, 2021 and 2020, South America represented 14% and 15% of net sales, respectively, Asia represented 13% and 10% of net sales, respectively, and Africa represented 3% of net sales, for both years.

Cost Base and Operational Improvements

The Company's ability to actively manage its cost base by cost saving initiatives, as well as by enhancing operational efficiencies, has been a significant factor affecting its results of operations and financial condition in the period under review. As a manufacturer, the Company relies on well-invested production equipment, labor and raw materials to run its business. The fact that a large majority of the Company's total operating costs are variable costs provides it with flexibility to manage its costs according to fluctuations in customer demand and production volume.

Raw materials and aluminum, in particular, account for a substantial part of the Company's variable cost base, representing the majority of its "Cost of sales". As a result, given the relatively low fixed costs (comprised primarily of personnel and maintenance costs), costs generally decrease as output decreases due to, for example, declining demand. In 2021, aluminum represented approximately 51% of cost of products sold.

The Company's cash flows are also impacted by capital expenditures. In order to ensure that its manufacturing process is nimble and cost effective, the Company is required to periodically make capital investments in its plant and equipment, which is further translated into depreciation on the income statement. The business typically requires a limited amount of maintenance capital expenditures relative to cash flows, driven by a relatively young, well-invested asset base. Of the Company's capital expenditures for the years ended December 31, 2021 and 2020, $71.5 million and $51.1 million related to maintenance and $116.7 million and $230.3 million related to expansion, respectively.

Production Facilities

The Company's investment strategy has primarily been focused on greenfield expansion. The Company has become a market leader in new site development and is able to develop sites and take decisive actions with agility, thus taking advantage of opportunities within shorter periods of time relative to market standard development times. The Company's growth areas are typically linked to the locations of its customers and it seeks to contract greenfield capacities and secure multi-year contracts prior to facilities becoming operational. For example, the greenfield investment in the Czech Republic was pre-contracted with 100% of production capacity at the time of facility startup and the new line in Russia, which was installed in 2021, was pre-contracted with 100% of production capacity prior to the start of commercial production. The Company refers to its facilities as "pre-contracted" when it has agreements in place with customers before it begins production. These agreements are on average three to four years in length and the percentage referred to is the expected capacity that will be utilized at the plant under these agreements.

The Company's maintenance capital expenditures as a percentage of net sales increased 0.2% to 2.4% for the year ended December 31, 2021 from 2.2% for the year ended December 31, 2020.

Start-up Costs

Start-up costs refer to all costs and expenses incurred in connection with either the entry into a new market or the construction of a new plant or line in an existing market. These costs are recorded commencing with identification of the potential opportunity until such plant or line has delivered commercial products to its customers. Trial costs which are capitalized are not to be included in start-up costs. Start-up costs primarily relate to the costs of recruitment, hiring, training and paying the salaries of personnel before a new line or plant begins commercial production. These costs also include the cost of bringing in personnel from the Company's other facilities to train these new individuals and a limited amount of operating expenditures. Start-up costs in any period are impacted by the number of new expansion projects underway in any period and the salary costs of the new personnel, both of which vary by geography.

In the year ended December 31, 2021, start-up costs of $2.2 million were primarily related to such personnel and training costs in relation to installation of an additional production line in an existing facility in Russia, Brazil, and Colombia. In the year ended December 31, 2020, start-up costs of $3.5 million related to personnel and training costs for new greenfield plants in the Czech Republic , line extension in Colombia and installment of an additional production line in an existing facility in Russia.

Once a new plant or line has commenced production, it is anticipated that achievement of expected utilization and efficiency rates will take a period of several months.

Seasonality

The end-users of the Company's products typically consume products during temperate or warm seasons. Given the global and broad geographic base, the Company is partially insulated from seasonal effects on consumption. For the Beverage Cans and Ends division, Glass Packaging division and Metal Closures division, in Europe, Africa and the Middle East, beverage consumption is positively related to warm weather conditions and the highest sales are May to August, and the weakest sales are from December to February. In India, the peak season is April to June, with low season in January and February. In Brazil, the highest sales are typically from October to February during Brazil's summer months, with the lowest sales between May and July. The Food and Industrial Packaging sales are typically slightly higher in August through November when seasonal vegetables are packed. However, seasonality in the Food and Industrial Packaging division is lower than in other divisions selling to beverage manufacturers. The Company's working capital is highest just prior to the seasonal peak in June in the summer months in Europe. These seasonal effects may impact net sales, adjusted EBITDA and cash provided by operating activities during the corresponding months of the financial year.

FACTORS AFFECTING COMPARABILITY OF FINANCIAL RESULTS

Reclassification

On January 1, 2021, the Company early adopted ASU 2017-12 ("Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities"). The objective of this standard is to better align hedge accounting with an organization's risk management activities in the financial statements. Early application had no material impact on the Audited Consolidated Financial Statements (the Company reclassified $0.1 million from "Retained earnings" opening balance to "Accumulated other comprehensive income").

RECENT DEVELOPMENTS

COVID-19

The outbreak of the novel coronavirus ("COVID-19") and measures to prevent its spread, including restrictions on travel, imposition of quarantines, prolonged closures of workplaces and other businesses, and the related impact from closure of supply chains, customers and an associated reduction in consumer demand have, and may continue to have, an impact on the Company's performance.

The Company continues to operate all 27 plants globally, and the plants that experienced most significant disruptions as a direct result of government imposed COVID-19 regulations were the facilities in India, where government lockdowns resulted in the temporary shutdown or temporary reduced production at the plants. At the end of March 2020, the Company obtained approvals from the Indian government to begin gradually resuming production, and all of the plants have since then been operational. In order to protect the workforce and maintain the continuity of operations, the Company implemented preventative measures including social distancing in the workplace, working from home procedures for office-based employees, wearing face coverings in communal areas, providing hand sanitizer to employees, increasing the frequency of cleaning production facilities, emphasizing proper personal hygiene and utilizing contactless proximity infrared thermometers to check employees or visitors' body temperatures. Partially due to the success of these measures, the Company has been able to manage its operations and employee absenteeism, with minimal disruption.

RECENT DEVELOPMENTS

The Company has maintained a robust liquidity position throughout the period, supported by its Revolving Credit Facility Agreement governing the unsecured €386.7 million multicurrency facility and Polish zloty ("PLN") 342.1 million facility among, *inter alios*, CANPACK S.A., as borrower, and BNP Paribas Bank Polska S.A. (formerly known as Bank Bgż BNP Paribas S.A.), as agent, originally dated June 14, 2018, as amended pursuant to amendment agreements dated as of October 9, 2020 and as further amended on January 18, 2021 (hereinafter: "Revolving Credit Facility"). Between January and September 2020, the Company drew down funds totaling $318.2 million under the Revolving Credit Facility to preserve financial flexibility. The Company has repaid all amounts outstanding under the Revolving Credit Facility by the end of December 31, 2020 and has not drawn on the Revolving Credit Facility since then.

Furthermore, for the year ended December 31, 2021, the Company incurred costs as a result of COVID-19 in the amount of approximately $2.2 million. For example, this included costs to sanitize and disinfect the plants, purchase personal protection equipment, and costs of COVID tests for its employees. These costs were excluded from the Adjusted EBITDA calculation and treated as one-off unusual expenses.

DESCRIPTION OF KEY COMPONENTS OF THE CONSOLIDATED STATEMENTS OF INCOME

Net Sales

Net sales consist of gross sales less sales adjustments related to provisions for customer returns, allowances, rebates and eliminations of intra-group transactions. The Company disaggregates net sales based on the timing of transfer of control for goods and services. The transfer of control for goods and services may occur at a point in time or over time; in other words, sales may be recognized over the course of the underlying contract, or they may occur at a single point in time based upon the transfer of control.

Revenue is measured as the amount of consideration it expects to be entitled to in exchange for transferring goods or providing services. Revenue is recognized when control of a good or service has transferred to the customer in an amount that reflects what it expects to be entitled to in exchange for those goods or services. Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract.

Cost of Sales

Cost of sales includes fixed and variable production costs. Such variable costs mainly consist of the costs of raw materials, realized effective hedges related to commodity hedges, unrealized and realized ineffective hedges related to commodity hedges, energy, freight, utilities, handling and conversion costs, waste disposal, consumables, attributable depreciation charges and directly attributable overhead expenses, including wages and salaries and overhead expenses that are attributable to production. Fixed costs include labor costs, rent, depreciation and amortization, impairment of inventories, repairs and maintenance.

Selling, General and Administrative Expenses

Beginning January 1, 2021, Selling, General and Administrative Expenses have been aggregated in one line within the Audited Consolidated Financial Statements. Comparative balances have been reclassified in order to conform to the current presentation.

Selling expenses include, but are not limited to, the cost of transport packaging, external warehousing, sales, marketing and customer service activities of the organization. All sales wages and salaries of employees working in the commercial department and depreciation on property, plant and equipment used for selling are included in selling expenses.

Selling, General and Administrative Expenses (continued)

General and administrative expenses typically include advertising costs, insurance costs, legal and professional fees, office supplies, design and development costs, finance costs, information technology, human resources and other administrative costs. There were $0.0 million and $1.5 million of Research and Developments costs included within general and administrative expenses for the years ended December 31, 2021 and 2020, respectively.

Goodwill Impairment

Goodwill impairment relates to impairment charges where an asset's carrying amount exceeds the recoverable amount.

Asset Impairment Losses

Asset impairment losses are recorded when the undiscounted estimated net future cash flows to be generated by the asset are less than the carrying amount of such asset.

Total Other Income (Expenses)

Total other income primarily includes interest costs (net), foreign exchange gain (loss), results from equity method investments, financial instruments and other.

Foreign exchange gain (loss) refers to the effect of translation of balance sheet items denominated in non-reporting currencies into reporting currencies. The majority of this balance refers to non-cash items. Interest costs (net) consist of (i) interest expense of long-term debt, notes payable, bank overdrafts and other debt, (ii) interest income, (iii) factoring cost related to sales of trade receivables and (iv) leasing interest expenses. Financial instruments include losses or gains from any realized or unrealized ineffective hedges related to currency hedges and interest rate swaps.

Other income primarily relates to certain tax benefits in Brazil and India. See Note 26 titled "Grants" in the Consolidated Financial Statements included elsewhere in this document for a further description of grants and tax benefits in Brazil and India.

Income Taxes

Income tax expense consists of current tax expense and deferred tax expense. Deferred tax expenses are primarily related, but not limited to the unrealized gain or loss on hedging instruments.

Income tax expenses and benefits are recognized based on the tax laws and regulations in the jurisdictions in which the Company operates. The provision for income taxes includes income taxes currently payable and deferred income taxes recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of existing assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by valuation allowances if it is determined that it is more likely than not that the deferred tax asset will not be realized.

The Company generally files separate income tax returns from its subsidiaries; consequently, tax losses of one company within a controlled group cannot be offset against taxable income of another member of the Group.

Income Taxes (continued)

The effective tax rate (calculated as income taxes divided by income before income taxes) was 20.8% for the year ended December 31, 2021 and 18.6% in the year ended December 31, 2020. The increase in effective tax rate was primarily due to the impact of the unrealized exchange rate gains or losses in Brazil and Colombia.

Net Income Attributable to Non-controlling Interests

The Company consolidates entities in which it owns or controls more than fifty percent of voting shares or otherwise has a controlling financial interest in the entity. It considers itself to have a controlling financial interest in the entity if it has (1) the power to direct the activities of the entity that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity.

The net income attributable to non-controlling interests refers to the share of profit belonging to the minority shareholders of the entity which is controlled by CANPACK, but for which only a portion of earnings are returned to CANPACK. The portion returned reflects the percentage of entity ownership.

Following the sale of CANPACK Linco LLC, the Company no longer has net income attributable to non-controlling interests to report for the year ended December 31, 2021.

Acquisition of Own Shares

The Company did not acquire any of its own shares during the year ended December 31, 2021.

RESULTS OF OPERATIONS

Comparison of results of operations for the years ended December 31, 2021 and 2020

The following table sets forth certain income statement data for the years ended December 31, 2021 and 2020:

(Amounts in millions)	**Year ended December 31, 2021**	**Year ended December 31, 2020**
Net Sales	$ 3,040.6	$ 2,317.9
Cost of sales	2,404.6	1,818.6
Gross profit	636.0	499.3
Selling, General and Administrative expenses	238.0	164.8
Asset impairment losses	1.2	0.8
Operating income	396.8	333.7
Other income (expense)		
Interest costs – net	(24.0)	(27.2)
Foreign exchange gain (loss)	6.6	(114.0)
Results of equity method investments	0.1	(0.1)
Financial instruments	0.5	(0.2)
Other	13.5	9.5
Total other income (expense)	(3.3)	(132.0)
Income before income taxes	393.5	201.7
Income taxes	82.0	37.4
Net income	311.5	164.3
Net income attributable to noncontrolling interests	-	0.0
Net income attributable to GIH	$ 311.5	$ 164.3

Net Sales

During the year ended December 31, 2021, net sales increased by $722.7 million, or 31.2%, to $3,040.6 million from $2,317.9 million for the year ended December 31, 2020. During the year ended December 31, 2021, the Beverage Can and Ends division increased its volume delivered by 16% and the Glass Packaging division increased its volume delivered by 23% compared to the prior year. Additionally, beverage can net sales have increased for the year ended December 31, 2021 due to higher LME levels, higher average conversion prices and higher transportation up charges relating primarily to long distance deliveries in 2021 compared to 2020. During the year ended December 31, 2021, beverage can body volumes sold in Europe increased by 10%, volumes sold in South America increased by 12%, and volumes sold in other regions increased by 53%, compared to the prior year, primarily due to higher exports to the US market.

Cost of Sales

Cost of sales increased by $586.0 million, or 32.2% to $2,404.6 million for the year ended December 31, 2021 from $1,818.6 million for the year ended December 31, 2020. Cost of sales as a percentage of total net sales increased by 0.6% to 79.1% for the year ended December 31, 2021. This increase was primarily due to an increase in beverage can volumes, higher aluminum prices given higher LME and premium levels, higher labor costs primarily due to inflation and increased transportation costs during the year ended December 31, 2021 compared to the prior year.

Gross Profit

Gross profit increased by $136.7 million, or 27.4% to $636.0 million for the year ended December 31, 2021 from $499.3 million for the year ended December 31, 2020. This increase in gross profit was primarily due to sales of incremental beverage can volumes exported from Asia to the United States. Gross profit margin decreased by 0.6% to 21.5% for the year ended December 31, 2021 from 20.9% for the year ended December 31, 2020. This margin decrease was primarily due to higher LME levels in 2021.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $73.2 million, or 44.4%, to $238.0 million for the year ended December 31, 2021 from $164.8 million for the year ended December 31, 2020. As a percentage of net sales, those expenses increased by 0.7% to 7.8% of net sales for the year ended December 31, 2021, as compared to 7.1% of net sales for the prior year.

The increase in these expenses for the year ended December 31, 2021, in comparison to the prior year was primarily due to: (i) a positive impact related to a partial reimbursement from an insurance claim recorded by the Company's Glass Packaging division in Poland in 2020, (ii) higher selling, general and administrative costs in the Czech Republic where the Company's new facility began production in June 2020, and (iii) higher labor costs mainly due to inflation.

Asset Impairment Losses

Asset impairment losses increased to $1.2 million in the year ended December 31, 2021, from $0.8 million in the year ended December 31, 2020. These impairments in each of the years ended December 31, 2021 and 2020 were related to the impairment of production equipment that was no longer in use in various operating facilities.

Total Other Income (Expense)

Total other expenses decreased by $128.7 million, to a net expense of $3.3 million for the year ended December 31, 2021 from a net expense of $132.0 million for the year ended December 31, 2020.

This decrease in net expenses for the year ended December 31, 2021 compared to 2020, relates mainly to the impact of unrealized movements in intercompany loans due to the volatility of certain currencies such as the Brazilian real and the Colombian peso versus the U.S. dollar.

Foreign exchange gain (loss) improved by $120.6 million, to a net gain of $6.6 million for the year ended December 31, 2021 from a net loss of $114.0 million for the year December 31, 2020.

Net interest costs decreased by $3.2 million, or 11.8%, to $24.0 million for the year ended December 31, 2021 from $27.2 million for the year ended December 31, 2020.

This decrease for the year ended December 31, 2021 compared to the same period in 2020, was due to higher average utilization of the Revolving Credit Facility and costs of early redemption of Private Placement Notes in 2020.

Income Taxes

Income tax expense increased by $44.6 million to $82.0 million for year ended December 31, 2021 from $37.4 million for the year ended December 31, 2020. This is in line with the increase in Income before Income Taxes.

The increase in effective tax rate for the year ended December 31, 2021 compared to the prior year, was primarily due to the impact of the net unrealized exchange rate gain in Brazil and Colombia mainly related to intercompany loans during the year ended December 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During the years 2018- 2020, the Company's main sources of liquidity were primarily investment loan agreements with financial institutions, Private Placement Notes held with various Polish financial institutions, the Revolving Credit Facility, overdraft facilities, cash flows from operations and retained earnings. In October 2020, the Company issued EUR 600 million High Yield Bonds which were used to redeem the Private Placement Notes held with various Polish financial institutions and to pay the fees and expenses in connection with the related transactions. Additionally, the Company issued USD 400 million High Yield Bonds, which were used by CANPACK U.S LLC to finance the plant construction in Olyphant, Pennsylvania.

In October 2021, the Company issued USD 223 million Bonds (together with the issuance of USD 577 million Bonds by CANPACK U.S LLC). As of December 31, 2021, the EUR 600 million Bonds and the USD 223 million Bonds remained the main source of external capital of the Group, along with the Revolving Credit Facility. The Company has also entered into receivables factoring arrangements with banks in Poland, the UAE, Romania, the United Kingdom, the Netherlands, France, and Japan. As of December 31, 2021 and 2020, the uncollected balance on receivables that had been factored on a non-recourse basis was $60.4 million and $183 million, respectively.

Cash Flows

The following table sets forth cash flows for each of the periods indicated:

(Amounts in millions)	**Year ended December 31, 2021**	**Year ended December 31, 2020**
Net cash provided by operating activities	**$ 205.2**	**$ 304.2**
Net cash used in investing activities	**(213.8)**	**(248.9)**
Net cash (used in) provided by financing activities	**210.5**	**(41.2)**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(14.6)	0.9
Net increase in cash, cash equivalents and restricted cash	**187.3**	**15.0**
Cash, cash equivalents and restricted cash at beginning of period	132.5	117.4
Cash, cash equivalents and restricted cash at end of period	**319.8**	**132.4**
Cash and cash equivalents	**$ 318.8**	**$ 131.4**

Cash Flow from Operating Activities

Net cash provided by operating activities decreased by $99.0 million to a net inflow of $205.2 million for the year ended December 31, 2021, from a net inflow of $304.2 million for the year ended December 31, 2020. This decrease in cash flows provided by operating activities was mainly due to higher working capital employed as a result of higher beverage can body volume sales, higher LME and a one-off tax payment (as explained in Note 10 titled "Long-term receivables" in the Audited Consolidated Financial Statements as of December 31, 2021). The cash flow conversion ratio, measured as adjusted EBITDA minus maintenance capital expenditures divided by adjusted EBITDA, was 87% for the year ended December 31, 2021, as compared to 89% for the year ended December 31, 2020. This lower ratio was caused by an increase of maintenance capital expenditures in 2021 in comparison with 2020.

Cash Flow from Investing Activities

Net cash used in investing activities decreased by $35.1 million to a net outflow of $213.8 million for the year ended December 31, 2021, from a net outflow of $248.9 million for the year ended December 31, 2020. The decrease was mainly due to lower level of capital expenditures for the new can body line in Russia, an extension of the lines in Brazil and in the Netherlands, and a new can end line in United Arab Emirates, as compared to the higher level of capital expenditures during the year ended December 31, 2020, related mostly to the Czech Republic greenfield project.

Cash Flow Used in Financing Activities

Net cash of financing activities has changed by $251.7 million to a net inflow of $210.5 million for the year ended December 31, 2021 from a net outflow of $41.2 million for the year ended December 31, 2020. This change was primarily due to the issuance of USD 233 million Bonds in 2021, with the related repayment being lower than prior year where the EUR 600 million Bonds were offset by repayment of Private Placement Bonds.

Restricted Cash

At December 31, 2021 and 2020, current restricted cash amounted to $1.0 million. At December 31, 2021, restricted cash was primarily related to special funds accounts that are a requirement at the Company's Polish entities.

Working Capital

Working capital follows a seasonal pattern and is generally at its highest at the seasonal peak in September and during the summer months in Europe. Changes in working capital are primarily due to investments in new plants, each of which has an incremental working capital requirement as it works up to full production capacity.

	Year ended December 31,	
(Amounts in millions)	**2021**	**2020**
Receivables, net	$ (295.7)	$ (131.6)
Inventories	(93.0)	(19.8)
Other current assets and other receivables	(52.0)	(17.3)
Trade accounts payable, accrued expenses and other liabilities	177.3	104.3
Income tax	28.0	(10.5)
Other	5.4	1.9
Changes in working capital	**$ (230.0)**	**$ (73.0)**

Changes in working capital are measured as the changes in assets and liabilities in a period, as presented in the Consolidated Statements of Cash Flows. For the years ended December 31, 2021 and 2020, the working capital outflows were $230.0 million and $73.0 million, respectively. The increase in working capital movement of $157.0 million for the year ended December 31, 2021, compared to the prior year, was mainly due to an increase in inventories as a result of significant increases in LME in 2021 and an increase in account receivables due to higher sales volumes.

Capital Expenditures

Capital expenditures are categorized as either maintenance capital expenditures or expansionary capital expenditures. Maintenance capital expenditures include investments such as plant optimization, quality and safety initiatives. The relatively young, well-invested asset base supports limited maintenance capital expenditure requirements. Maintenance capital expenditures increased over the period under review, as the business has grown. Maintenance capital expenditures as a percentage of net sales increased by 0.2%, to 2.4% for the year ended December 31, 2021 from 2.2% for the year ended December 31, 2020.

Expansionary capital expenditures consist of expenditures as part of the greenfield investment strategy and expansions of existing facilities. Expansionary capital expenditure for the year ended December 31, 2021 were predominantly driven by the Brazilian and Netherlands line extensions, a new beverage can line in Russia and a new can end line in the United Arab Emirates.

The following table sets forth maintenance capital expenditures and expansionary capital expenditures for each of the periods indicated:

	Year ended December 31,	
(Amounts in millions)	**2021**	**2020**
Maintenance Capital Expenditure	$ 71.5	$ 51.1
Expansionary Capital Expenditure	116.7	230.3
Total Capital Expenditure	$ 188.2	$ 281.4

Capital expenditures during the year ended December 31, 2021, were $188.2 million compared to $281.4 million during the year ended December 31, 2020, comprising of $71.5 million in maintenance capital expenditures and $116.7 million in expansionary capital expenditures. This decrease was mainly due to lower level of capital expenditures for a new can body line in Russia, an extension of lines in Brazil and in the Netherlands and a new can end line in United Arab Emirates, as compared to the higher level of capital expenditures during the year ended December 31, 2020, related mostly to the Czech Republic greenfield.

Total Debt Structure

The table below summarizes the Company's debt obligations as of December 31, 2021:

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
			($ million)		
USD Investment loan	15.0	-	-	-	15.0
EUR Long-term bonds*	-	-	-	679.7	679.7
USD Long-term bonds**...........	-	-	-	222.8	222.8
Capital lease obligation	0.6	0.6	0.3	-	1.5
Total debt before unamortized debt issuance costs.......................................	**15.6**	**0.6**	**0.3**	**902.5**	**919.0**
Unamortized debt issuance costs					(11.5)
Total debt					**907.5**

* Long term bonds were co-issued with CANPACK US LLC and were allocated to CANPACK S.A. and CANPACK US LLC in the amount of Euro 600 million and $400 million, respectively,

** Long term bonds were co-issued with CANPACK US LLC and were allocated to CANPACK S.A. and CANPACK US LLC in the amount of $222.8 million and $577.2 million, respectively.

CANPACK S.A. guarantees the indebtedness of CANPACK US LLC, while CANPACK US LLC guarantees the indebtedness of CANPACK S.A. in the event of any adverse events as described in the issuance document governing the bonds.

As of December 31, 2021, there are no facts or circumstances indicating that CANPACK S.A. will be liable for repayment of the bonds held by CANPACK US LLC.

Operating Leases and Total Rental Expenses

The Company has entered into various operating lease agreements for real estate, vehicles, perpetual usufruct of land and other operating lease agreements, mainly for staff accommodation. As of December 31, 2021, future annual minimum lease and rental payments for all non-cancellable operating leases with an initial or remaining term of one year or more, by year and in the aggregate, are the following for the years ending December 31:

Year ended December 31,	**($ in thousands)**	
2022	$	4,129
2023		3,329
2024		2,420
2025		2,200
2026		2,020
Thereafter		49,055
Total	**$**	**63,153**

Summary Financial Data and Ratios

The financial information presented below includes certain "Non-GAAP Measures" used to evaluate the Company's operational and financial performance. These measures are not identified as accounting measures under U.S. GAAP and therefore should not be considered as an alternative measure to evaluate the performance of the Company.

The information contained in this section should be read in conjunction with the Audited Consolidated Financial Statements of the Company

	As of and for the year ended December 31,	
	2021	**2020**
	($ million)	
Adjusted EBITDA[(1)]	**536.7**	**446.1**
Change in working capital[(2)]	(230.0)	(73.0)
Capital expenditure[(3)]	(188.2)	(281.4)
Maintenance capital expenditure[(4)]	(71.5)	(51.1)
Expansionary capital expenditure[(5)]	(116.7)	(230.3)
Adjusted EBITDA less maintenance capital expenditure	**465.2**	**395.0**
Cash flow conversion ratio[(6)]	*87%*	*89%*
Free Cash Flow[(7)]	**99.1**	**77.8**
Total Debt[(8)]	907.5	755.2
Cash and cash equivalents	318.8	131.4
Net Debt[(9)]	588.6	623.8
Total Debt / Adjusted EBITDA	n/a	n/a
Net Debt / Adjusted EBITDA	**n/a**	**n/a**
Interest costs, net	24.0	27.2
Interest Coverage ratio[(10)]	22.4	16.4

(1) Adjusted EBITDA is a Non-GAAP Measure. Adjusted EBITDA consists of net income before income taxes, interest costs, net, depreciation and amortization, foreign exchange gain (loss), results of equity method investments, financial instruments, impairment costs, permitted disposals, start-up costs, any unrealized hedging losses and other adjusting items. The Company believes that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. It is not a measure of operating performance derived in accordance with U.S. GAAP, and should not be considered as a substitute for gross profit, operating income, income/(loss) before tax, cash flow from operating activities or other income, cash flow statement data or other measures determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Company believes that this measure provides useful comparative information to investors and helps investors evaluate the performance of the underlying business. However, the Company's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. The following table reconciles net income to Adjusted EBITDA for the periods presented:

	As of and for the year ended December 31,	
	2021	2020
	($ million)	
Net income	**311.5**	**164.3**
Income taxes	82.0	37.4
Interest costs, net	24.0	27.2
Depreciation and amortization	103.3	88.8
Foreign exchange (gain) loss [(a)]	(6.6)	114.0
Results of equity method investments	(0.1)	0.1
Permitted disposals	1.3	-
Impairment[(b)]	1.2	0.8
Start-up costs[(c)]	2.2	7.2
Unrealized hedging losses[(d)]	-	(0.4)
Other adjusting items[(e)]	17.9	6.7
Adjusted EBITDA	**536.7**	**446.1**

(a) Foreign exchange (gain) loss refers to the effect of translation of balance sheet items denominated in foreign currencies into reporting currency. The gain of $6.6 million and the loss of $114.0 million foreign exchange difference recorded in the year ended December 31, 2021 and 2020, respectively, are a result of realized and unrealized non cash foreign exchange losses/gains mainly related to intercompany loans granted to finance the initial investments in subsidiaries in Brazil and Colombia.

(b) Represents asset impairment losses and goodwill impairment as recorded on the Consolidated Statements of Income.

(c) Start-up costs refer to all costs and expenses incurred in connection with either the entry into a new market, or the construction of a new plant, or addition of a new line in an existing plant, or extension of a line, commencing with identification of the potential opportunity until such plant or line has delivered commercial products to its customers. Trial costs which are capitalized are not included in start-up costs.

For the year ended December 31, 2021, start-up costs were primarily related to investment for extending capacity in Russia.

For the year ended December 31, 2020, start-up costs were related to the greenfield investment in the Czech Republic the line extension in Colombia and a new production line in Russia.

(d) Ineffective unrealized hedging losses refers to any unrealized losses attributable to hedging agreements, as set out in the line item titled "Financial instruments".

(e) For the year ended December 31, 2021, other adjusting items represents unusual expense for customer claim accruals and COVID-19 related expenses, which consist of costs for salary and related benefits, costs to sanitize and disinfect plants and source protection equipment and costs required to keep operations going. For the year ended December 31, 2020, other adjusting items represents mainly COVID-19 related expenses, which consist of costs for salary and related benefits, costs to sanitize and disinfect plants and source protection equipment and costs required to keep operations going.

(2) Represents change in working capital (defined as the sum of the line items recorded under "Changes in current assets and liabilities" in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements). The main contributor to the change in working capital in each year has been the investment in new plants, each of which has an incremental working capital requirement.

(3) Capital expenditures refer to cash and deposits paid for property, plant and equipment.

(4) Maintenance capital expenditures represent cash and deposits paid for property, plant and equipment minus expansionary capital expenditure.

(5) Expansionary capital expenditure relates to a range of projects, both greenfield investments and the expansion of existing facilities.

(6) Cash flow conversion ratio represents Adjusted EBITDA minus maintenance capital expenditures divided by Adjusted EBITDA.

(7) Free Cash Flow represents Net cash provided by operating activities plus interest and income tax expense minus Cash paid for property, plant and equipment plus foreign exchange gain (loss) from operating activities plus results of equity method investments plus Financial instruments plus Deferred income taxes plus permitted disposal, Goodwill impairment and Net gain/loss on financial instruments disclosed from Audited Consolidated Statement of Cash Flows. Foreign exchange gain (loss) from operating activities represents the difference between Foreign exchange gain (loss) lines in Audited Consolidated Statement of Income and Audited Consolidated Statement of Cash Flows.

A reconciliation of net cash provided from operations to free cash flow is presented below:

	As of and for the year ended December 31,	
	2021	**2020**
Net cash provided by operating activities	205.2	304.2
Income Tax	82.0	37.4
Interest costs - net	24.0	27.2
Cash and deposits paid for property, plant and equipment	(188.2)	(281.4)
Foreign exchange (loss) from operating activities[a]	(12.9)	(5.9)
Results of equity method investments	(0.1)	0.1
Financial instruments	(0.5)	0.2
Deferred income taxes	(11.7)	(4.4)
Permitted disposals	1.3	-
Net gain/loss on financial instruments	-	0.4
Free Cash Flow	**99.1**	**77.8**

(a) Represents the difference between the Foreign exchange gain (loss) line in the Consolidated Statement of Income and the Consolidated Statement of Cash Flows in our Audited Consolidated Financial Statements for the year ended December 31, 2021 and Audited Consolidated Financial Information for the year ended December 31, 2021 which were published today.

(8) Total Debt is defined as current and long-term debt, bank overdrafts, notes payable, current and non-current capital lease obligations and current and long-term loans from related parties.

The following table shows a reconciliation to Total Debt:

	As at December 31,	
	2021	**2020**
	($ million)	
Current portion of long-term debt	15.0	13.0
Current portion of capital lease obligations	0.6	0.7
Long-term debt, less current portion	891.0	740.5
Capital lease obligation, less current portion	0.9	1.0
Total Debt	**907.5**	**755.2**

(9) Net Debt is defined as Total Debt minus cash and cash equivalents.

The following table shows a reconciliation to Net Debt:

	As at December 31,	
	2021	**2020**
	($ million)	
Total Debt	**907.5**	**755.2**
Cash and cash equivalents	318.9	131.4
Total Net Debt	**588.6**	**623.8**

(10) Interest coverage ratio represents Adjusted EBITDA divided by interest cost - net.

SIGNATURES

Board of Managers

DocuSigned by: 792821D95C4542D...	DocuSigned by: 5F78DAECA3764C4...	DocuSigned by: Jean-Francois Bouchoms 667068489ED3424...
Peter F. Giorgi	Anthony Braesch	Jean-François Bouchoms

Luxembourg, April 15, 2022

Deloitte Audit
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To the Sole Partner of
Giorgi International Holdings S.à r.l.
15, rue du Fort Bourbon
L - 1249 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Giorgi International Holdings S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2021, the consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, prepared under Generally Accepted Accounting Principles applicable in the United States of America (US GAAP), including a footnote reconciling equity and net result to the International Financial Reporting Standards as adopted by the European Union (IFRS).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with US GAAP.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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Emphasis of Matter – Subsequent Event

We draw attention to Note 33 in the consolidated financial statements describing management's evaluation of the actual or potential impact of the ongoing conflict in Ukraine and the related sanctions targeted against Russia, on the Group. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report but does not include the consolidated financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with US GAAP, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from

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fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

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Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Mael Garo

Maël Garo, *Réviseur d'entreprises agréé*
Partner

April 15, 2022

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

		December 31, 2021	December 31, 2020
ASSETS	**NOTES**		
CURRENT ASSETS			
Cash and cash equivalents	**3**	$ 318,848	$ 131,444
Receivables, net	**4,29**	929,123	676,154
Income taxes receivable		3,197	18,457
Other receivables	**5,26**	52,410	38,352
Inventories	**6**	406,990	334,096
Financial instruments	**21,22**	45,261	3,775
Other current assets	**3,7**	44,582	16,803
Total current assets		1,800,411	1,219,081
NON-CURRENT ASSETS			
Property, plant and equipment, net	**8**	1,469,812	1,457,592
Other intangible assets, net	**9**	1,625	1,735
Long-term receivables	**10,26,29**	48,120	15,710
Long-term investments	**11**	30,549	-
Goodwill	**12**	43,301	46,460
Deferred tax assets	**18**	33,091	29,068
Financial instruments	**21,22**	11,489	4,090
Investments in related companies	**13**	9,722	10,252
Other non-current assets	**14**	47,452	66,859
Total non-current assets		1,690,161	1,631,766
TOTAL ASSETS		$ 3,490,572	$ 2,850,847

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

		December 31, 2021	December 31, 2020
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable	**29**	$ 472,204	$ 351,234
Taxes other than income taxes		34,217	37,282
Accrued expenses and other liabilities	**16,24,26,29**	161,302	124,119
Income taxes payable		20,471	6,585
Current portion of long-term debt	**15**	15,046	13,011
Current portion of capital lease obligations		568	678
Financial instruments	**21,22**	3,608	4,968
Total current liabilities		707,416	537,877
NON-CURRENT LIABILITIES:			
Long-term debt, less current portion	**15**	891,043	740,482
Capital lease obligation, less current portion		868	985
Deferred tax liabilities	**18**	74,041	44,576
Financial instruments	**21,22**	5,702	1,338
Other non-current liabilities	**19,26**	34,325	34,793
Total non-current liabilities		1,005,979	822,174
SHAREHOLDER'S EQUITY:			
Common stock	**27**	6,718	6,718
Share premium		481,154	481,154
Legal reserve		672	672
Additional paid-in capital		11,854	2,821
Retained earnings		1,229,012	1,064,858
Profit of the year		311,446	164,263
Accumulated other comprehensive loss	**23**	(263,679)	(230,637)
Total shareholder's equity		1,777,177	1,489,849
NON-CONTROLLING INTEREST		-	947
Total equity		1,777,177	1,490,796
TOTAL LIABILITIES AND EQUITY		$ 3,490,572	$ 2,850,847

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands)

	December 31, 2021	December 31, 2020
Net sales	$ 3,040,625	$ 2,317,866
Cost of sales	2,404,638	1,818,580
Gross profit	635,987	499,286
Selling, general and administrative expenses	237,978	164,814
Asset impairment losses	1,238	802
Operating income	396,771	333,670
Other income (expense):		
Interest costs, net	(23,969)	(27,173)
Foreign exchange gain (loss)	6,590	(114,036)
Results of equity method investments	78	(62)
Financial instruments	477	(243)
Other	13,540	9,483
Total other income (expense)	(3,284)	(132,031)
Income before income taxes	393,487	201,639
Income taxes	82,041	37,406
Net income	$ 311,446	$ 164,233
Net (loss) attributable to noncontrolling interests	-	(30)
Net income attributable to GIH	$ 311,446	$ 164,263

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	December 31, 2021	December 31, 2020
Net income	$ 311,446	$ 164,233
Other comprehensive income (loss):		
Foreign currency translation adjustment	(69,592)	(13,584)
Hedging instruments, net of taxes of $(6,552) and $1,048, respectively	36,442	(1,188)
Total other comprehensive income (loss)	(33,150)	(14,772)
Comprehensive income	278,296	149,461
Less comprehensive (loss) attributable to noncontrolling interests	-	(59)
Comprehensive income attributable to GIH	$ 278,296	$ 149,520

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)

	Subscribed capital	Share premium	Legal reserve	Additional paid in capital	Retained earnings	Cumulative other comprehensive income (loss)	Total Shareholder's Equity	Noncontrolling Interest	Total
Balance at December 31, 2019	$ 6,718	$ 481,154	$ 672	$ -	$ 1,064,858	$ (215,895)	$ 1,337,507	$ 1,006	$ 1,338,513
Net income	-	-	-	-	164,263	-	164,263	(30)	164,233
Other comprehensive income (loss):									
Foreign currency translation adjustment	-	-	-	-	-	(13,555)	(13,555)	(29)	(13,584)
Hedging instruments	-	-	-	-	-	(2,236)	(2,236)	-	(2,236)
Deferred tax on hedging instruments	-	-	-	-	-	1,048	1,048	-	1,048
Other	-	-	-	2,821	-	1	2,822	-	2,822
Balance at December 31, 2020	$ 6,718	$ 481,154	$ 672	$ 2,821	$1,229,121	$ (230,637)	$ 1,489,849	$ 947	$ 1,490,796
Net income	-	-	-	-	311,446	-	311,446		311,446
Other comprehensive income (loss):									
Foreign currency translation adjustment	-	-	-	-	-	(69,592)	(69,592)		(69,592)
Hedging instruments	-	-	-	-	-	42,994	42,994	-	42,994
Deferred tax on hedging instruments	-	-	-	-	-	(6,552)	(6,552)	-	(6,552)
ASU 2017-12 implementation	-	-	-	-	(109)	109	-	-	-
Other	-	-	-	9,033	-	(1)	9,032	(947)	8,085
Balance at December 31, 2021	$ 6,718	$ 481,154	$ 672	$ 11,854	$1,540,458	$ (263,679)	$ 1,777,177	$ -	$ 1,777,177

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	December 31, 2021	December 31, 2020
Operating activities:		
Net income	$ 311,446	$ 164,233
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	103,332	89,202
Amortization of debt issuance costs	2,319	-
Deferred income taxes	13,046	4,374
Foreign exchange gain	6,353	119,877
Financial instruments	(1)	(424)
Changes in current assets and liabilities:		
Receivables, net	(295,681)	(131,638)
Inventories	(93,015)	(19,811)
Other current assets and other receivables	(52,903)	(3,047)
Trade accounts payable, accrued expenses and other liabilities	177,256	104,303
Income tax	28,005	(10,500)
Other	5,085	(12,357)
Net cash provided by operating activities	205,242	304,212
Investing activities:		
Cash paid for property, plant and equipment and equipment deposits	(188,225)	(281,412)
Proceeds from the sale of property, plant and equipment	1,794	190
Loans granted to related parties	(29,968)	-
Investing activities, other	2,592	32,278
Net cash used in investing activities	(213,807)	(248,944)
Financing activities:		
Issuance of debt, net of issuance costs	365,317	2,275,240
Debt issuance costs paid to other parties	(1,645)	(5,086)
Repayment of debt	(152,379)	(2,310,450)
Capital lease payment	(766)	(889)
Net cash provided by (used in) financing activities	210,527	(41,185)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(14,613)	949
Net increase in cash, cash equivalents and restricted cash	187,349	15,032
Cash, cash equivalents and restricted cash at beginning of year	132,452	117,420
Cash, cash equivalents and restricted cash at end of year	$ 319,801	$ 132,452
Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 20,514	$ 16,192
Income taxes	$ 35,701	$ 29,138
Supplemental disclosure of non-cash investing and financing activities		
Purchases of fixed assets in accrued expenses	$ 21,923	$ 16,546
Assets obtained under capital lease	$ 562	$ 880

1. NATURE OF BUSINESS

Giorgi International Holdings S.à r.l. was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organized under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The Company manufactures and sells rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks, glass bottles, and twist-off closures for jars. The subsidiaries' activities also include labeling, printing, and coating of these products. The Company is also involved in the recycling and real estate businesses.

Sales of the Company are mainly in the European Union, United Kingdom, Russia, Ukraine, United Arab Emirates and other Persian Gulf countries, India, Brazil, and countries in North Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL YEAR

The Company's reporting period covers the 12 months from January 1, 2021 to December 31, 2021. Comparative data covers the 12 months from January 1, 2020 to December 31, 2020.

BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include adjustments and reclassifications which are appropriate to present Consolidated Financial Statements in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to a derogation granted by the Minister of Justice. As required by the Minister of Justice's derogation letter, dated September 6, 2021, a reconciliation between U.S. GAAP and the International Financial Reporting Standards ("IFRS") as adopted by the European Union is presented in Note 30.

Risks and Uncertainties – Novel Coronavirus (COVID-19)

The outbreak of the novel coronavirus ("COVID-19") and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, may impact the Company's business in a number of ways. This may include an adverse effect from reduced global economic activity resulting in decreased demand for customer products which, therefore, affects the products the Company manufactures. The regulations imposed may also affect the Company's ability to continue operations and may result in potential disruptions to the Company's supply chain and workforce. The circumstances of the current COVID-19 outbreak are changing rapidly, and at this time the Company is unable to reasonably estimate the full impact of the COVID-19 outbreak on its financial results. The products produced and services provided by the Company are deemed "essential" in certain jurisdictions and, as a result, governments in those have allowed the Company's operations to continue during this crisis with minimal interruption. However, as the Company makes the majority of its sales and significant purchases to or from a relatively small number of global, or large regional, customers and suppliers, the potential of COVID-19 to affect a significant customer or supplier, or to affect demand for certain products to a significant degree, or to impact its own operations in jurisdictions where the Company's operations are not deemed "essential" or where its employees are unable to work due to COVID-19 has the potential to increase the Company's vulnerabilities to near-term severe impacts related to certain concentrations in its business.

Risks and Uncertainties – Novel Coronavirus (COVID-19) (continued)

The Company has implemented actions to minimize the risks and associated negative effects from COVID-19, which do not guarantee the prevention or mitigation of material impacts on the Company's business. Some of these actions may include, and are not limited to:

- Implementing alternative work arrangements including work from home;
- Limiting or eliminating work-related travel;
- Enhancing the cleaning and disinfecting of the Company's physical locations;
- Mandating the use of masks and social distancing;
- Implementing health screening or other measures for employees and third parties who enter the Company's facilities;
- Adjusting inventory levels to mitigate potential supply disruptions;
- Providing additional health-related services to employees; and
- Modifying debt arrangements.

In the year ended December 31, 2021, the outbreak of COVID-19 did not have a material impact on the Financial Statements of the Company.

Acquisitions and Disposals

On May 11, 2020, the Company's subsidiary, CANPACK S.A. ("CPSA") acquired 100% of the membership interests in CANPACK US LLC (f.k.a. Eastern PA Land Investment Holding LLC) ("CPUS") from Maidencreek Plaza Co. On October 20, 2020, CPSA. sold 100% of its membership interests in CPUS to F&P Holding Co., Inc. The parties to these transactions are related entities.

On October 7, 2020, the Company's subsidiary, CPSA acquired the remaining 51% of shares in CANPACK Middle East LLC and became sole owner of the company.

On January 12, 2021, the Company's subsidiary, CPSA sold its interest in CANPACK Linco LLC.

BASIS OF PRESENTATION (CONTINUED)

The Company's shareholding structure of consolidated and affiliated companies as of December 31, 2021, is presented below:

		GIH shareholding	Other shareholding
Subsidiaries accounted for under the Consolidation Method:			
CANPACK S.A.	Poland	100%	0%
CANPACK Ukraine LLC	Ukraine	100%	0%
CANPACK Romania s.r.l.	Romania	100%	0%
CANPACK ME DMCC	U.A.E.	100%	0%
CANPACK Middle East LLC	U.A.E.	100%	0%
CANPACK UK Ltd.	United Kingdom	100%	0%
CANPACK India Private Limited	India	100%	0%
OOO Ken-Pak Zavod Upakovki	Russia	100%	0%
OOO Ken Pak	Russia	100%	0%
CANPACK Food and Industrial Packaging sp.z o.o.	Poland	100%	0%
CANPACK Metal Closures Sp. z o.o.	Poland	100%	0%
Ukr-Pack LLC	Ukraine	100%	0%
CANPACK Yavoriv LLC	Ukraine	100%	0%
TIK Slovakia s.r.o.	Slovakia	100%	0%
KAMOKO s.r.o.	Czech Republic	100%	0%
TAPON FRANCE S.A.S.	France	100%	0%
CP Glass S.A.	Poland	100%	0%
CANPACK Recycling Sp. z o.o.	Poland	100%	0%
Alu Packaging FZE	U.A.E.	100%	0%
Tapon Spain S.L.U.	Spain	100%	0%
CANPACK Morocco S.A.R.L.	Morocco	100%	0%
CANPACK Brasil Indústria de Embalagens LTDA	Brazil	100%	0%
CANPACK Istambul Ambalaj t.l.s	Turkey	100%	0%
CANPACK Recycling S.R.L.	Romania	100%	0%
K2017261388 PTY LTD	South Africa	100%	0%
CANPACK NL Holdings B.V.	Netherlands	100%	0%
CANPACK Netherlands B.V.	Netherlands	100%	0%
CANPACK Finland Oy	Finland	100%	0%
CANPACK Czech s.r.o.	Czech Republic	100%	0%
CANPACK Columbia S.A.S.	Colombia	100%	0%
IPOPEMA 68	Poland	100%	0%
Investment accounted for under the Equity Method:			
Can Asia, Inc.	Philippines	35%	65%

PRINCIPLES OF CONSOLIDATION

The Company consolidates entities in which it owns, or controls more than fifty percent of voting shares or otherwise has a controlling financial interest in the entity. The Company considers itself to have a controlling financial interest in the entity if it has (1) the power to direct the activities of the entity that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity that could potentially be significant to the entity or the right to receive benefits from the entity that could potentially be significant to the entity.

The Company accounts for its investment in an entity of which it owns between 20% and 50% or for which it exerts significant influence without the ability to control the entity using the equity method under which the Company's share of net income of the entity is recognized as income in the Company's Consolidated Statements of Income. The Company accounts for dividends received from an entity accounted for using the equity method as a reduction of the "Investments in related companies" recorded in the Company's Consolidated Balance Sheets.

All significant intercompany balances and transactions have been eliminated.

Foreign Currency Translation and Transactions

Balance sheets of the subsidiaries are translated into the Company's reporting currency, U.S. dollar, using closing exchange rates as of the balance sheet date, while statements of income are translated into U.S. dollars at quarterly average rates. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets.

Changes in the foreign exchange rates of the local currencies against U.S. dollar, between January 01, 2021 and December 31, 2021 and between January 01, 2020 and December 31, 2020, had a material impact on the recorded balances presented in the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows.

Since the Company has operations in 19 countries and sells its products in approximately 100 countries, management monitors economic and currency-related risks and seeks to take protective measures in response to these exposures. Some of the countries (e.g. Brazil, Russia, India and Ukraine) in which the Company does business have recently experienced periods of significant economic uncertainty. Management continuously monitors operations, currencies and net monetary exposures in these countries. For the years ended December 31, 2021 and 2020, the Company was not required to apply highly inflationary accounting in these countries.

Use of Estimates

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosures related to commitments and contingencies. The significant areas of estimation used in the preparation of the accompanying Consolidated Financial Statements relate to inventory obsolescence and excess stock reserves, bad debt allowances, retirement accruals, estimated income tax assets and liabilities, goodwill impairment, fair value of assets acquired and liabilities assumed in business combinations, useful lives for depreciation and amortization of tangible and intangible assets and accruals associated with pending and threatened litigation. Future events may occur which will cause the assumptions used in arriving at these and other estimates to change. The effect of any changes in estimates will be recorded in the Consolidated Financial Statements, when determinable. Actual results could differ materially from these estimates.

Selling, General and Administrative Expenses

Beginning January 1, 2021, the Company presents Selling, General and Administrative Expenses aggregated in one line within the Consolidated Statements of Income. Comparative balances have been reclassified in order to conform to the current presentation.

REVENUE RECOGNITION

The Company recognizes revenue when control of a good or service has transferred to the customer in an amount that reflects what the Company expects to be entitled to in exchange for those goods or services as required by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, "*Revenue from Contracts with Customers*" ("ASC 606"). Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract. Consideration expected to be received may consist of both fixed and variable components and is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. Variable consideration usually takes the form of volume-based discounts, cash discounts, and other incentives. Determining the estimated amount of such variable consideration involves assumptions and judgment that can have an impact on the amount of revenues reported.

In the context of the revenue recognition standard, enforceable contracts are those that have an enforceable right to payment, which the Company typically has once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract. Enforceable contracts, as defined, all have a duration of less than one year.

For certain contracts, the Company manufactures products for customers that have no alternative use, and such performance obligations are recognized over time, when the Company has an enforceable right to payment for production completed to date. For all other contracts, the Company recognizes revenue at a point in time, typically upon dispatch of the goods.

Up-front Payments to Customers

The Company's foreign subsidiaries have made payments to customers at the inception of certain contracts. Such payments relate to sign-on bonuses paid to their customers on commencement of the contract. These payments have been recognized as assets and are presented in the Consolidated Balance Sheets as "Other current assets" and "Other non-current assets" and are disclosed as "Direct sales contract acquisition costs" in Note 7 and 14. The related assets are amortized into revenue over the period that the goods are expected to be delivered to the customer, consistently with the timing of the transfer of goods to customers.

Practical Expedients

For contracts that have an original duration of one year or less, the Company has elected the practical expedient applicable to such contracts and has not disclosed the transaction price for future performance obligations as of the end of each reporting period or when the Company expects to recognize sales.

The Company has also elected the sales tax practical expedient; therefore, sales and other taxes assessed by a governmental authority that are collected concurrent with revenue-producing activities are excluded from the transaction price.

For shipping and handling activities performed after a customer obtains control of the goods, the Company has elected to account for these costs as activities to fulfill the promise to transfer the goods; therefore, these activities are not assessed as separate performance obligations.

The Company has also elected the significant financing component practical expedient which allows the Company to not assess whether the contract has a significant financing component in circumstances where, at contract inception, the expected contract duration is less than one year.

Performance Obligations

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer goods or services to the customer.

To identify its performance obligations, the Company considers all of the goods or services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

The Company has determined that the following distinct goods and services represent separate performance obligations:

- Manufacture of customized beverage cans with no alternative use;
- Manufacture of customized glass bottles with no alternative use;
- Manufacture of customized crown corks with no alternative use;
- Manufacture of customized and non-customized steel cans;
- Manufacture of non-customized aluminum and steel can ends.

Revenue related to performance obligations for products with no alternative use is recognized over time when the Company has manufactured a customized item and has an enforceable right to payment. Revenue related to products with alternative use is recognized at a point in time. Contracts may be short-term or long-term, with varying payment terms. The Company's payment terms vary by the type and location of the customer and the products offered. Customers pay in accordance with negotiated terms, which are typically triggered upon ownership transfer. All payment terms are less than one year. For all contracts, the transaction price is determined upon establishment of the contract that contains the final terms of the sale, including the description, quantity, and price of each product or service purchased.

SIGNIFICANT JUDGMENTS

TIMING OF RECOGNITION

The determination that sales should be recognized at a point in time most often results from the existence of an alternative use for the product. Products that are not customized for a customer prior to delivery are considered to have an alternative use, and sales are recognized at the point of control transfer. Determining when control transfer occurs requires management to make judgments that affect the timing of when sales are recognized. The Company considers control to have transferred for these products upon shipment or delivery, depending on the legal terms of the contract, because the Company has a present right to payment at that time, the customer has legal title to the asset, the Company has transferred physical possession of the asset and/or the customer has significant risks and rewards of ownership of the asset. The Company determines that control transfers to a customer as described above and provides a faithful depiction of the transfer of goods.

For performance obligations related to products that are customized with no alternative use, the Company transfers control and records sales over time when the Company has a right to payment for performance completed to date. The recognition of sales occurs over time as goods are manufactured and the Company has an enforceable right to payment for those goods, which is an output method. Determining a measure of progress requires management to make judgments that impact the timing of when sales are recognized. The Company has determined the above provides a faithful depiction of the transfer of goods to the customer. The number of units manufactured that have an enforceable right to payment is the best measure of depicting the Company's performance as control is transferred. The customer obtains value as each unit is produced against a binding contract.

TIMING OF RECOGNITION (CONTINUED)

The enforceable right to payment may be explicit or implied in the contract. If the enforceable right to payment is not explicit in the contract, the Company must consider if there is an implied right based on customer relationships or previous business practices and applicable law. Typically, the Company has an enforceable right to payment of costs plus a reasonable margin once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract.

Determining the Transaction Price including Variable Consideration

Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for transferring goods or providing services. To estimate variable consideration, the Company applied “most likely amount” which identifies the single most likely outcome in a range of possible amounts. The primary types of variable consideration present in the Company’s contracts are per-unit price changes, volume discounts and rebates. Once variable consideration has been estimated, it will be constrained to the amount which is probable will not result in a significant reversal of the cumulative amounts of sales recognized when the variability is resolved.

The Company performs reassessment of Variable Consideration at the end of each reporting period to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. Any change in Variable Consideration estimate are accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both.

Stand-alone selling price is then used to allocate total consideration proportionally to the various performance obligations within a contract. In making its determination of stand-alone selling price, the Company maximizes its use of observable inputs.

CONCENTRATIONS OF CREDIT RISK

Certain financial instruments potentially subject the Company to concentrations of credit risk. These financial instruments consist primarily of trade receivables and capitalized sales contract acquisition costs.

The Company grants credit to customers based on their potential ability to pay amounts due and, generally, no collateral is required.

Sales contract acquisition costs are recognized as assets when incurred. Amortization of the costs depends on the contract. If the contract is signed for a specific period of time, the related sales contract acquisition costs are amortized into “Net sales” on a straight-line basis over the duration of the contract. If the contract is signed and commits the customer to a minimum amount of future purchases, the related sales contract acquisition costs are amortized into “Net sales” ratably as sales to the customer occur.

SHIPPING AND HANDLING COSTS

Shipping and handling costs billed to customers are included in “Net sales” in the Company’s Consolidated Statements of Income. The Company records freight and any directly related cost of transporting the products to customers as “Cost of sales” in the Company’s Consolidated Statements of Income.

CASH AND CASH EQUIVALENTS

Investments that are highly liquid and have original maturities of three months or less at the date of purchase are classified as cash equivalents. The carrying value of these investments approximates their fair value.

RECEIVABLES

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering the customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Unbilled receivables are recorded when revenue is recognized in advance of invoice billing and when the right to customer payment is unconditional.

HEDGE ACCOUNTING

Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*, ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The Company has included the required disclosures in the accompanying Consolidated Financial Statements.

The Company enters into derivative financial instrument contracts to manage exposure to fluctuations in foreign currencies, commodities and interest rates. The Company has designated certain of its foreign currency forward, commodity swap, and interest rate contracts as hedges, as defined under ASC 815. The Company measures these derivative contracts at fair value.

The Company presents the gain/loss related to ineffective hedging transactions within its Consolidated Statements of Income in "Cost of sales" for commodity hedging and in "Financial instruments" for foreign exchange contracts and interest rate swaps.

The Company records the gain/loss related to effective part of hedging transactions in "Accumulated other comprehensive income/(loss)" until the forecasted transaction occurs. When the forecasted transaction occurs, the Company reclassifies the related gain or loss on the cash flow hedge to the Consolidated Statement of Income. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the underlying hedge into the Consolidated Statement of Income.

INVENTORIES

Items included in inventory in the Consolidated Balance Sheets include raw materials and supplies, work in process, manufactured finished goods, and purchased goods available for resale (collectively "Inventory Goods"), as well as development properties and properties held for sale by the Company's real estate businesses. Inventory Goods valued using the weighted-average cost method, are reflected at the lower of cost or net realizable value, and include all costs directly associated with manufacturing products: materials, labor and manufacturing overhead. Property recorded within inventory is measured at the lower of cost or net realizable value. Cost of properties held includes freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs incurred to bring it to the condition and location necessary for its intended use.

Property, Plant, and Equipment

Property, plant, and equipment is stated at cost, less accumulated depreciation. The Company capitalizes interest on loans incurred during the period of asset construction. Major renewals and betterments are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed when incurred. When an asset is disposed of, the asset and the related accumulated depreciation are eliminated and any gain or loss on the transaction is included in "Cost of sales" in the Company's Consolidated Statements of Income.

Depreciation is computed using various methods including the units of production method and the straight-line method. Property, plant, and equipment depreciated using the straight-line method is depreciated over the estimated useful lives of the respective assets, which are assigned as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 25 years
Transportation equipment	up to 5 years
Office equipment, furniture and miscellaneous	up to 10 years

Equipment held under capital lease agreements is depreciated over the lesser of the useful life or the lease term, if no purchase after the termination of lease agreement is intended.

Property, plant, and equipment is reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

Income Taxes

Income tax expenses and benefits are recognized based on the tax laws and regulations in the jurisdictions in which the Company operates. The provision for income taxes includes income taxes currently payable and deferred income taxes recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of existing assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carry-forwards.

Under the uncertain tax position provisions of FASB ASC 740, *Income Taxes*, the Company recognizes liabilities for income tax and related interest and penalties for issues in all tax jurisdictions based on an estimate of whether, and the extent to which, additional taxes and related interest and penalties will be due. The calculation of income tax liabilities related to uncertain income tax positions involves management judgments concerning uncertainties in the application of complex tax regulations in many jurisdictions in which the Company operates and involves consideration of potential liabilities for potential tax audit or potential benefit issues in those jurisdictions based on estimates of whether it is more likely than not those additional taxes will be due.

The Company recognizes interest and penalties related to unrecognized tax benefits within "Income taxes" in the Company's Consolidated Statements of Income. Accrued interest and penalties are included within "Other non-current liabilities" in the Company's Consolidated Balance Sheets.

INCOME TAXES

Deferred tax assets and liabilities are calculated based on the differences between the Company's financial statement basis and the tax basis in the Company's assets and liabilities and based on the enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The Company evaluates its deferred tax assets, to determine if valuation allowances are required or should be adjusted. To determine the amount of the valuation allowance, the Company will analyze all available positive and negative evidence to establish if sufficient taxable income will be available to use the tax assets. To the extent that it is not more likely than not that the deferred tax asset will be realized, a valuation allowance is recorded.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is recognized as the excess of the purchase price over the fair value of tangible and identifiable intangible net assets acquired in a business combination.

The Company accounts for goodwill and intangible assets that have indefinite useful lives as required by FASB ASC 350, *Intangibles – Goodwill and Other*. Goodwill is not amortized, but instead is tested for impairment at the reporting unit level at least annually as well as whenever a significant event or circumstance occurs which could reduce the fair value of the reporting unit to which the goodwill applies below the carrying amount of the reporting unit. A reporting unit is an operating segment or one level below. The Company does not have intangible assets other than goodwill that have indefinite useful lives.

The Company has selected September 30, 2021 as the date to perform its annual impairment test for all of its reporting units. This date aligns impairment testing procedures with the timing of management's long-term planning process, which is a significant input to the testing.

In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assessed macroeconomic conditions, market considerations, entity performance and other relevant entity-specific events.

In performing the goodwill impairment test, the Company estimates the fair value of its reporting units using the projected future cash flows to be generated by each reporting unit over the estimated remaining useful operating lives of the reporting unit's assets, discounted using the estimated cost of capital for each reporting unit. The estimated fair value of the reporting unit is compared to the recorded value of net assets, including goodwill to determine if a goodwill impairment charge is required.

Other finite-lived intangible assets are stated at cost less accumulated amortization and are amortized to their estimated residual values on a straight-line basis over the estimated future periods of benefit. Finite-lived intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

Amortization is computed using the straight-line method over the estimated useful lives of the respective assets, which are assigned as follows:

Computer software	2 years
Customer relationship	3 years
Other	2 to 5 years

ADVERTISING AND PROMOTION EXPENSE

All advertising and promotion costs are expensed when incurred. These costs are presented under "Selling, general and administrative expenses" in the Consolidated Statements of Income.

FINANCIAL INSTRUMENTS

The Company uses: (a) aluminum swap contracts in order to manage risks associated with market fluctuations in aluminum prices, (b) non-delivery and delivery forward contracts to hedge changes of currency exchange rates, and (c) interest rate swap contracts for specified issued bond series. Certain of these contracts have been designated as cash flow hedges.

In its operations, the Company is exposed to the risk of changes in London Metal Exchange ("LME") quotes of aluminum, currency exchange rates, and interest rates. The Company endeavors to avoid unnecessary risks and limit the impact of threats related to its basic business to an acceptable level, which is achieved by means of hedging transactions. Managing the risk to which it is exposed, the Company conducts activities aimed at optimization of cash flow. The main risk to which the Company is exposed in connection with its operations is the risk of changes of the quotes of aluminum on the LME and the risk of changes in exchange rates

COMMODITY RISK

The risk of changes of the price of aluminum is connected with the common practice of determining the prices in the contracts on the basis of the monthly average sales price of aluminum on the LME. In order to hedge against that risk, the Company enters into non-delivery swap contracts. These contracts are designated as cash flow hedges. The Company assesses hedge effectiveness and there are no components excluded from the assessment. The effective portion of the hedging instrument is reported in "Accumulated other comprehensive income (loss)" in the Company's Consolidated Balance Sheets. The contracts outstanding at December 31, 2021 expire within three years.

FOREIGN CURRENCY RISK

The risk related to changes of currency exchange rates is also significant for the Company, particularly in the aspect of the exchange rates of EUR, USD, and GBP to PLN. Exposure to currency risk occurs in the Company's operating, investing and financing activities. In the case of operating activities, the primary sources of currency risk for the Company are the price quotes of raw materials, which are the basis for calculating the prices of materials and products, and the denomination of the vast majority of sales contracts in foreign currency. Both the costs of purchasing the material and the sales income for the manufactured product may be denominated in foreign currencies. The raw material is quoted in USD. If the settlement currency is a currency other than USD (typically EUR or GBP), the cost of purchasing the material or the price of selling are converted into the currency of payment based on the current rates published by the LME or the European Central Bank. The currency risk results from the mismatch in the inflows related to sold products and the outflows connected with purchasing of the raw materials, expressed or indexed to the currency. In terms of investing activity, the main source of currency risk are expenses related to the purchase of machinery and equipment and investments in various subsidiaries of the Company. These positions are indexed to foreign currency or denominated in foreign currency. In terms of financing activities, the Company is exposed to currency risk in connection with executed contracts causing the formation of obligations and debts expressed in foreign currency or indexed to them (granted and received credits, loans, bonds etc.)

FOREIGN CURRENCY RISK (CONTINUED)

The Company uses forward contracts to hedge changes of currency exchange rates. The transactions hedging the currency exchange are classified based on their objective as transactions hedging the future cash flows. The instruments hedging the currency risk are reported in the value of the cash flows realized on those transactions. Every month the Company evaluates the effectiveness of hedging of the open contracts, and the effective portion is recorded as a component of "Accumulated other comprehensive income (loss)" in the Company's Consolidated Balance Sheets. The contracts outstanding at December 31, 2021 expire within two years.

INTEREST RATE RISK

The Company has a combination of both EUR and USD long-term debt with original durations of between five and eight years which is not subject to interest rate swap hedging. The debt accrues interest at a fixed rate, which resets periodically every six months.

There were no active interest rate hedging contracts during 2021 and there are no contracts outstanding as of December 31, 2021. In 2020 and before, the Company's objective in managing its exposure to interest rate changes was to minimize the impact of interest rate changes on earnings and cash flows on certain debt other than existing fixed EUR and USD long-term debt. To achieve those objectives, the Company used interest rate swaps to manage interest rate risk associated with its variable-rate debt. The transactions hedging the interest rates were classified based on their objective as transactions hedging the future cash flows. The instruments hedging the interest rate risk were reported in the value of the cash flows realized on those transactions.

CASH FLOW HEDGES

The Company's derivative instruments are designated and qualified as cash flow hedges. Hedge accounting has been elected for a majority of these instruments, whereby the effective portion of the gain or loss is reported as a component of "Accumulated other comprehensive income (loss)" and reclassified into earnings in the same period in which the hedged transaction affects earnings. For the remaining instruments, for which hedge accounting has not been elected, fluctuations in fair value flow through "Financial instruments" within the Consolidated Statements of Income. Every month the Company evaluates the effectiveness of hedging of all open contracts, the results of which are booked accordingly.

As of December 31, 2021, the Company had 2,457 open commodity swap contracts and 1,528 forward contracts hedging foreign currency exchange rates. As of December 31, 2020, the Company had 2,877 open commodity swap contracts and 1,542 forward contracts hedging foreign currency exchange rates. The contracts have been executed with reputable financial institutions which management believes significantly reduces the Company's exposure to credit risk. As of December 31, 2021 and 2020, these contracts had maturities of four years or less.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

When determining fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

LONG-TERM INVESTMENTS

Loans granted are generally measured at amortized cost using the effective interest method, less any impairment. The collectability of both interest and principal of each loan is evaluated whenever events or changes in circumstances indicate such amounts may not be recoverable. A loan is impaired when it is probable that it will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the present value of expected future cash flows discounted at the loan's effective interest rate

Shares in non-public entities accounted for under the equity method are presented at cost plus the Company's share of the accumulated and undistributed net income of the investee.

Investments in related companies that are accounted for under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value and is recorded when the Company concludes that such loss is other-than-temporary. The difference between the amount at which certain investments in related companies accounted for under the equity method are carried and the amount of underlying equity is not material.

TRANSFER OF RECEIVABLES

The Company accounts for the transfer of trade receivables under nonrecourse factoring agreements, in which the Company does not have any servicing obligation or beneficial interest, as a sale when title is transferred. The expense incurred by the Company related to sales of its trade receivables is presented in the Consolidated Statements of Income under "Cost of sales".

LONG-TERM RECEIVABLES

Long-term receivables are recorded at nominal values less an estimate made for doubtful receivables.

BONDS

The Company issues long-term bonds. The liabilities are presented as "Long-term debt" in the Company's Consolidated Balance Sheets at face value, net of debt issuance cost and unamortized discount. The debt issuance cost is amortized into the liability over the period from issuance to maturity, using the straight-line method, which approximates the effective interest method. The accrued interest is presented as "Accrued expenses and other liabilities" in the Consolidated Balance Sheets. Refer to Note 15 for details.

RECENT ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING STANDARDS

In August 2017, the FASB issued ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities".* The objective of the ASU is to better align hedge accounting with an organization's risk management activities in the financial statements. In addition, the ASU simplifies the application of hedge accounting guidance in areas where practice issues exist. The guidance was applied on January 1, 2021 and did not have a material impact on the Company's Consolidated Financial Statements.

On January 1, 2020, the Company adopted the ASU 2018-15 "*Intangibles – Goodwill and Other – Internal Use Software (Subtopic 350-40)*". The guidance aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The application of the guidance did not have a material impact on the Company's Consolidated Financial Statements.

PENDING ACCOUNTING STANDARDS

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that the Company will adopt according to the various timetables the FASB specifies. Unless otherwise discussed below, the Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position, results of operations and cash flows upon adoption.

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments"* (and in 2018 and 2019, the FASB issues ASU 2018-19, "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses",* ASU 2019-04 "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments"* and ASU 2019-05, "*Financial Instruments-Credit Losses (Topic 326) Targeted Transition relief*"). The guidance replaces the existing incurred loss impairment methodology for most financial assets with a new "current expected credit loss" model. The new expected credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. In November 2019, the FASB issued ASU 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)"* which changed the effective date of this standard application. The effective date for the Company to apply the standard is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact of this update on its Consolidated Financial Statements.

PENDING ACCOUNTING STANDARDS (CONTINUED)

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*". During 2018, the FASB issued ASU 2018-01, "*Leases (Topic 842) Land Easement Practical Expedient for Transition to Topic 842*", 2018-10, "*Codification Improvements to Topic 842, Leases*" and ASU 2018-11, "*Leases (Topic 842), Targeted improvements*" and, during 2019, ASU 2019-01 "*Leases (Topic 842) Codification Improvements*". In November 2019, the FASB issued ASU 2019-10, "*Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*" which changed the effective date of this standard's application. The new guidance requires a lessee to recognize a right-of-use (ROU) asset and liability for operating leases. The effective date for the Company to apply the standard is for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application continues to be allowed.

The Company has established a cross-functional implementation team related to this new lease standard, which includes representatives from all business segments. The team is utilizing a bottoms-up approach to analyze the impact of the new standard by reviewing the current lease population, including evaluating its completeness to identify potential accounting, data and other operational changes that might be required under the new guidance. In addition, the Company is implementing the required changes to business processes, systems and controls to support recognition and disclosure upon adoption. This implementation effort includes enhancing processes and controls for identifying leases, centralizing the accounting for leases, and calculating the accounting impact of the new guidance.

At the moment of initial application of the standard, the Company has decided to apply the following practical expedients and options:

- apply the modified retrospective method to all contracts that were not completed as of the date of initial application; as such, comparative information will not be restated and will continue to be reported under the accounting standards in effect for those prior periods
- carry forward the historical lease determination and classification conclusions as established under the guidance in effect before the transition date, and not reassess initial direct costs for existing leases
- carry forward historical accounting treatment for land easements on existing agreements
- not to apply the balance sheet recognition requirements of the new lease standard to leases with a term of one year or less (short-term leases)
- for all classes of underlying assets, account for each lease component and any associated non-lease components as a single lease component
- use of hindsight in determining the lease term for all of the leases and in assessing impairment of the right-of-use assets

The Company is currently evaluating the impact of this update on its Consolidated Financial Statements.

3. SUPPLEMENTAL CASH FLOW STATEMENT DISCLOSURES

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported on the Consolidated Balance Sheets:

(Amounts in thousands)	Total
Balance at December 31, 2020:	
Cash and cash equivalents	$ 131,444
Current restricted cash (included in Other current assets)	1,008
Total cash, cash equivalents and restricted cash	$ 132,452
Balance at December 31, 2021:	
Cash and cash equivalents	$ 318,848
Current restricted cash (included in Other current assets)	953
Total cash, cash equivalents and restricted cash	$ 319,801

At December 31, 2021 and 2020, restricted cash was related to Special Funds accounts that are a requirement at the Company's Polish entities. Special funds are the financial resources collected by the employer on a separate bank account in order to use them for social support of authorized employees as defined by the relevant legislation. Additionally, as of December 31, 2021 and 2020, the Company's Polish entities held restricted cash subject to future VAT settlements in certain business transactions.

4. RECEIVABLES, NET

Receivables, net consists of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Trade accounts receivable	$ 855,047	$ 610,919
Unbilled receivables	76,971	69,901
Allowance for doubtful accounts	(2,895)	(4,366)
Receivables, net	$ 929,123	$ 676,154

In the years ended December 31, 2021 and December 31, 2020, the Company sold certain of its receivables amounting to $519.6 million and $494.4 million, respectively, under factoring agreements. The 2021 and 2020 factoring contracts were entered into with banks in Poland, United Arab Emirates, Romania, the United Kingdom, the Netherlands, France, and Japan on a non-recourse basis. As of December 31, 2021 and 2020, the uncollected balance on receivables that had been factored on a non-recourse basis was $60.4 million and $183.0 million, respectively. Factoring fees paid under factoring arrangements amounted to $0.9 million for both years ended December 31, 2021 and 2020. As of December 31, 2021 and 2020, there were no amounts due from factors.

5. OTHER RECEIVABLES

Other receivables consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Taxes receivable other than income taxes, including VAT	$ 36,667	$ 22,708
Receivables from employees	2,618	2,894
Receivables from subsidies, customs, social and health insurance and other benefits	7,023	7,549
Other receivables	6,102	5,201
Total other receivables	$ 52,410	$ 38,352

6. INVENTORIES

Inventories consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Raw materials and supplies	$ 265,620	$ 224,293
Work in process (WIP)	9,159	11,797
Manufactured finished goods (MFG)	130,751	92,840
Purchased goods for resale	1,007	1,147
Purchased goods for resale – real estate activity	453	4,019
Total inventories	$ 406,990	$ 334,096

Inventories are presented net of excessive and obsolete stock reserves which amounted to $22.5 million and $19.0 million as of December 31, 2021 and December 31, 2020, respectively.

7. OTHER CURRENT ASSETS

Other current assets consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Prepaid expenses	$ 41,038	$ 13,684
Current portion of restricted cash	953	1,008
Direct sales contract acquisition costs	2,591	2,111
Total other current assets	$ 44,582	$ 16,803

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, which is presented net of accumulated depreciation in the Consolidated Balance Sheets, consists of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Land and improvements	$ 52,430	$ 46,688
Buildings and improvements	444,903	450,936
Machinery and equipment	1,587,406	1,516,959
Construction in progress	68,369	87,045
Other	73,881	65,061
Property, plant and equipment	$ 2,226,989	$ 2,166,689
Accumulated depreciation	(762,177)	(709,097)
Property, plant and equipment, net	$ 1,464,812	$ 1,457,592

Property, plant and equipment was depreciated in the amount of $102.4 million and $88.1 million for the years ended December 31, 2021 and December 31, 2020, respectively.

During the years ended December 31, 2021 and 2020, the Company recorded impairment charges of $1.2 million and $0.8 million, respectively, presented under "Asset impairment losses" within the Consolidated Statements of Income. Fiscal year 2021 impairments were mainly related to manufacturing machinery. Fiscal year 2020 impairments were mainly related to manufacturing machinery and plastic pallets. The quoted market price method was primarily used to determine the amounts of impairment.

9. OTHER INTANGIBLE ASSETS, NET

Other intangible assets, which are presented net of accumulated amortization in the Consolidated Balance Sheets, consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Computer software	$ 11,625	$ 12,458
Customer relationship	1,804	1,935
Other	5,138	4,208
Other intangible assets	$ 18,567	$ 18,601
Accumulated amortization	(16,942)	(16,866)
Other intangible assets, net	$ 1,625	$ 1,735

Amortization expense was $1.0 million and $0.7 million for the years ended December 31, 2021 and December 31, 2020, respectively.

The expected amortization for other intangible assets over the next five years ending December 31 and thereafter is as follows *(in thousands of dollars)*:

2022	$ 628
2023	628
2024	186
2025	183
2026	-
Total	$ 1,625

10. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
WHT Receivable	$ 33,267	$ -
Mega Project grant (Note 26)	8,178	6,502
VAT receivable	5,766	7,967
Other	909	1,241
Total long-term receivables	$ 48,120	$ 15,710

During 2019, the Polish Tax Authority initiated a tax audit against the Company's subsidiary, CANPACK S.A., to determine whether CANPACK S.A. properly fulfilled its fiscal obligations as a tax remitter with respect to dividends paid to GIH. The Tax Authority's audit was undertaken to determine whether CANPACK S.A. correctly applied withholding tax exemptions to dividends paid between 2014 and 2017. The Tax Authority claimed that CANPACK S.A did not correctly apply these exemptions, and as a result, determined that CANPACK S.A was obligated to pay withholding taxes on these dividends. On March 25, 2021, the Tax Authority issued its second negative decision. On April 1, 2021, CANPACK S.A paid approximately $35.9 million (PLN 135.1 million) to the Tax Authority, representing the amounts claimed by the Tax Authority along with interest, which is presented as "Long-term receivables" in the Consolidated Balance Sheets. Notwithstanding such payment, CANPACK S.A continued to disagree with the Tax Authority's determination and appealed the Tax Authority's decision to the competent court. On November 29, 2021, the Provincial Administrative Court in Krakow cancelled the decision of Polish Tax Authority in its entirety for the full period covering 2014 through 2017. There were two reasons for the revocation of the decision: i) expiration of the statute of limitation for certain periods and ii) fulfilment by CANPACK S.A. of its withholding tax remitter duties based on applicable regulations. It is not known at this time whether the Tax Authority will seek to have the decision of the Provincial Administrative Court overturned by the Polish Supreme Court. As of December 31, 2021, the value of the "WHT Receivable" related to the above claim amounted to $33.3 million.

CANPACK S.A continues to assert that the decision of the Tax Authority is not justified factually, procedurally or legally and is not consistent with applicable provisions of law and certain important judgments of courts considering cases with a similar factual and legal status which is supported by the opinions of CANPACK S.A.'s external tax advisors. Accordingly, CANPACK S.A. continues to assert that it is more likely than not that its position will prevail in the Supreme Administrative Court and that the Company will fully recover payments made to the Tax Authority with interest. Therefore, the Company did not recognize an uncertain tax position related to this tax audit in its financial statements for the year ended December 31, 2020 and did not recognize any impairment of the related long-term receivable as of December 31, 2021. The Tax Authority may also take a similar position with respect to dividends paid by CANPACK S.A. to GIH in 2018. There were no dividends paid by CANPACK S.A. in 2019, 2020, or 2021.

11. LONG-TERM INVESTMENTS

On July 7, 2021, the Company's subsidiary, CPSA, granted a loan to the related party Giorgi Global Holdings, Inc. in the amount of $30.6 million at the annual interest rate of 4%. The loan matures on December 31, 2026. There is no penalty for early repayment. As of December 31, 2021, the value of the loan amounted to $30.5 million and the value of accrued interest amounted to $0.6 million presented in "Other current assets" in the Consolidated Balance Sheets.

12. GOODWILL

As of December 31, 2021, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets:

(Amounts in thousands)	December 31, 2020				December 31, 2021	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (20,255)	$ 33,993	$ (2,295)	$ 31,698
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	210	5,287	(693)	4,594
Can-Pack Morocco s.a.r.l.	6,787	-	(314)	6,473	(118)	6,355
Other	1,827	(908)	(212)	707	(53)	654
Total	$ 71,020	$ (3,989)	$ (20,571)	$ 46,460	$ (3,159)	$ 43,301

** FCT represents Foreign Currency Translation*

As of December 31, 2020, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets:

(Amounts in thousands)	December 31, 2019				December 31, 2020	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (10,313)	$ 43,935	$ (9,942)	$ 33,993
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	(542)	4,535	752	5,287
Can-Pack Morocco s.a.r.l.	6,787	-	(661)	6,126	347	6,473
Other	1,827	(908)	(219)	700	7	707
Total	$ 71,020	$ (3,989)	$ (11,735)	$ 55,296	$ (8,836)	$ 46,460

** FCT represents Foreign Currency Translation*

Information about fair value measurements related to goodwill is presented in Note 2.

13. INVESTMENT ACCOUNTED FOR UNDER THE EQUITY METHOD

The following investment is accounted for under the equity method:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Can Asia, Inc. (35%)	$ 9,722	$ 10,252

14. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Advances for property, plant and equipment	$ 31,411	$ 49,089
Direct sales contract acquisition cost	5,580	7,727
Right of use land rent	7,821	8,252
Other non-current assets	2,640	1,791
Total other non-current assets	$ 47,452	$ 66,859

15. LONG-TERM DEBT

Long-term debt consists of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
USD investment loan from a bank, expiring November 2022	$ 15,046	$ 28,024
EUR long-term bonds, expiring November 2027	679,714	736,799
USD long-term bonds, expiring November 2029	222,780	-
Total long-term debt	$ 917,540	$ 764,823
Unamortized debt issuance costs	(11,451)	(11,330)
"Current portion of long-term debt"	(15,046)	(13,011)
"Long-term debt, less current portion"	$ 891,043	$ 740,482

There were no assets securing the above long-term debt as of December 31, 2021 and December 31, 2020.

The amount of unused availability under various debt and credit agreements was $577.4 million and $614.9 million as of December 31, 2021 and December 31, 2020, respectively.

The rate of interest on long-term debt as of December 31, 2021 and December 31, 2020 was as follows:

	December 31, 2021	December 31, 2020
Interest rates	2.38% to 3.88%	0.94% to 2.38%

Maturities of debt for the next five years ending December 31 and thereafter are as follows *(in thousands of dollars)*:

2022	$ 15,046
2023	-
2024	-
2025	-
2026	-
Thereafter	902,494
Total	$ 917,540

Interest costs, net consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Interest expense of long-term debt, notes payable and bank overdraft	$ (27,211)	$ (26,272)
Interest expense of hedging	-	(3,001)
Interest income	3,269	2,130
Other	(27)	(30)
Total interest costs, net	$ (23,969)	$ (27,173)

15. LONG-TERM DEBT (CONTINUED)

During the year ended December 31, 2021 and 2020, the Company capitalized interest of $0 and $0.2 million, respectively.

On June 14, 2018, CPSA entered into an unsecured (but with guarantors) multi-currency revolving credit facility. The agreement includes a EUR 320 million multi-currency facility (Facility A) and a PLN 342 million facility (Facility B), with a termination date five years from the date of the facility agreement, subject to two one-year extension options (one of which has been exercised in 2019). The Company's subsidiary and consenting lenders can increase Facility A, subject to the same terms, providing that the aggregate amount of the increase shall not exceed EUR 150 million.

In December 2020, an additional EUR 66 million was added to the multi-currency revolving credit facility bringing the total to EUR 386 million (Facility A). The loan amount in PLN will remain unchanged (Facility B).

The agreement contains various undertakings and covenants by the Company's subsidiary and its guarantors providing for, among other things, maintenance of certain financial ratios and certain limitations on pledging assets as collateral, acquiring or disposing of businesses, and incurring additional debt. For each period of 12 months, the ratio of Consolidated Total Net Indebtedness to Adjusted Consolidated EBITDA shall be 4.0x or less. The leverage ratio shall be tested every six months.

In October 2020, the Company's subsidiary, CANPACK S.A. along with CANPACK US LLC, co-issued bonds ("the bonds"). The bonds were allocated to CANPACK S.A. and CANPACK US LLC in the amount of EUR 600 million and $400 million, respectively. The Euro and U.S. Dollar tranches bear interest at an annual rate of 2.375% and 3.125%, respectively. The Euro and U.S. Dollar tranches mature on November 1, 2027 and November 1, 2025, respectively. The bonds are issued on an unsecured basis with guarantees from a majority of CANPACK Group entities.

In October 2021, the Company's subsidiary, CANPACK S.A., along with CANPACK US LLC, co-issued new bonds ("new bonds") which were allocated to CANPACK S.A. and CANPACK US LLC in the amount of $222.8 million and $577.2 million, respectively, and bear interest at an annual rate of 3.875%. The new bonds mature on November 15, 2029. The new bonds are issued on an unsecured basis with guarantees from a majority of CANPACK Group entities.

Both agreements have various obligations imposed on the issuer and the guarantors, such as limitations on pledging assets as collateral, certain acquisitions, and incurring additional debt.

Funds from the bonds' issuance to CANPACK S.A. were used for the repayment of approximately EUR 597 million related to bonds issued in previous years. Funds from the bonds and new bonds allocated to CANPACK US LLC are being used to construct a new manufacturing facility and fund its operations.

The Company's subsidiary, CANPACK S.A., guarantees the indebtedness of CANPACK US LLC, who in turn guarantees the indebtedness of CANPACK S.A. in the event of any adverse events as described in the issuance document governing the bonds. The maximum amount of the guarantee is $977.2 million, which represents the amount transferred to CANPACK US LLC. The maximum amount of the guarantee of CANPACK US LLC is EUR 600 million and $222.8 million, which represents the amount transferred to CANPACK S.A.

As of December 31, 2021, there are no facts or circumstances indicating that CANPACK S.A. will be liable for repayment of the bonds held by CANPACK US LLC or that CANPACK US LLC will be liable for repayment of the bonds held by CANPACK S.A. There is no liability included in the Company's Consolidated Balance Sheets related to these guarantees as of December 31, 2021.

15. LONG-TERM DEBT (CONTINUED)

There are other various debt covenants related to some of the long-term debt agreements, in addition to those covenants described above, including restrictions on dividends (see Note 24), distributions, indebtedness, liens, purchases of treasury stock, and certain other changes in ownership. In addition, the Company's subsidiary is required to maintain certain financial ratios, other than those mentioned above. The Company's subsidiary was in compliance with all debt covenants as of and for the years ended December 31, 2021 and 2020.

16. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Accrued employee related benefits	$ 64,580	$ 69,090
Trade advances received	8,203	2,805
Liabilities for purchased fixed and intangible assets	21,923	16,546
Deferred revenue grants (see Note 26)	11,262	6,072
Accrued interest	4,742	3,409
Deposits received	753	2,289
Accrued shipping and handling	3,961	2,926
Accruals for materials and services	11,876	4,148
Other	34,002	16,834
Total accrued expenses and other liab.	$ 161,302	$ 124,119

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company disaggregates net sales based on the timing of transfer of control for goods and services as documented in the table below. The transfer of control for goods and services may occur at a point in time or over time; in other words, sales may be recognized over the course of the underlying contract, or they may occur at a single point in time based upon the transfer of control. The following table shows the timing of revenue recognition:

	Year ended December 31, 2021	Year ended December 31, 2020
Net Sales point in time	$ 1,168,220	$ 827,981
Net Sales over time	1,872,405	1,489,885
Total Net Sales	$ 3,040,625	$ 2,317,866

Europe is the largest market representing 70% and 72%, of net sales for the years ended December 31, 2021 and 2020, respectively. In other markets, for the years ended December 31, 2021 and 2020, South America represented 14% and 15% of net sales, respectively, Asia represented 13% and 10% of net sales, respectively, and Africa represented 3% of net sales, for both years.

For the years ended December 31, 2021 and 2020, sales in the Beverage Can and Ends division represented 87% and 86% of net sales, respectively, sales in the Glass Packaging division represented 5% and 6%, respectively, of net sales, sales in the Food and Industrial Packaging division represented 5% for both years, and sales in the Metal Closures division business represented 3%, for both years.

18. INCOME TAXES

Income tax expense for the years ended December 31, 2021 and 2020 is summarized below:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Current income tax	$ 72,393	$ 33,032
Deferred income tax	9,648	4,374
Income tax expense	$ 82,041	$ 37,406

GIH and its subsidiaries generally file separate income tax returns; consequently, tax losses of one company within a controlled group cannot be offset against taxable income of another member of the group. However, a single tax unit was created in the Netherlands, which consists of CANPACK NL Holdings B.V. and CANPACK Netherlands B.V.

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2021 and December 31, 2020 are as follows:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Deferred tax assets:		
Alternative minimum tax credits	$ 4,762	$ 10,907
Employee compensation	7,952	8,753
Loss carry-forwards	13,088	13,657
Unrealized foreign exchange difference	25,615	27,387
Property, plant and equipment	10,227	8,618
Foreign tax credits	4,181	8,837
Other deferred tax assets	19,236	9,553
Gross deferred tax assets	85,061	87,712
Valuation allowance	(15,369)	(19,641)
Total deferred tax assets	69,692	68,071
Deferred tax liabilities:		
Property, plant and equipment	$ (86,937)	$ (74,946)
Unrealized foreign exchange gain	(5,795)	(2,919)
Other deferred tax liabilities	(17,910)	(5,714)
Total deferred tax liabilities	(110,642)	(83,579)
Net deferred tax liabilities	$ (40,950)	$ (15,508)

As of December 31, 2021, the Company recorded a valuation allowance on its deferred tax assets of $15.4 million, a decrease of $4.2 million from the valuation allowance recorded as of December 31, 2020. The Company recorded a valuation allowance on its deferred tax assets to reduce the total to an amount that management believes will ultimately be realized due to limitations imposed by various tax laws on the Company's ability to realize the benefit of loss carry-forwards. The valuation allowance primarily relates to the Company's subsidiaries in Spain, the Netherlands, the Czech Republic, France, and Luxembourg.

18. INCOME TAXES (CONTINUED)

Tax losses are settled in accordance with the tax law of the jurisdictions in which the companies of the Company are domiciled and operate. The laws in the major taxing jurisdictions are as follows:

Jurisdiction	Carryforward Period	Limitations on Utilization
Poland	5 years	In Poland the maximum yearly deduction of taxable income cannot exceed 50% and/or PLN 5.0 million of the tax loss carryforward.
Czech Republic	5 years	None
India	8 years	The portion of such tax losses that relate to depreciation and amortization can be carried forward indefinitely.
Netherlands	9 Years for losses generated in 2018 and prior 6 years for losses generated in 2019 and forward	Limitation on loss utilization applies after a change of 30% or more ultimate control.
Colombia	12 years	Tax losses generated up to 2016 can be carried forward with no time limitation.
Brazil, France, Russia, Spain and the United Kingdom	Indefinite carryforward	In Brazil utilization of losses is limited in any one tax year to 30% of adjusted net profits. In France tax losses are available to offset the first EUR 1 million of taxable profits and 50% of taxable profits in excess. In Russia, losses recognized cannot exceed 50% of the current year tax base (rule applies until 12/31/2021). In the UK, the maximum loss available to offset a year of income is limited to GBP 5 million plus 50% of the current year profits in excess of such amount.
Luxembourg	17 years	Tax losses generated as of January 1, 2017, can be carried forward for a maximum period of 17 years. Losses that arose before this date are not affected by this limitation. Losses cannot be carried back.

As of December 31, 2021, the Company had approximately $59.4 million of net operating loss carry-forwards, of which $31.9 million have no expiration date and $27.5 million will expire in future years through 2032.

CANPACK India Private Limited is obliged to pay Minimum Alternative Tax (MAT) if regular income tax is lower than MAT. The excess of MAT over regular tax constitutes the alternative minimum tax credit that can be carried forward up to 15 years. CANPACK India Private Limited can only use MAT to offset regular income tax. Alternative minimum tax credit carry-forwards were $4.8 million and $10.9 million as of December 31, 2021 and December 31, 2020, respectively, and are presented in “Deferred tax assets” in the Consolidated Balance Sheets.

18. INCOME TAXES (CONTINUED)

Deferred taxes are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Deferred tax assets	$ 33,091	$ 29,068
Deferred tax liabilities	(74,041)	(44,576)
Deferred taxes, net	$ (40,950)	$ (15,508)

From the above change in deferred tax, $9.6 million of tax expense was presented in "Income taxes" in the Consolidated Statements of Income and $6.6 million and $9.2 million of tax expense were presented in "Hedging instruments" and "Foreign currency translation adjustment", respectively, as components of "Other comprehensive income (loss)" in the Consolidated Statements of Comprehensive Income.

The Company has recognized a deferred tax liability associated with a portion of the outside basis with respect to its investment in foreign subsidiaries which results from undistributed foreign earnings. A deferred tax liability of $3.2 million, which is associated with $38.6 million of taxable outside basis differences which are expected to reverse in the foreseeable future, has been recorded as of December 31, 2021. The Company has not recorded a deferred tax liability for other outside basis differences related to undistributed foreign earnings of the Company's non-EU subsidiaries (except for the Company's Ukrainian subsidiaries) of $473.2 million that are considered to be indefinitely reinvested and therefore not expected to reverse in the foreseeable future. Determination of the amount of any unrecognized deferred income tax liability related to outside basis differences associated with the Company's foreign subsidiary investments is not practicable because of the complexities of the hypothetical calculation.

The Company has not recorded a deferred tax liability of $35.8 million for outside basis differences with respect to its investment in subsidiaries of $188.5 million, on account of prior restructuring transactions which give rise to stock basis differences, because the Company either (1) believes that these differences could be recovered in a tax-neutral manner, (2) considers its investment to be indefinitely reinvested and therefore does not expect the outside basis difference to reverse in the foreseeable future, or (3) does not otherwise expect the outside basis difference to reverse in the foreseeable future.

There were no material unrecognized tax positions as of December 31, 2021 or December 31, 2020. The Company has taken tax positions that it believes are more likely than not to be sustained based on their technical merits. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities and such amounts could be material.

The following items had the most significant impact on the difference between tax rate of 24.94% (the statutory Luxembourg income tax rate plus municipal business tax rate) and the Company's effective tax rate of 20.9%: effects related to activity in the Special Economic Zone, foreign tax rate differentials, the tax effect of intercompany dividends, and permanent differences on the earnings of foreign operations.

18. INCOME TAXES (CONTINUED)

Tax returns of Luxembourg companies are subject to tax authorities' examinations for up to five years from the end of the calendar year in which the tax liability arose. The tax returns of foreign subsidiaries are subject to tax authorities' examinations for up to three years in the Czech Republic, Russia, and Ukraine; up to four years in Spain and Morocco; up to five years in Poland, Romania, Brazil, Slovakia, and Turkey; up to six years in the United Kingdom, Colombia, and India; up to ten years in France; and up to twelve years in the Netherlands. Because the application of tax laws and regulations to the various types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities.

In previous years, CP Glass S.A., a subsidiary of the Company, obtained two permissions to operate in the Katowice Special Economic Zone. Income tax relief obtained from these permissions will expire if not utilized by December 31, 2026. CP Glass S.A. has benefited from exemption from income tax in the amount $3.0 million and $26.0 million in the annual period ended December 31, 2021 and the ten-year period from the beginning of the scheme to December 31, 2021, respectively. The amount that will expire if not utilized by December 31, 2026 is $2.0 million.

In 2014, CANPACK Metal Closures sp. z o.o., a subsidiary of the Company, obtained a permit to operate in the Krakow Special Economic Zone. The use of income tax relief according to the permit is valid through December 31, 2026. The maximum value of public aid which CANPACK Metal Closures sp. z o.o may receive is 50% of the amount of qualifying costs. As of December 31, 2021, the Company has not declared any capital expenditures on qualifying projects in the Krakow Special Economic Zone.

In previous years, CIA Metalic Nordeste, a subsidiary of the Company, obtained income tax relief as a result of investment in the Sudene area. The relief allows CIA Metalic Nordeste to apply a 75% reduction to income taxes incurred as a result of sales of certain quantities of finished products. The use of income tax relief is valid until December 31, 2027 for cans and December 31, 2028 for ends. In 2018 CIA Metalic Nordeste merged with Can Pack Brazil and the relief is still applicable for the merged companies.

CANPACK Colombia S.A.S. is a legal entity located in the Free Trade Zone ("FTZ") of Tocancipa which qualified as an Industrial and Services user under Colombia law (decree 659 May 03, 2018). Companies located in free trade zones in Colombia are generally eligible for the following benefits: Reduced Income Tax rate of 20% (statutory rate for companies outside of free trade zones was 31% in 2021); Import tax exemption (VAT and Customs duty) for the purchase of capital goods and input materials used in the production of goods (including the possibility to store non-nationalized goods for an indeterminate period) until such goods are moved outside the FTZ area; and a discount on municipal taxes for 8 years.

19. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Retirement accruals	$ 5,591	$ 5,731
Deferred revenue – grants	28,734	29,062
Total other non-current liabilities	$ 34,325	$ 34,793

The Company's Polish, French and Middle East subsidiaries are required to provide a special bonus to their employees pursuant to labor laws in their respective countries. The benefits are payable upon retirement and are not vested or funded.

20. EMPLOYEE BENEFITS

In addition to the retirement accrual (refer to Note 19), the Company has a defined contribution pension plan that is offered to qualifying employees. Total amounts charged to expense for the plans were $6.9 million and $5.8 million for the twelve-month periods ended December 31, 2021 and December 31, 2020, respectively.

21. FINANCIAL INSTRUMENTS

Financial instruments are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)		**December 31, 2021**	**December 31, 2020**
Derivatives designed as hedging instruments			
Commodity contracts	Current assets	$ 45,099	$ 1,445
Foreign exchange contracts	Current assets	162	2,330
Total derivatives in current assets		**$ 45,261**	**$ 3,775**
Commodity contracts	Non-current assets	$ 11,488	$ 1,926
Foreign exchange contracts	Non-current assets	1	2,164
Total derivatives in non-current assets		**$ 11,489**	**$ 4,090**
Commodity contracts	Current liabilities	$ 56	$ 1,334
Foreign exchange contracts	Current liabilities	3,552	3,634
Total derivatives in current liabilities		**$ 3,608**	**$ 4,968**
Commodity contracts	Non-current liabilities	$ 36	$ 51
Foreign exchange contracts	Non-current liabilities	5,666	1,287
Total derivatives in non-current liabilities		**$ 5,702**	**$ 1,338**

21. FINANCIAL INSTRUMENTS (CONTINUED)

The changes in accumulated other comprehensive income (loss) for effective derivatives were as follows:

	December 31, 2021	December 31, 2020
Amounts reclassified into Statement of income:		
Commodity contracts (1)	$ (17)	$ 4,976
Foreign currency contracts (2)	1,426	(3,662)
Interest rate swap contracts (3)	-	(71)
Change in fair value of cash flow hedges		
Commodity contracts	49,682	3,805
Foreign currency contracts	(8,097)	(7,283)
Foreign currency and tax impacts	(6,502)	1,387
	$ 36,492	**$ (848)**

(1) Amounts reclassified into the Consolidated Statements of Income and the Consolidated Balance Sheets related to commodity contracts have been presented under the captions "Cost of sales" and "Inventory",
(2) Amounts reclassified into the Consolidated Statements of Income related to Foreign currency contracts have been presented under "Net sales", "Cost of sales" and "Financial instruments",
(3) Amounts reclassified into the Consolidated Statements of Income related to Interest rate swap contracts have been presented under "Interest costs – net"

The ineffective portion of commodity contracts is presented in the Consolidated Statements of Income as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
Realized gain (loss) related to commodity contracts recorded under the caption "Cost of sales"	$ 113	$ (51)
Unrealized gain related to commodity contracts recorded under the caption "Cost of sales"	-	424
Total	**$ 113**	**$ 373**

The amounts presented in the Company's Consolidated Statements of Income associated with its derivatives not designated as hedging instruments for the years ended are as follows:

(Amounts in thousands)	Year ended December 31, 2021	Year ended December 31, 2020
Realized (loss) related to interest rate swap contracts recorded in "Interest costs, net"	$ -	$ (3,001)
Total	**$ -**	**$ (3,001)**

(Amounts in thousands)	Year ended December 31, 2021	Year ended December 31, 2020
Realized gain (loss) related to foreign exchange contracts recorded in "Financial instruments"	$ 476	$ (243)
Unrealized gain (loss) related to foreign exchange contracts recorded in "Financial instruments"	1	-
Total	**$ 477**	**$ (243)**

21. FINANCIAL INSTRUMENTS (CONTINUED)

During the years ended December 31, 2021 and 2020, there was no hedging ineffectiveness associated with the Company's derivatives hedging interest rate risk and foreign exchange contracts.

A net gain of $39.9 million related to commodity contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

A net loss of $2.9 million related to foreign exchange contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

22. FAIR VALUE MEASUREMENTS

The Company measures its derivative financial instruments at fair value on a recurring basis. The Company's fair value measurements of financial instruments have been classified within Level 2 of the fair value hierarchy, as described in Note 2. The figures below provide information about the impact of financial instruments in the Consolidated Balance Sheets.

As of December 31, 2021

(Amounts in thousands)	Level 1	Level 2	Level 3
Current assets - derivative instruments	$ -	$ 45,261	$ -
Non-current assets - derivative instruments	-	11,489	-
Total	**$ -**	**$ 56,750**	**$ -**
Current liabilities - derivative instruments	$ -	$ 3,608	$ -
Non-current liabilities - derivative instruments	-	5,702	-
Total	**$ -**	**$ 9,310**	**$ -**

As of December 31, 2020

(Amounts in thousands)	Level 1	Level 2	Level 3
Current assets - derivative instruments	$ -	$ 3,775	$ -
Non-current assets - derivative instruments	-	4,090	-
Total	**$ -**	**$ 7,865**	**$ -**
Current liabilities - derivative instruments	-	$ 4,968	-
Non-current liabilities - derivative instruments	-	1,338	-
Total	**$ -**	**$ 6,306**	**$ -**

23. ACCUMULATED OTHER COMPREHENSIVE LOSS

The 2021 and 2020 activity in accumulated other comprehensive loss is as follows:

(Amounts in thousands)	Hedging Instruments	Deferred Tax on Hedging Instruments	Foreign Currency Translation Adjustment	Other	Total
December 31, 2019	**$ 1,774**	**$ (1,343)**	**$ (217,289)**	**$ 963**	**$ (215,895)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	(3,479)	730	(13,554)	-	(16,303)
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	1,243	318	-	-	1,561
Fx adjustments	7	333	(340)	-	-
December 31, 2020	**$ (455)**	**$ 38**	**$ (231,183)**	**$ 963**	**$ (230,637)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	41,585	(6,326)	(69,594)		(34,335)
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	1,409	(225)			1,184
Fx adjustments	56	(7)	(49)		-
ASU 2017-12 implementation	-	-	-	109	109
December 31, 2021	**$ 42,595**	**$ (6,520)**	**$ (300,826)**	**$ 1,072**	**$ (263,679)**

The following table provides additional details of the amounts reclassified into net earnings from accumulated other comprehensive income (loss):

	Year ended December 31, 2021	Year ended December 31, 2020
Gains (losses) on cash flow hedges:		
Commodity contracts	$ (17)	$ 4,976
Foreign currency contracts	1,426	(3,662)
Interest rate contracts recorded	-	(71)
Total before tax effect	**$ 1,409**	**$ 1,243**
Tax benefit (expense) on amounts reclassified into earnings	(225)	318
Recognized gain, net of tax	**$ 1,184**	**$ 1,561**

24. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS

CONTINGENT ASSETS

The Company's subsidiary, CANPACK S.A., has sued former members of its Management Board (the "Management Board") in relation with the amounts already transferred to them which the Company believes need to be returned. The total amount claimed by the Company is $15.5 million (62.9 PLN million) along with statutory interest.

24. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS (CONTINUED)

CONTINGENT LIABILITIES

The Company is involved in various commercial disputes and lawsuits in the normal course of business. It is management's opinion that significant defenses exist with respect to such various commercial disputes and lawsuits relating to the Company, and that the ultimate resolution of these matters will not have a material effect on the consolidated financial position, results of operations or liquidity of the Company.

Losses are recognized when it is probable that an obligation will occur, and an amount can be reasonably estimated. Accordingly, the Company has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. The Company's subsidiary, CANPACK S.A., is having disputes with former members of the Management Board in relation to the termination of these individuals from the Company during 2013. The total amount claimed by the former members of the Management Board was $26.8 million (PLN 109 million) and $31.2 million (PLN 117.2 million) as of December 31, 2021 and 2020, respectively. According to the best estimate of the Management Board, $20.9 million (PLN 84.7 million) and $22.7 million (PLN 85.4 million) was accrued as of December 31, 2021 and December 31, 2020, respectively. The difference of $5.9 million (PLN 24.3 million) and $8.5 million (PLN 31.8 million) as of December 31, 2021 and 2020, respectively, is considered an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $9.2 million (PLN 37.5 million) and $8.7 million (PLN 32.6 million) as of December 31, 2021 and 2020, respectively. All of these accruals are presented under "Accrued expenses and other liabilities" on the Consolidated Balance Sheets and under "Accrued employee related benefits" in Note 16.

In 2018, the Company's subsidiary, CP Glass S.A., recorded a provision in the amount of $21.7 million for a product recall initiated by one of its customers related to alleged flaws in the glass bottles used to package the customer's product. The customer identified damages allegedly due to the recall; however, the Company disputed the support provided for and amount of those damages. During 2020, the Company's subsidiary, CP Glass S.A., settled the claim with the customer for a confidential amount. Following the settlement, the Company's subsidiary, CP Glass S.A., received from its business insurer partial reimbursement of the amount paid to the customer (which amount is also confidential), resulting in a net cost to CP Glass S.A. of approximately $9.5 million inclusive of related legal and other costs and expenses.

In February 2021, the Company's subsidiary, CANPACK Netherlands ("CANPACK NL"), received a complaint from a customer, that cans supplied by CANPACK NL and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. CANPACK NL's customer alleges that the cans were defective. As this matter has proceeded, the damages currently alleged by the end customer have increased to include multiple warehouse locations and are now a total of approximately $34.3 million. Extensive investigations to date indicate that the cause of the leakage is due to multiple factors only some of which were in CANPACK NL's control, and that CANPACK NL has both legal and equitable defenses to liability as well as to certain categories of the damages alleged. This matter remains under investigation. CANPACK NL has recorded an accrual for its estimated responsibility for this matter, which is an amount significantly lower than the amount currently alleged, but which amount CANPACK NL currently believes is reasonable. The amount of this accrual will be adjusted as appropriate as more information becomes available.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $7.6 million and $6.0 million as of December 31, 2021 and 2020, respectively. The Company has disclosed such matters as contingent liabilities but has not recorded a liability as of December 31, 2021 and 2020.

24. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS (CONTINUED)

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company restricts investment in short-term highly liquid investment to financial institutions with a high credit standing. Credit risk on trade receivables is generally minimal as a result of the large and diverse nature of the Company's customer base. The Company has one customer whose sales individually represented 18% and 17% of the Company's total net sales in the years ended December 31, 2021 and 2020, respectively. The Company requires collateral or letters of credit on certain of its credit sales. The Company has not experienced unusual credit losses.

COMMITMENTS

As of December 31, 2021, the Company has entered into approximately $102.1 million short-term commitments and $24.0 million long-term commitments other than the Company's lease obligations, relating to contracts for supply of machinery and equipment for production lines and other commitments.

DIVIDEND RESTRICTIONS

Dividends can only be distributed from each separate entity to its direct shareholders.

OTHER GUARANTEES

The Company's subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of June 10, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. There is no guaranteed amount related to above as at December 31, 2021.

The Company's subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of November 17, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. There is no guaranteed amount related to above as of December 31, 2021.

25. OPERATING LEASES AND TOTAL RENTAL EXPENSE

The Company entered into various operating lease agreements for real estate, vehicles, perpetual usufructs of land, and staff accommodations. Rental expense incurred under these agreements was $5.5 million for both years ended December 31, 2021 and 2020.

Future annual minimum lease and rental payments for all non-cancellable operating leases with an initial or remaining term of one year or more, by year and in the aggregate, are the following for the years ending December 31 *(in thousands of dollars)*:

2022	$	4,129
2023		3,329
2024		2,420
2025		2,200
2026		2,020
Thereafter		49,055
Total8	**$**	**63,153**

26. GRANTS

Some of the Company's subsidiaries receive grants and tax incentives from governments, which are presented as follows in the Consolidated Balance Sheets:

	December 31, 2021	December 31, 2020
Other receivables		
CANPACK India Private Limited (a)	**$ 2,959**	**$ 4,340**
Long-term receivables		
CANPACK India Private Limited (a)	**$ 8,178**	**$ 6,502**
Accrued expenses and other liabilities		
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	$ 122	$ 237
CANPACK Brasil Indústria de Embalagens LTDA (c)	10,738	5,183
CP Glass S.A. (d)	312	652
CANPACK Morocco (f)	90	-
Total	**$ 11,262**	**$ 6,072**
Other non-current liabilities		
CP Glass S.A. (d)	$ 2,741	$ 2,984
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	320	386
CANPACK Brasil Indústria de Embalagens LTDA (c)	24,476	25,641
CANPACK S.A.	23	51
CANPACK Morocco (f)	1,174	-
Total	**$ 28,734**	**$ 29,062**

The effect on the Statements of Income is presented as follows:

	Year ended December 31, 2021	Year ended December 31, 2020
COST OF SALES		
CP Glass S.A. (d)	$ 327	$ 1,486
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	142	215
CANPACK Morocco (f)	1,092	-
Total	**$ 1,561**	**$ 1,701**
Other		
CANPACK India Private Limited (a)	$ 4,222	$ 2,518
CANPACK Brasil Indústria de Embalagens LTDA (c)	10,589	6,927
CANPACK Colombia S.A.S.	-	38
Total	**$ 14,811**	**$ 9,483**
INCOME TAXES		
CANPACK Brasil Indústria de Embalagens LTDA (e)	**$ 5,117**	**$ 5,731**

(a) Under the regulations of the Government of Maharashtra the plant in India is covered under the Mega Project category and is eligible to receive certain incentives from the Government of Maharashtra, which are:

- Electricity duty exemption for a period of 12 years from the date the Company commences production.
- Stamp duty exemption for registration of land,
- Industrial Promotion Subsidy (IPS) equivalent to 100% of its eligible investments. Under IPS the Company is entitled to 100% reimbursement of VAT and Central Sales Tax (CST) paid by it, subject to 100% eligible investment. The IPS is payable after two years from the date production commences.

(b) Grant received in 2012 from the Malopolska Regional Development Agency, institution distributing European Union funds. The purpose of the grant is to finance projects for the development and implementation of technology allowing for a reduction in the thickness of sheets used in the manufacturing process. The grant is settled every year.

(c) State VAT (ICMS) benefits, under the programs PROVIN and PRODUZIR, granted by Government of the States of Ceará and Goiás, respectively and are recognized when the Company meets the criteria for realization of such benefits.

PROVIN is valid until December 2024. A portion of ICMS payable is converted into a loan granted and if certain conditions are met, 99% of the loan will be written off. PRODUZIR is valid until December 2032 and consists of a one-year deferral of a portion of VAT (ICMS) payable.

Besides PRODUZIR, the Government of the States of Goiás also granted ICMS credit benefit pursuant to the Special Regime Agreement Instruments (TARE), which is recognized on a straight-line basis over a 40-month period.

(d) Grant received from the Polish Agency for Enterprise Development for financing 31% of a new production line for glass packaging. The value of the yearly settlement is calculated in proportion to depreciation of the production line. The Company then amortizes a portion of the grant liability on an annual basis in an amount equal to the calculated settlement. This balance also includes a benefit granted to support labor costs in companies affected by the COVID-19 pandemic.

(e) Tax incentive that reduces the income tax base on operating profit by 75% for a plant located in the city of Maracanaú until the calendar year 2028.

(f) In November 2021, Can-Pack Morocco S.a.r.l. received a grant from Moroccan Investment Agency. This grant is the government participation in investment in certain assets.

27. SHAREHOLDER'S EQUITY

On August 9, 2013, F&P Holding Co. ("F&P" and 100% owner of CANPACK S.A.) contributed 100% of its shares in CANPACK S.A. to the Company. GIH was formed as a wholly-owned subsidiary of F&P. The Company classified this transaction as a "common control" transaction in accordance with EITF Issue No. 02-5 "Definition of 'Common Control' in Relation to FASB Statement No. 141." This transaction resulted in an opening share capital of $6.7 million, the amount which remained constant as of December 31, 2021 and 2020.

28. MANAGING BOARD

The Board of Managers of the Company is composed of:

Person	Date of Appointment
Peter F. Giorgi	July 27, 2013
Anthony Braesch	July 27, 2013
Jean-Francois Bouchoms	January 01, 2016

For the years ended December 31, 2021 and December 31, 2020, the aggregated remuneration paid by the Company to its board members for their management activities within the Group amounted to $0.7 million and $0.3 million, respectively. Annual compensation is reported within "Selling, general and administrative expenses" on the Consolidated Statements of Income.

29. RELATED PARTY TRANSACTIONS

Receivables, net – Receivables, net from related parties as of December 31, 2021 and 2020 were $23.1 million and $2.0 million, respectively.

Trade accounts payable – Trade accounts payable to related parties as of December 31, 2021 and 2020 were $7.2 million and $4.4 million, respectively.

Accrued expenses and other liabilities – Accrued expenses and other liabilities to related parties as of December 31, 2021 and 2020 were $1.6 million and $5.0, respectively.

Long-term receivables – Long-term receivables from employees totaled $0.2 million and $0.3 million for the years ended December 31, 2021 and 2020, respectively.

Long-term investments – Long-term loan granted to Giorgi Holding Holdings, Inc. for the years ended December 31, 2021 and 2020 amounted to $30.5 million and $0, respectively. The value of accrued interest for the years ended December 31, 2021 and 2020 amounted to $0.6 million and $0, respectively, and is presented in “Other current assets” in the Consolidated Balance Sheets.

Net Sales – Net sales to related parties for the years ended December 31, 2021 and 2020 were $54.1 million and $4.3 million, respectively.

Purchases – Purchases from related parties for the years ended December 31, 2021 and 2020 were $30.8 million and $26.6 million, respectively.

Investments – Cost of acquisition of membership interest in a company from a related party for the years ended December 31, 2021 and 2020 were $0 and $1.1 million, respectively.

– Disposal of membership interest in a subsidiary to a related party for the years ended December 31, 2021 and 2020 were $0 and $34.4 million, respectively.

30. U.S. GAAP TO IFRS RECONCILIATION

The reconciliation of the net income and total equity for the years ended December 31, 2021 and 2020 between the amounts obtained using U.S. GAAP and those under IFRS as adopted by the European Union is as follows:

(Amounts in thousands)	December 31, 2021	December 31, 2020
Net income attributable to GIH per US GAAP	$311,446	$ 164,263
Adjustments for:		
Special economic zone *(a)*	(2,304)	(3,413)
Results of acquisition and disposal of subsidiary *(b)*	-	2,894
Financial instrument impairment *(c)*	(766)	(418)
Measurement of operating leases as finance leases *(d)*	(199)	(441)
Net income attributable to GIH per IFRS	$308,177	$ 162,885
Total equity per US GAAP	$1,777,177	$ 1,490,796
Adjustments for:		
Special economic zone *(a)*	4,981	7,285
Financial instrument impairment *(c)*	(1,748)	(982)
Measurement of operating leases as finance leases *(d)*	(2,886)	(2,687)
Total equity per IFRS	$1,777,524	$ 1,494,412

(a) Under U.S. GAAP, Special Economic Zone in Poland does not meet the criteria of tax incentive for which deferred tax can be recognized and the flow-through method is applied to recognition of the tax benefit in the period in which the benefit arises. Under IFRS, Special Economic Zone meets criteria of tax relief subject to deferred tax.

(b) Under U.S. GAAP, gain on disposal of subsidiary is presented as Additional Paid-In Capital, part of Equity on the Balance Sheet. Under IFRS, such gain is presented as current year income on the Income Statement.

(c) Due to the difference in timing of application of Topic 326 and IFRS 9, differences arose for the financial years ended December 31, 2021 and December 31, 2020. In the reconciling note, the Company has applied IFRS 9 retrospectively with the cumulative effect of initially applying this Standard recognized as the date of initial application as required under IAS 8.

(d) Due to the adoption of IFRS 16 on January 1, 2019, differences arose for the financial years ended December 31, 2021 and December 31, 2020. All contracts classified as operating leases according to U.S. GAAP should be classified as financial leases under IFRS. The Company has applied IFRS 16 retrospectively with the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings at the date of initial application as permitted under IFRS 16. Future period differences are expected to be minimal.

31. EMPLOYEES

As of December 31, 2021 and 2020, the average number of staff employed and related costs for the Company was as follows:

	2021		2020	
(Amounts in thousands)	Average Employees	Staffing Cost	Average Employees	Staffing Cost
Office employees	2,274	$ 99,115	2,263	$ 92,681
Manufacturing employees	5,409	169,144	5,256	151,171
Total consolidated	7,683	$ 268,259	7,519	$ 243,852

32. AUDIT FEES

The following table shows the aggregate fees billed to the Company for professional services provided by Deloitte Audit S.à r.l. and other member firms (“Deloitte”) for the years ended:

(Amounts in dollars)	December 31, 2021	December 31, 2020
Statutory audits	$ 1,092,392	$ 922,896
Other audit – assurance services	382,817	481,829
Other audit – non-assurance services	465,008	916,482
Tax services	206,640	161,588
Other departments	117,414	123,072
Out of pocket	12,853	5,570
Total audit fees	$ 2,277,124	$ 2,611,437

33. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 15, 2022, which is the date the Consolidated Financial Statements were available.

The ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation may have an impact on the Company. As of and for the year ended December 31, 2021, the Company had $73.2 million in assets, $22.1 million in liabilities, and $113.8 in net sales in Ukraine (representing 3.7% of consolidated net sales of CANPACK Group). As of and for the year ended December 31, 2021, the Company had $259.0 million in assets, $114.1 million in liabilities, and $243.2 in net sales in Russia (representing 8.0% of consolidated net sales of CANPACK Group). This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial year. In particular, management expects the assumptions and estimates used in determining the value of its cash, accounts receivable, inventory and property, plant, and equipment may all be affected. At this stage, management is not able to reliably estimate the impact as events are unfolding day-by-day. The longer-term impact may also affect trading volumes, cash flows, and profitability. Nevertheless, at the date of these financial statements the Company continues to meet its obligations as they become due and therefore continues to apply the going concern basis of preparation.

On January 19, 2022, the Company received a capital contribution from its parent, F&P Holding Co., Inc., in the amount of $350 thousand and was recorded as a general special equity reserve. This contribution was not remunerated by shares of the Company.

There were no additional subsequent events that need disclosure other than described in Note 10 for the Polish Tax Authority tax audit and Note 24 for the CANPACK NL complaint.

SIGNATURES

Board of Managers

DocuSigned by: 792821D95C4542D...	DocuSigned by: 5F78DAECA3764C4...	DocuSigned by: Jean-Francois Bouchoms 667068489ED3424...
Peter F. Giorgi	Anthony Braesch	Jean-François Bouchoms

Luxembourg, April 15, 2022

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GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Annual Report, including the Consolidated Financial Statements
And Report of the *Réviseur d'entreprises agréé*

Year Ended December 31, 2022
And
Year Ended December 31, 2021

FORWARD-LOOKING STATEMENTS

The following discussion and analysis are intended to assist in providing an understanding of the Company's financial condition and results of operations and should be read in conjunction with the Audited Consolidated Financial Statements as of and for the years ended December 31, 2022 and 2021. The following discussion includes forward-looking statements which, although based on assumptions and/or estimates that the Company considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms "anticipate," "assume," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "forecasts," "should," "could," "would," "may," "will" and other similar expressions or, in each case, their negative or other variations or comparable terminology.

All statements other than statements of historical facts included in this document, including, without limitation, statements regarding the Company's future financial position, risks and uncertainties related to its business, strategy, capital expenditures, projected costs and its plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties.

The Company cautions that forward-looking statements are not guarantees of future performance and that the actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statement that the Company makes in this document speaks only as of the date on which it is made, and it does not intend to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within its control.

Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time-to-time and it is not possible for it to predict all such risk factors, nor can it assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, one should not place undue reliance on forward-looking statements as a prediction of actual results.

NON-GAAP MEASURES

This document contains certain financial measures and ratios, including Beverage Can Bodies Volume, Adjusted EBITDA, cash flow conversion ratio, free cash flow, Total Debt and Net Debt, changes in Working Capital, Interest Coverage Ratio, Capital Expenditures, Maintenance Capital Expenditures, Expansionary Capital Expenditures that are not required by, or presented in accordance with, U.S. GAAP (the "**Non-GAAP Measures**").

NON-GAAP MEASURES (CONTINUED)

The Company presents these Non-GAAP Measures because they are measures that its management uses to assess operating performance and liquidity, and it believes that they and similar measures are widely used in its industry as supplemental measures of performance and liquidity. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under U.S. GAAP or other generally accepted accounting principles.

Non-GAAP Measures and ratios are not measurements of the Company's performance or liquidity under U.S. GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with U.S. GAAP or as alternatives to cash flow from operating, investing or financing activities.

OVERVIEW

BUSINESS OVERVIEW AND INDUSTRY TRENDS

Giorgi International Holdings S.à r.l. ("GIH") is the parent company of CANPACK S.A., which in turn is the parent company of the CANPACK Capital Group. From this point forward, GIH and its subsidiaries will collectively be referred to as the "Company" or "Group".

The Company is a leading global manufacturer of high-quality aluminum cans (can bodies) and ends (can ends), glass containers and metal closures for the beverage industry and of steel cans for the food and chemical industries, serving customers in approximately 100 countries worldwide. Together with its related company CANPACK US LLC it manufactures products in 28 plants located in 16 countries across Europe, Asia, the Middle East, North Africa and South America and North America.

The Company is the fourth largest supplier of beverage cans in the world and the third largest supplier in Europe. Through its global sales organization, it supplies products across a variety of end-user categories, including, but not limited to, soft drinks, energy drinks, beer, spirits, packaged water, seltzers, and food. Its scale allows it to serve customers ranging from small, local brands to leading, blue-chip multinational beverage producers with diverse requirements for capacity, format, design, location and innovation. It offers high-value products and services, and has a proven track record of prioritizing, adapting to and meeting the dynamic needs of its customers. It benefits from a young, well-invested asset base, employing state-of-the-art technologies that provide it with the agility to respond to the ever-changing customer demands for differentiation and premiumization of cans.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS

The Company's results of operations, financial condition and liquidity have been influenced in the periods discussed in this document by the following events, facts, developments and market characteristics. The Company believes that these factors are likely to continue to influence the results of operations in the future.

GENERAL ECONOMIC CONDITIONS AND END MARKET DEMAND

The beverage can industry is impacted by general economic conditions, with demand historically being correlated to the level of disposable income, changing consumption trends (such as the increasing popularity of energy drinks, seltzers and other specialty beverages), anti-plastic packaging trends, and an increasing focus on sustainability in the economies in which the Company operates. The Company's business depends in large part on the demand of the end-users who consume products that utilize its inputs, which, in turn, depends, to a large extent, on general economic conditions in the countries, regions and localities in which those end-users are located. Changes in economic conditions, particularly when widespread and pronounced, may therefore materially affect results of operations and financial condition. However, the Company believes that it has limited exposure to economic cycles, with stable underlying demand for products providing resilience during downturns. Additionally, the diversification across products, markets, geographies and customers reduces, in part, the Company's sensitivity to economic cycles in certain geographies and markets. However, if adverse economic conditions are widespread, pronounced and/or long-lasting, such conditions could present challenges which may negatively impact the Company's business, financial condition and results of operations.

The Company's products are used primarily in the beverage end-market. There are several secular trends shaping the food and beverage industry that are expected to drive market growth for the Company's products. These secular trends include increased levels of disposable income, stricter environmental regulations and a focus on sustainability that drives product substitution to more sustainable packaging, such as aluminum, and a shift towards specialty beverages, which has incentivized brands to differentiate and produce varied can types, sizes and colors. As such, the Company's business is affected by its ability to design and manufacture new and attractive products in line with changing consumer preferences as well as overall consumer demand in the beverage end market.

The Company works closely with customers to follow consumer preferences and demand trends. The Company has invested in manufacturing equipment to support new product lines and adapt to shifts in demand and offer customers customization support throughout the idea, design, pretesting and execution phases of their product development processes. The Company has the ability to set up machines and re-engineer production facilities, as well as increase production capacity to manufacture new and different products in response to changing trends and consumer preferences. This ability to pivot to the changing specifications desired by customers offers a competitive advantage over certain competitors. In addition, the breadth of product offerings and ability to redeploy machines to make new designs makes the Company less subject to the success or failure of any given product.

Demand for the Company's products also varies in the geographic regions that it serves. For example, in Europe, demand has been driven by customer requirements for high-quality packaging solutions to differentiate the Company's customers' products. In addition, a consumer and governmental focus on sustainability has led to a shift away from plastic packaging, which is widely considered as less environmentally friendly than aluminum beverage cans which are infinitely recyclable. Demand in developing regions has been driven by social changes (through a growing middle class, in particular) and higher disposable income which directly impacts consumption patterns in favor of the beverage can market.

Foreign Exchange Rate Fluctuations

The Company operates internationally and, as a result, is exposed to changes in the value of its subsidiaries' functional currencies (of which there were 15 as of December 31, 2022). The Company is primarily exposed to movements in the euro ("EUR") and the U.S. dollar ("USD"). As a consequence, the Company has considerable cash flow, earnings and assets in currencies other than the reporting currency, which is the U.S. dollar.

Transaction risk arises when the Company's subsidiaries execute transactions in a currency other than its functional currency. Exposure to currency transaction risk occurs in operating, investing and financing activities. In the case of operating activities, the primary sources of currency transaction risk are the price quotes of raw materials, which are the basis for calculating the prices of materials and products, and the denomination of the vast majority of sales contracts in foreign currency. Both the costs of purchasing the material and the sales income for the manufactured product may be denominated in foreign currencies. For example, if the raw material is quoted in U.S. dollars and if the settlement currency is a currency other than U.S. dollars (typically euro or pounds Sterling), the cost of purchasing the material or the price of selling are converted into the currency of payment based on the current rates published by the London Metal Exchange ("LME") or the European Central Bank. The currency risk results from the mismatch in the inflows related to sold products and the outflows connected with purchasing of the raw materials, expressed or indexed to the currency.

With respect to investing activity, the main source of currency risk is costs related to the purchase of machinery and equipment and investments in the Company's various subsidiaries. These positions are indexed to foreign currency or denominated in foreign currency. In terms of financing activities, the Company is exposed to currency risk in connection with executed contracts causing the formation of obligations and debts expressed in foreign currency or indexed to them, such as granted and received credits, loans or bonds. The Company mitigates its transactional risk through forward contracts to hedge changes of currency exchange rates.

Business Relationships and Customer Success

The Company generally operates a business-to-business sales model and rarely accesses the end consumer directly. Therefore, the Company relies on its customers' ability to sell and market their products effectively to end-consumers in order to increase the Company's orders and consequently, net sales and cash flows. In general, as customers have grown, the Company has experienced increased orders from those customers. Therefore, the Company seeks to maintain strong relationships with its customers and work with them to help grow their businesses. The Company has sought to strengthen its existing sales networks and customer relationships by positioning itself as a value-creating partner with its customers, rather than a commodity supplier, providing value-added solutions, technical and technological innovation, high product quality and efficiency improvements. Additionally, while overall market demand is strong, the Company sees efficiencies in continuing to provide a greater supply to its existing or a limited number of new purchasers and working to expand those relationships. The Company believes that those relationships are also a base upon which it can introduce new products to consumers, enter new geographies and enhance its pricing strategy.

The Company focuses on selling directly to large, multinational beverage producers, as well as smaller but high margin local producers. The Company has developed what it believes are deep, longstanding relationships with many of its customers and benefit from a diverse customer base. For the year ended December 31, 2022, the Company's top ten customers, based on net sales for finished goods, accounted for approximately 61% of total net sales.

Raw Materials Expenses

Raw materials constitute the substantial majority of the Company's production costs. The key raw material input in the Beverage Cans and Ends division, is aluminum. The cost of aluminum is affected by a variety of micro and macro factors, such as aluminum quotation for prices on the LME, supply and demand for aluminum, market movements in other base metals and geopolitical factors.

The Company has not experienced significant disruptions to its supply of raw material as the Company maintains a diversified set of global suppliers, and where necessary, it called on other suppliers, redirected shipments and increased raw material stock orders in an effort to ensure continuity of the business. The Company continues to perform stock checks, monitor plant requirements and the capacity of its suppliers to prevent shortages. The Company has managed and will continue to monitor issues with raw material supply, the distribution of finished goods and the availability of operating personnel. In order to secure timely deliveries of aluminum coils and to mitigate supply chain disruption constraints, the Company has enlarged its pool of qualified aluminum suppliers. Additionally, the Company has strong relationships with leading global suppliers of aluminum across the globe, which further helps to minimize the risk of supply disruptions. However, given the fluidity of global aluminum supply, there can be no assurance that the Company will not experience supply disruptions or that sufficient quantities will be available in the future.

The Company places orders based on sourcing needs for customer contracts. Prices for aluminum tend to fluctuate in response to changes in supply and demand dynamics in the industry and may also be impacted by the behavior of financial investors. In addition, since most of the raw materials used are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves. The Company centrally manages its procurement operations in order to achieve economies of scale, seek consistency across global relationships and provide more certainty for production planning.

Aluminum, in particular, accounts for a substantial part of the Company's cost of sales, representing 54% of Cost of sales. Changes in the cost of raw materials affect both Net sales and cost of materials and thus substantially affect results of operations. Profits are not usually significantly impacted by variations of LME aluminum costs due to monthly pass-through mechanisms for the LME part of the aluminum costs that are included in approximately 90% of contracts for the Beverage Can and Ends division. With respect to the remaining percentage of contracts, the Company has active hedging measures in place. Another part of the aluminum price is conversion of aluminum ingots to coil which are agreed in advance through multi-year contracts. However, in the event the contracted supplier cannot deliver the contracted amount, the Company has to buy the required aluminum on a spot basis, which is typically more expensive than the price of the conversion of aluminum ingots to coil agreed under long-term contracts. An additional part of the aluminum purchase price is LME premium, which is applied for approximately 80% of total aluminum supplies. Approximately 90% of such supplies had a pass-through or hedging mechanism in place for year 2022. The Company also negotiates transportation costs related to aluminum annually for 80% of total aluminum purchases. In addition, as custom duties are calculated on the total value of the aluminum including LME and transportation, any change in the value of these costs elements will result in a change of the value of custom duties. The movement in certain aluminum cost elements such as conversion of aluminum ingot to coil, aluminum premium, custom duties related to aluminum and transportation costs might be covered fully or partially by the yearly inflationary indexes agreed in most of the long-term sales contracts. In addition, beginning in 2022, the Company implemented passthrough mechanisms with certain customers for the conversion of aluminum ingot to coil, aluminum premium, custom duties related to aluminum, and transportation costs for the aluminum coil due to higher costs. For short term sales contracts such movements in costs for conversion of aluminum ingot to coil, aluminum premium, custom duties related to aluminum and transportation costs for the aluminum coil are typically covered in the yearly, quarterly or monthly agreed selling prices. Furthermore, while the Company manages the purchase of key raw materials carefully, leveraging scale and engaging with multiple suppliers in order to optimize pricing and security of supply, changes in the price of aluminum, for example, due to increased demand in the automotive or other industries, could impact the Company's ability to secure a consistent supply in line with pricing expectations.

Asset Utilization

The Company's ability to utilize its assets by operating at full or close to full capacity to achieve maximum production volumes materially affects the results of operations. Utilization rates, which represent production volume divided by the difference between actual capacity and maximum capacity less scheduled maintenance shutdowns, directly affect the Company's profitability. In turn, the utilization rate is influenced by factors such as market consolidation, regulation, product substitution, unplanned shutdowns for the Company and its suppliers' facilities, industry cycles and customer demand. The Company aims to operate its facilities at full capacity (with allowance for ongoing maintenance), while maintaining a balance between optimizing volume output and the pricing of the corresponding chemical products. The Company regularly reviews and analyzes utilization rates and product mix across its portfolio with the aim of optimizing utilization rates depending on demand. The Company believes that its integrated production model supports such an optimization.

Extended downtime at any of the Company's major manufacturing facilities, whether the result of a scheduled shutdown or otherwise, could reduce rates of asset utilization and undermine its ability to maintain high production volumes and meet its commitment to customers, which could materially adversely affect its business, financial condition and results of operations.

Product and Geographic Mix

The Company offers an extensive range of rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks and glass bottles and engage in other activities such as the labeling, printing and coating of these products. As the margins on products vary, changes in the mix of product sales have a direct impact on the Company's total net sales and profitability.

The Company's Beverage Cans and Ends division is a less capital intensive business and requires fewer investments in asset refurbishment as compared to the Glass Packaging division; therefore, the margins in the Glass Packaging division are typically higher than the margins in the Beverage Can and Ends division so as to be able to cover the greater capital needs required for glass production over a shorter period time. For the years ended December 31, 2022 and 2021, sales in the Beverage Can and Ends division represented 85% and 86% of net sales, respectively; sales in the Glass Packaging division represented 6% of net sales, for both years; sales in the Food and Industrial Packaging division represented 6% and 5%, respectively; and sales in the Metal Closures division business represented 3%, for both years.

Additionally, the Company's range of products have varying margins in the different geographic regions in which it operates and, therefore, the geographic mix impacts the results of operations. These varying margins can be due to a variety of factors, including market competition, contract terms and production plant efficiency. For the year ended December 31, 2022, the Company sold products in approximately one hundred countries worldwide. Europe is the largest market representing 68% and 70%, of net sales for the years ended December 31, 2022 and 2021, respectively. In other markets, for the years ended December 31, 2022 and 2021, South America represented 15% and 14% of net sales, respectively, Asia represented 14% and 13% of net sales, respectively, and Africa represented 3% of net sales, for both years.

Cost Base and Operational Improvements

The Company's ability to actively manage its cost base by cost saving initiatives, as well as by enhancing operational efficiencies, has been a significant factor affecting its results of operations and financial condition in the period under review. As a manufacturer, the Company relies on well-invested production equipment, labor and raw materials to run its business. The fact that a large majority of the Company's total operating costs are variable costs provides it with flexibility to manage its costs according to fluctuations in customer demand and production volume.

The Company's cash flows are also impacted by capital expenditures. In order to ensure that its manufacturing process is nimble and cost effective, the Company is required to periodically make capital investments in its plant and equipment, which is further translated into depreciation on the income statement. The business typically requires a limited amount of maintenance capital expenditures relative to cash flows, driven by a relatively young, well-invested asset base. Of the Company's capital expenditures for the years ended December 31, 2022 and 2021, $59.0 million and $71.5 million related to maintenance and $126.4 million and $116.7 million related to expansion, respectively.

Production Facilities

The Company's investment strategy has primarily been focused on greenfield expansion. The Company has become a market leader in new site development and is able to develop sites and take decisive actions with agility, thus taking advantage of opportunities within shorter periods of time relative to market standard development times. The Company's growth areas are typically linked to the locations of its customers and it seeks to contract greenfield capacities and secure multi-year contracts prior to facilities becoming operational. For example, the greenfield investment in the Czech Republic was pre-contracted with 100% of production capacity at the time of facility startup. The Company refers to its facilities as "pre-contracted" when it has agreements in place with customers before it begins production. These agreements are on average three to four years in length.

The Company's maintenance capital expenditures as a percentage of net sales decreased by 0.7% to 1.7% for the year ended December 31, 2022 from 2.4% for the year ended December 31, 2021.

Start-up Costs

Start-up costs refer to all costs and expenses incurred in connection with either the entry into a new market or the construction of a new plant or line in an existing market. These costs are recorded commencing with identification of the potential opportunity until such plant or line has delivered commercial products to its customers. Trial costs which are capitalized are not to be included in start-up costs. Start-up costs primarily relate to the costs of recruitment, hiring, training and paying the salaries of personnel before a new line or plant begins commercial production. These costs also include the cost of bringing in personnel from the Company's other facilities to train these new individuals and a limited amount of operating expenditures. Start-up costs in any period are impacted by the number of new expansion projects underway in any period and the salary costs of the new personnel, both of which vary by geography. For example, salaries in Western Europe tend to be higher than salaries in other markets the Company has entered, such as Brazil or India.

For the year ended December 31, 2022, start-up costs of $2.3 million were primarily related to such personnel and training costs in relation line extension in Czech Republic, Netherlands and Brazil. In the year ended December 31, 2021, start-up costs of $2.2 million related to personnel and training costs in relation to installation of an additional production line in an existing facility in Russia, Brazil and Colombia.

Once a new plant or line has commenced production, it is anticipated that achievement of expected utilization and efficiency rates will take a period of several months.

Seasonality

The end-users of the Company's products typically consume products during temperate or warm seasons. Given the global and broad geographic base, the Company is partially insulated from seasonal effects on consumption. For the Beverage Cans and Ends division, Glass Packaging division and Metal Closures division, in Europe, Africa and the Middle East, beverage consumption is positively related to warm weather conditions and the highest sales are May to August, and the weakest sales are from December to February. In India, the peak season is April to June, with low season in January and February. In Brazil, the highest sales are typically from October to February during Brazil's summer months, with the lowest sales between May and July. The Food and Industrial Packaging sales are typically slightly higher in August through November when seasonal vegetables are packed. However, seasonality in the Food and Industrial Packaging division is lower than in other divisions selling to beverage manufacturers. The Company's working capital is highest just prior to the seasonal peak in June in the summer months in Europe. These seasonal effects may impact net sales, adjusted EBITDA and cash provided by operating activities during the corresponding months of the financial year.

FACTORS AFFECTING COMPARABILITY OF FINANCIAL RESULTS

New accounting standards

Following ASU 2016-02 "Leases" issued in February 2016, the Company adopted the new leasing standard, ASC 842, effective January 1, 2022. The update requires a lessee to recognize for all leases with an initial term greater than twelve months: (1) a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term; and (2) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, each measured on a discounted basis and to disclose additional quantitative and qualitative information about leasing arrangements. See Note 2 for additional information.

RECENT DEVELOPMENTS

Leadership Change

On November 11, 2022 Roberto Villaquiran stepped down as Chief Executive Officer of CANPACK Group and Marius Croitoru was appointed as Interim Chief Executive Officer in addition to his current responsibilities as Chief Financial Officer for CANPACK Group. Marius Croitoru joined CANPACK in 2015 as Chief Financial Officer for CANPACK Group.

Conflict between Ukraine and Russia

The ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation and counter-sanctions imposed by the Russian Federation may have an impact on the Company. This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial years. In particular, management expects the assumptions and estimates used in determining the value of its cash, accounts receivable, inventory and property, plant, and equipment may all be affected. At this stage, management is not able to reliably estimate the impact as events are unfolding day-by-day. The longer-term impact may also impact the Company's sales volumes, purchases, cash flows, and profitability as well as certain Company's purchasing, production and sales activities. The Company completed an analysis during the period, using the income approach, which resulted in no impairment of its Russia and Ukraine investments. The Company continues to monitor the economic uncertainty, while assessing the financial impact and outlook for its Russia and Ukraine investments.

As of and for the year ended December 31, 2022, the Company had $59.3 million of unconsolidated assets, $9.1 million of unconsolidated liabilities, and $89.3 million in net sales in Ukraine (representing 2.6% of consolidated net sales). As of and for the year ended December 31, 2022, the Group had $294.9 million of unconsolidated assets, $134.1 million of unconsolidated liabilities, and $288.4 million in net sales in Russia (representing 8.6% of consolidated net sales).

The Company's operations in Russia continue to operate in compliance with applicable laws, sanctions and counter-sanctions; due to the continued aggression, the Company will not be making any further investments in Russia. The Company will continue to assess all of its options as it may at some point in time become untenable to continue operations in Russia.

Through 2022, the conflict between Russia and Ukraine has not had a material impact on the Company's financial condition, results of operations, or cash flows. At the date of these financial statements the Company continues to meet its obligations as they become due and therefore continues to apply the going concern basis of accounting.

Sale of equity method investment

On September 30, 2022 the Company sold its 35% interest in Can Asia Inc. Prior to this sale, Can Asia Inc. was an investment accounted for under the equity method. This sale had no material impact on the Company's Financial Statements.

DESCRIPTION OF KEY COMPONENTS OF THE CONSOLIDATED STATEMENTS OF INCOME

Net Sales

Net sales consist of gross sales less sales adjustments related to provisions for customer returns, allowances, rebates and eliminations of intra-group transactions. The Company disaggregates net sales based on the timing of transfer of control for goods and services. The transfer of control for goods and services may occur at a point in time or over time; in other words, sales may be recognized over the course of the underlying contract, or they may occur at a single point in time based upon the transfer of control.

Revenue is measured as the amount of consideration it expects to be entitled to in exchange for transferring goods or providing services. Revenue is recognized when control of a good or service has transferred to the customer in an amount that reflects what it expects to be entitled to in exchange for those goods or services. Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract.

Cost of Sales

Cost of sales includes fixed and variable production costs. Such variable costs mainly consist of the costs of raw materials, realized effective hedges related to commodity hedges, unrealized and realized ineffective hedges related to commodity hedges, energy, freight, utilities, handling and conversion costs, waste disposal, consumables, attributable depreciation charges and directly attributable overhead expenses, including wages and salaries and overhead expenses that are attributable to production. Fixed costs include labor costs, rent, depreciation and amortization, impairment of inventories, repairs and maintenance.

Selling, General and Administrative Expenses

Selling expenses include, but are not limited to, the cost of transport packaging, external warehousing, sales, marketing and customer service activities of the organization. All sales wages and salaries of employees working in the commercial department and depreciation on property, plant and equipment used for selling are included in selling expenses.

General and administrative expenses typically include advertising costs, insurance costs, legal and professional fees, office supplies, design and development costs, selling and marketing costs, finance costs, information technology, human resources and other administrative costs. There were $1.7 million and $0 of Research and Developments costs included within general and administrative expenses for the years ended December 31, 2022 and 2021, respectively.

Asset Impairment Losses

Asset impairment losses are recorded when the undiscounted estimated net future cash flows to be generated by the asset are less than the carrying amount of such asset.

Total Other Income (Expenses)

Total other income primarily includes interest costs (net), foreign exchange gain (loss), results from equity method investments, financial instruments and other.

Foreign exchange gain (loss) refers to the effect of translation of balance sheet items denominated in non-reporting currencies into reporting currencies. The majority of this balance refers to non-cash items. Interest costs (net) consist of (i) interest expense of long-term debt, notes payable, bank overdrafts and other debt, (ii) interest income, and (iii) leasing interest expenses. Financial instruments include losses or gains from any realized or unrealized ineffective hedges related to currency hedges and interest rate swaps.

Other income primarily relates to certain tax benefits in Brazil and India. See Note 25 titled Grants in the Consolidated Financial Statements included elsewhere in this document for a further description of grants and tax benefits in Brazil and India.

Income Taxes

Income tax expense consists of current tax expense and deferred tax expense. Deferred tax expenses are primarily related, but not limited to the unrealized gain or loss on hedging instruments.

Income tax expenses and benefits are recognized based on the tax laws and regulations in the jurisdictions in which the Company operates. The provision for income taxes includes income taxes currently payable and deferred income taxes recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of existing assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards. The deferred tax assets and liabilities are calculated using enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets are reduced by valuation allowances if it is determined that it is more likely than not that the deferred tax asset will not be realized.

Income Taxes (continued)

The Company generally files separate income tax returns from its subsidiaries; consequently, tax losses of one company within a controlled group cannot be offset against taxable income of another member of the Group.

The effective tax rate (calculated as income taxes divided by income before income taxes) was 19.5% for the year ended December 31, 2022 and 20.8% in the year ended December 31, 2021. The decrease in effective tax rate was primarily due to the impact of the unrealized exchange rate gains or losses in Brazil and Colombia.

Acquisition of Own Shares

The Company did not acquire any of its own shares during the year ended December 31, 2022.

RESULTS OF OPERATIONS

Comparison of results of operations for the years ended December 31, 2022 and 2021

The following table sets forth certain income statement data for the years ended December 31, 2022 and 2021:

(Amounts in millions)	**Year ended December 31, 2022**	**Year ended December 31, 2021**
Net Sales	$ 3,372.6	$ 3,040.6
Cost of sales	2,873.7	2,404.6
Gross profit	498.9	636.0
Selling, General and Administrative expenses	197.6	238.0
Asset impairment losses	1.7	1.2
Operating income	299.6	396.8
Other income (expense)		
Interest costs – net	(24.1)	(24.0)
Foreign exchange gain (loss)	(13.7)	6.6
Results of equity method investments	0.2	0.1
Financial instruments	-	0.5
Other	24.8	13.5
Total other income (expense)	(12.8)	(3.3)
Income before income taxes	286.8	393.5
Income taxes	56.0	82.0
Net income	$ 230.8	$ 311.5

Net Sales

During the year ended December 31, 2022, net sales increased by $332.0 million, or 10.9%, to $3,372.6 million from $3,040.6 million for the year ended December 31, 2021. This increase was driven by higher volumes delivered in 2022 in comparison to 2021, of 2% in the Glass Packaging division while the Beverage Can and Ends division volumes remained on the same level. Beverage Can Net Sales increased for the year ended December 31, 2022 due to higher LME levels, higher average conversion prices partially compensated by unfavorable foreign exchange movements as compared to 2021.

During the year ended December 31, 2022, beverage can body volumes sold in Europe increased by 1%, volumes sold in South America decreased by 3%, and volumes sold in other regions decreased by 1%, compared to the prior year, primarily due to higher exports to the US market.

Cost of Sales

Cost of sales increased by $469.1 million, or 19.5%, to $2,873.7 million for the year ended December 31, 2022 from $2,404.6 million for the year ended December 31, 2021. Cost of sales as a percentage of total Net Sales increased by 6.1% to 85.2% for the year ended December 31, 2022 from 79.1% for the year ended December 31, 2021. This increase was primarily due to higher aluminum prices, given higher LME and premium levels, and higher labor costs primarily due to inflation during the year ended December 31, 2022 compared to the prior year.

Gross Profit

Gross profit decreased by $137.1 million, or 21.6%, to $498.9 million for the year ended December 31, 2022 from $636.0 million for the year ended December 31, 2021. This decrease in gross profit was primarily due to higher aluminum prices given higher LME and premium levels and higher labor costs primarily due to inflation during the year ended December 31, 2022. Gross profit margin decreased by 6.1% to 14.8% for the year ended December 31, 2022 from 20.9% for the year ended December 31, 2021. This margin decrease was primarily due to higher LME levels in 2022.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $40.4 million, or 16.9%, to $197.6 million for the year ended December 31, 2022 from $238.0 million for the year ended December 31, 2021. As a percentage of Net Sales, those expenses decreased by 1.9% to 5.9% of Net Sales for the year ended December 31, 2022, as compared to 7.8% of Net Sales for the prior year.

The decrease in these expenses for the year ended December 31, 2022, in comparison to the prior year was primarily due to: (i) a positive impact related to a partial reimbursement from an insurance claim recorded by the Company's Dutch subsidiary, and (ii) lower labor costs mainly due to a reduction in annual bonuses.

Asset Impairment Losses

Asset impairment losses increased to $1.7 million in the year ended December 31, 2022, from $1.2 million in the year ended December 31, 2021. These impairments in each of the years ended December 31, 2022 and 2021 were related to the impairment of production equipment that was no longer in use in various operating facilities.

Total Other Income (Expense)

Total other expenses increased by $9.5 million, to a net expense of $12.8 million for the year ended December 31, 2022 from a net expense of $3.3 million for the year ended December 31, 2021.

This decrease in net expenses for the year ended December 31, 2022 compared to 2021 relates mainly to the impact of unrealized movements in intercompany loans due to the volatility of certain currencies such as the Brazilian real and the Colombian peso versus the U.S. dollar as well as volatility of Russian and Ukrainian currencies due to conflict partially compensated by product insurer partial reimbursement of the amount paid to the customer for the claim registered in 2021.

Foreign exchange gain (loss) worsened by $20.3 million, to a net loss of $13.7 million for the year ended December 31, 2022 from a net gain of $6.6 million for the year December 31, 2021.

Net interest costs remained constant at $24.1 million and $24.0 million for the years ended December 31, 2022 and December 31, 2021, respectively.

Income Taxes

Income tax expense decreased by $26.0 million to $56.0 million for year ended December 31, 2022 from $82.0 million for the year ended December 31, 2021. This is in line with the increase in Income before Income Taxes.

The decrease in effective tax rate for the year ended December 31, 2022 compared to the prior year, was primarily due to the impact of the net unrealized exchange rate gain in Brazil and Colombia mainly related to intercompany loans during the year ended December 31, 2022.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

During the years 2019 through 2021, the Company's main sources of liquidity were primarily investment loan agreements with financial institutions, Private Placement Notes held with various Polish financial institutions, the Revolving Credit Facility, overdraft facilities, cash flows from operations and retained earnings. In October 2020, the Company issued EUR 600 million High Yield Bonds which were used to redeem the Private Placement Notes held with various Polish financial institutions and to pay the fees and expenses in connection with the related transactions. Additionally, the Company issued $400 million High Yield Bonds, which were used by CANPACK U.S LLC to finance the plant construction in Olyphant, Pennsylvania.

In October 2021, the Company issued $223 million Bonds (together with the issuance of $577 million Bonds by CANPACK U.S LLC). As of December 31, 2021, the EUR 600 million Bonds and the $223 million Bonds remained the main source of external capital of the Group, along with the Revolving Credit Facility.

The Company has also entered into receivables factoring arrangements with banks in Poland, the UAE, Romania, the United Kingdom, the Netherlands, France, and Japan. As of December 31, 2022 and 2021, the uncollected balance on receivables that had been factored on a non-recourse basis was $259.3 million and $60.4 million, respectively.

Cash Flows

The following table sets forth cash flows for each of the periods indicated:

(Amounts in millions)	Year ended December 31, 2022	Year ended December 31, 2021
Net cash provided by operating activities	**$ 252.5**	**$ 205.2**
Net cash used in investing activities	**(240.6)**	**(213.8)**
Net cash (used in) provided by financing activities	**(15.3)**	**210.5**
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(25.2)	(14.6)
Net increase (decrease) in cash, cash equivalents and restricted cash	**(28.6)**	**187.3**
Cash, cash equivalents and restricted cash at beginning of period	319.8	132.5
Cash, cash equivalents and restricted cash at end of period	**291.2**	**319.8**
Cash and cash equivalents	**$ 287.4**	**$ 318.8**

Cash Flow from Operating Activities

Net cash provided by operating activities increased by $47.3 million to a net inflow of $252.5 million for the year ended December 31, 2022, from a net inflow of $205.2 million for the year ended December 31, 2021. This increase in cash flows provided by operating activities was mainly due to lower working capital employed as a result of a reduction in receivable balances by greater use of factoring facilities partially compensated by higher inventory values due to higher LME and higher raw material quantities in stock. The cash flow conversion ratio, measured as adjusted EBITDA minus maintenance capital expenditures divided by adjusted EBITDA, was 86% and 87% for the years ended December 31, 2022 and December 31, 2021, respectively.

Cash Flow from Investing Activities

Net cash used in investing activities increased by $26.8 million to a net outflow of $240.6 million for the year ended December 31, 2022, from a net outflow of $213.8 million for the year ended December 31, 2021. This increase was mainly due to loans granted to a related party.

Cash Flow Used in Financing Activities

Net cash flows from financing activities changed by $225.8 million to a net outflow of $15.3 million for the year ended December 31, 2022 from a net inflow of $210.5 million for the year ended December 31, 2021. This change was primarily due to the issuance of $233 million Bonds in 2021.

Restricted Cash

Restricted cash increased by $2.8 million to $3.8 million at December 31, 2022 from $1.0 million at December 31, 2021. At December 31, 2022, restricted cash was primarily related to a letter of credit issued in relation to certain investments.

Working Capital

Working capital follows a seasonal pattern and is generally at its highest at the seasonal peak in September and during the summer months in Europe. Changes in working capital are primarily due to investments in new plants, each of which has an incremental working capital requirement as it works up to full production capacity.

	Year ended December 31,	
(Amounts in millions)	**2022**	**2021**
Receivables, net	$ 120.7	$ (295.7)
Inventories	(241.3)	(93.0)
Other current assets and other receivables	(24.1)	(52.9)
Trade accounts payable, accrued expenses and other liabilities	32.1	177.3
Income tax	(9.4)	28.0
Other	20.3	5.1
Changes in working capital	**$ (101.7)**	**$ (231.2)**

Changes in working capital are measured as the changes in assets and liabilities in a period, as presented in the Consolidated Statements of Cash Flows. For the years ended December 31, 2022 and 2021, the working capital outflows were $101.7 million and $231.2 million, respectively. The increase in working capital movement of $129.5 million for the year ended December 31, 2022, compared to the prior year, was mainly driven by higher inventory values due to higher LME and raw material quantities in stock partially compensated by a reduction in receivable balances as the result of greater use of factoring facilities.

Capital Expenditures

Capital expenditures are categorized as either maintenance capital expenditures or expansionary capital expenditures. Maintenance capital expenditures include investments such as plant optimization, quality and safety initiatives. The relatively young, well-invested asset base supports limited maintenance capital expenditure requirements. Maintenance capital expenditures increased over the period under review, as the business has grown. Maintenance capital expenditures as a percentage of Net Sales decreased by 0.7%, to 1.7% for the year ended December 31, 2022 from 2.4% for the year ended December 31, 2021.

Expansionary capital expenditures consist of expenditures as part of the greenfield investment strategy and expansions of existing facilities. Expansionary capital expenditure for the year ended December 31, 2022 were predominantly driven by the Brazilian, Colombian and Romanian line extensions, upgrade of glass furnace for the Glass Division, and a new end can line in the United Arab Emirates.

The following table sets forth maintenance capital expenditures and expansionary capital expenditures for each of the periods indicated:

(Amounts in millions)	Year ended December 31, 2022	Year ended December 31, 2021
Maintenance Capital Expenditure	$ 59.0	$ 71.5
Expansionary Capital Expenditure	126.4	116.7
Total Capital Expenditure	$ 185.4	$ 188.2

Capital expenditures during the year ended December 31, 2022, were $185.4 million compared to $188.2 million during the year ended December 31, 2021, comprising of $59.0 million in maintenance capital expenditures and $126.4 million in expansionary capital expenditures. Capital expenditures were mainly driven by extension of lines in Netherlands, Romania, Colombia and Brazil, expansion of aluminum beverage end capacities in Poland and United Arab Emirates as well as upgrading glass furnace in the Glass Division, compared to the capital expenditures during the year ended December 31, 2021, aluminum beverage can capacity extensions in the European and Brazilian facilities as well as expansion of aluminum beverage end capacities in United Arab Emirates.

Total Debt Structure

The table below summarizes the Company's debt obligations as of December 31, 2022:

(Amounts in millions)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
EUR Long-term bonds*	-	-	-	639.2	639.2
USD Long-term bonds**................	-	-	-	223.0	223.0
Finance lease obligation	0.6	0.6	0.3	-	1.4
Total debt before unamortized debt issuance costs....................	**0.6**	**0.6**	**0.2**	**862.2**	**863.6**
Unamortized debt issuance costs					(9.2)
Total debt					**854.4**

* Long term bonds were co-issued with CANPACK US LLC and were allocated to CANPACK S.A. and CANPACK US LLC in the amounts of Euro 600 million and $400 million, respectively,

** Long term bonds were co-issued with CANPACK US LLC and were allocated to CANPACK S.A. and CANPACK US LLC in the amounts of $223 million and $577 million, respectively.

CANPACK S.A. guarantees the indebtedness of CANPACK US LLC, while CANPACK US LLC guarantees the indebtedness of CANPACK S.A. in the event of any adverse events as described in the issuance document governing the bonds.

As of December 31, 2022, there are no facts or circumstances indicating that CANPACK S.A. will be liable for repayment of the bonds held by CANPACK US LLC.

Operating Leases and Total Rental Expenses

The Company has various operating lease agreements in place for real estate, vehicles, perpetual usufruct of land and other operating lease agreements, mainly for staff accommodation. Refer to Note 24 for details.

SUMMARY FINANCIAL DATA AND RATIOS

The financial information presented below includes certain "Non-GAAP Measures" used to evaluate the Company's operational and financial performance. These measures are not identified as accounting measures under U.S. GAAP and therefore should not be considered as an alternative measure to evaluate the performance of the Company.

The information contained in this section should be read in conjunction with the Audited Consolidated Financial Statements of the Company

	As of and for the year ended December 31,	
(Amounts in millions)	**2022**	**2021**
Adjusted EBITDA[(1)]	**416.9**	**536.7**
Change in working capital[(2)]	(101.7)	(231.3)
Capital expenditure[(3)]	(185.4)	(188.2)
Maintenance capital expenditure[(4)]	(59.0)	(71.5)
Expansionary capital expenditure[(5)]	(126.4)	(116.7)
Adjusted EBITDA less maintenance capital expenditure	**357.9**	**465.2**
Cash flow conversion ratio[(6)]	*86%*	*87%*
Free Cash Flow[(7)]	**144.4**	**98.1**
Total Debt[(8)]	854.4	907.5
Cash and cash equivalents	287.4	318.8
Net Debt[(9)]	567.0	588.7
Total Debt / Adjusted EBITDA	n/a	n/a
Net Debt / Adjusted EBITDA	**n/a**	**n/a**
Interest costs, net	24.1	24.0
Interest Coverage ratio[(10)]	17.3	22.4

(1) Adjusted EBITDA is a Non-GAAP Measure. Adjusted EBITDA consists of net income before income taxes, interest costs, net, depreciation and amortization, foreign exchange gain (loss), results of equity method investments, financial instruments, impairment costs, permitted disposals, start-up costs, any unrealized hedging losses and other adjusting items. The Company believes that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. It is not a measure of operating performance derived in accordance with U.S. GAAP and should not be considered as a substitute for gross profit, operating income, income/(loss) before tax, cash flow from operating activities or other income, cash flow statement data or other measures determined in accordance with U.S. GAAP, or as a measure of profitability or liquidity. Adjusted EBITDA is included herein as a supplemental disclosure, because the Company believes that this measure provides useful comparative information to investors and helps investors evaluate the performance of the underlying business. However, the Company's calculation of Adjusted EBITDA may be different from the calculation used by other companies and therefore comparability may be limited.

The following table reconciles net income to Adjusted EBITDA for the periods presented:

(Amounts in millions)	As of and for the year ended December 31, 2022	2021
Net income	**230.8**	**311.5**
Income taxes	56.0	82.0
Interest costs, net	24.1	24.0
Depreciation and amortization	102.4	103.3
Foreign exchange (gain) loss [a]	13.7	(6.6)
Results of equity method investments	(0.2)	(0.1)
Permitted disposals	(1.0)	1.3
Impairment[b]	1.7	1.2
Start-up costs[c]	2.3	2.2
Other adjusting items[d]	(12.9)	17.9
Adjusted EBITDA	**416.9**	**536.7**

(a) Foreign exchange (gain) loss refers to the effect of translation of balance sheet items denominated in foreign currencies into reporting currency. The loss of $13.7 million and the gain of $6.6 million foreign exchange difference recorded in the year ended December 31, 2022 and 2021, respectively, are a result of realized and unrealized non cash foreign exchange losses/gains mainly related to intercompany loans granted to finance the initial investments in subsidiaries in Brazil and Colombia. In addition, balances were impacted by the fluctuation of Russian and Ukrainian currencies.

(b) Represents asset impairment losses and goodwill impairment as recorded on the Consolidated Statements of Income.

(c) Start-up costs refer to all costs and expenses incurred in connection with either the entry into a new market, or the construction of a new plant, or addition of a new line in an existing plant, or extension of a line, commencing with identification of the potential opportunity until such plant or line has delivered commercial products to its customers. Trial costs which are capitalized are not included in start-up costs.

For the year ended December 31, 2022, start-up costs were related to the line extension in Brazil, Czech Republic and Netherlands. For the year ended December 31, 2021, start-up costs were primarily related to investment for extending capacity in Russia.

(d) For the year ended December 31, 2022, other adjusting items represent mainly a partial reimbursement from an insurance claim recorded in 2021 partially offset by related legal costs.

For the year ended December 31, 2021, other adjusting items represent COVID-19 related expenses, which consist of costs for salary and related benefits, costs to sanitize and disinfect plants and source protection equipment and costs required to maintain operations.

(2) Represents change in working capital (defined as the sum of the line items recorded under "Changes in current assets and liabilities" in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements). The main contributor to the change in working capital in each year has been the investment in new plants, each of which has an incremental working capital requirement.

(3) Capital expenditures refer to cash and deposits paid for property, plant and equipment.

(4) Maintenance capital expenditures represent cash and deposits paid for property, plant and equipment minus expansionary capital expenditure.

(5) Expansionary capital expenditure relates to a range of projects, both greenfield investments and the expansion of existing facilities.

(6) Cash flow conversion ratio represents Adjusted EBITDA minus maintenance capital expenditures divided by Adjusted EBITDA.

(7) Free Cash Flow represents Net cash provided by operating activities plus interest and income tax expense minus Cash paid for property, plant and equipment plus foreign exchange gain (loss) from operating activities plus results of equity method investments plus Financial instruments plus Deferred income taxes plus permitted disposal, Goodwill impairment and Net gain/loss on financial instruments disclosed from Audited Consolidated Statement of Cash Flows. Foreign exchange gain (loss) from operating activities represents the difference between foreign exchange gain (loss) lines in Audited Consolidated Statement of Income and Audited Consolidated Statement of Cash Flows. A reconciliation of net cash provided from operations to free cash flow is presented below:

	As of and for the year ended December 31,	
(Amounts in millions)	**2022**	**2021**
Net cash provided by operating activities	252.5	205.5
Income Tax	56.0	82.0
Interest costs - net	24.1	24.0
Cash and deposits paid for property, plant and equipment	(185.4)	(188.2)
Foreign exchange (loss) from operating activities[a]	(0.3)	(12.9)
Results of equity method investments	(0.2)	(0.1)
Financial instruments	-	(0.5)
Deferred income taxes	(1.3)	(13.0)
Permitted disposals	(1.0)	1.3
Free Cash Flow	**144.4**	**98.1**

(a) Represents the difference between the foreign exchange gain (loss) line in the Consolidated Statement of Income and the Consolidated Statement of Cash Flows in the Company's Audited Consolidated Financial Statements for the year ended December 31, 2022 and Audited Consolidated Financial Information for the year ended December 31, 2022 which were published today.

(8) Total Debt is defined as current and long-term debt, bank overdrafts, notes payable, current and non-current capital lease obligations and current and long-term loans from related parties. The following table shows a reconciliation to Total Debt:

	As of December 31,	
(Amounts in millions)	**2022**	**2021**
Current portion of long-term debt	-	15.0
Current portion of capital lease obligations	0.6	0.6
Long-term debt, less current portion	853.0	891.0
Capital lease obligation, less current portion	0.8	0.9
Total Debt	**854.4**	**907.5**

(9) Net Debt is defined as Total Debt minus cash and cash equivalents. The following table shows a reconciliation to Net Debt:

	As at December 31,	
(Amounts in millions)	**2022**	**2021**
Total Debt	**854.4**	**907.5**
Cash and cash equivalents	287.4	318.8
Total Net Debt	**567.0**	**588.7**

(10) Interest coverage ratio represents Adjusted EBITDA divided by interest cost - net.

SIGNATURES

Board of Managers

DocuSigned by: 792821D95C4542D...	DocuSigned by: 5F78DAECA3764C4...	DocuSigned by: Jean-Francois Bouchoms 667068489ED3424...
Peter F. Giorgi	Anthony Braesch	Jean-François Bouchoms

Luxembourg, April 18, 2023

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REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Giorgi International Holdings S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2022, the consolidated statements of income and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, prepared under Generally Accepted Accounting Principles applicable in the United States of America (US GAAP), including a footnote reconciling equity and net result to the International Financial Reporting Standards as adopted by the European Union (IFRS).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with US GAAP.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*réviseur d'entreprises agréé*" for the Audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

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Emphasis of Matter – military conflict between Ukraine and Russia

We draw attention to Note 2 in the consolidated financial statements describing the impact of the ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation and counter - sanctions imposed by the Russian Federation on the Company. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report but does not include the consolidated financial statements and our report of the "*réviseur d'entreprises agréé*" thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with US GAAP, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Responsibilities of the "réviseur d'entreprises agréé" for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "*réviseur d'entreprises agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*réviseur d'entreprises agréé*" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*réviseur d'entreprises agréé*". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

Mael Garo

Maël Garo, *Réviseur d'entreprises agréé*
Partner

April 18, 2023

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	NOTES	December 31, 2022	December 31, 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**3**	$ 287,372	$ 318,848
Receivables, net	**4,28**	758,859	929,123
Income taxes receivable		11,308	3,197
Other receivables	**5,25**	37,097	52,410
Inventories	**6**	620,026	406,990
Financial instruments	**20,21**	11,746	45,261
Other current assets	**3,7**	40,758	44,582
Total current assets		1,767,166	1,800,411
NON-CURRENT ASSETS			
Property, plant and equipment, net	**8**	1,475,642	1,469,812
Intangible assets, net		1,015	1,625
Long-term receivables	**9,25,28**	63,227	48,120
Long-term loan granted to related company	**10**	95,559	30,549
Goodwill	**11**	43,756	43,301
Deferred tax assets	**17**	29,907	33,091
Financial instruments	**20,21**	7,200	11,489
Investments in related companies	**12**	-	9,722
Other non-current assets	**13**	75,280	47,452
Total non-current assets		1,791,586	1,690,161
TOTAL ASSETS		$ 3,558,752	$ 3,490,572

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

		December 31, 2022	December 31, 2021
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable	**28**	$ 442,378	$ 472,204
Taxes payable other than income taxes		37,783	34,217
Accrued expenses and other liabilities	**15,23,25,28**	165,115	161,302
Income taxes payable		20,856	20,471
Current portion of long-term debt	**14**	-	15,046
Current portion of finance lease obligations		648	568
Financial instruments	**20,21**	11,518	3,608
Total current liabilities		678,298	707,416
NON-CURRENT LIABILITIES:			
Long-term debt, less current portion	**14**	852,948	891,043
Finance lease obligation, less current portion		759	868
Deferred tax liabilities	**17**	63,848	74,041
Financial instruments	**20,21**	585	5,702
Other non-current liabilities	**18,25**	68,663	34,325
Total non-current liabilities		986,803	1,005,979
SHAREHOLDER'S EQUITY:			
Common stock	**26**	6,718	6,718
Share premium		481,504	481,154
Legal reserve		672	672
Additional paid-in capital		31,661	11,854
Retained earnings		1,541,464	1,229,012
Profit of the year		230,810	311,446
Accumulated other comprehensive loss	**22**	(399,178)	(263,679)
Total shareholder's equity		1,893,651	1,777,177
TOTAL LIABILITIES AND EQUITY		$ 3,558,752	$ 3,490,572

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands)

	December 31, 2022	December 31, 2021
Net sales	$ 3,372,644	$ 3,040,625
Cost of sales	2,873,756	2,404,638
Gross profit	498,888	635,987
Selling, general and administrative expenses	197,634	237,978
Asset impairment losses	1,699	1,238
Operating income	299,555	396,771
Other income (expense):		
Interest costs, net	(24,049)	(23,969)
Foreign exchange gain (loss)	(13,721)	6,590
Results of equity method investments	204	78
Financial instruments	-	477
Other	24,804	13,540
Total other income (expense)	(12,762)	(3,284)
Income before income taxes	286,793	393,487
Income taxes	55,983	82,041
Net income	$ 230,810	$ 311,446

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	December 31, 2022	December 31, 2021
Net income	$ 230,810	$ 311,446
Other comprehensive income (loss):		
Foreign currency translation adjustment	(110,139)	(69,592)
Hedging instruments, net of taxes of $4,476 and $(6,552), respectively	(25,360)	36,442
Total other comprehensive income (loss)	(135,499)	(33,150)
Comprehensive income	$ 95,311	$ 278,296

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)

	Subscribed capital	Share premium	Legal reserve	Additional paid in capital	Retained earnings	Cumulative other comprehensive income (loss)	Total Shareholder's Equity	Noncontrolling Interest	Total
Balance at December 31, 2020	$ 6,718	$ 481,154	$ 672	$ 2,821	$ 1,229,121	$ (230,637)	$ 1,489,849	$ 947	$ 1,490,796
Net income	-	-	-	-	311,446	-	311,446		311,446
Other comprehensive income (loss):									
Foreign currency translation adjustment	-	-	-	-	-	(69,592)	(69,592)		(69,592)
Hedging instruments	-	-	-	-	-	42,994	42,994	-	42,994
Deferred tax on hedging instruments	-	-	-	-	-	(6,552)	(6,552)	-	(6,552)
ASU 2017-12 implementation	-	-	-	-	(109)	109	-	-	-
Other	-	-	-	9,033	-	(1)	9,032	(947)	8,085
Balance at December 31, 2021	$ 6,718	$ 481,154	$ 672	$ 11,854	$ 1,540,458	$ (263,679)	$ 1,777,177	$ -	$ 1,777,177
Net income	-	-	-	-	230,810	-	230,810	-	230,810
Other comprehensive income (loss):									
Foreign currency translation adjustment	-	-	-	-	-	(110,139)	(110,139)	-	(110,139)
Hedging instruments	-	-	-	-	-	(29,836)	(29,836)	-	(29,836)
Deferred tax on hedging instruments	-	-	-	-	-	4,476	4,476	-	4,476
Share premium increase	-	350	-	-	-	-	350	-	350
ASU 2016-02 implementation with subsequent amendments (see Note 2 and 24)	-	-	-	-	1,006	-	1,006	-	1,006
Intercompany mark up	-	-	-	19,807	-	-	19,807	-	19,807
Balance at December 31, 2022	$ 6,718	$ 481,504	$ 672	$ 31,661	$ 1,772,274	$ (399,178)	$ 1,893,651	$ -	$ 1,893,651

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	December 31, 2022	**December 31, 2021**
Operating activities:		
Net income	$ 230,810	$ 311,446
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	102,366	103,332
Amortization of debt issuance costs	2,326	2,319
Deferred income taxes	1,262	13,046
Foreign exchange loss	13,985	6,353
Net unrealized gain on financial instruments	-	(1)
Non-cash operating lease expense	3,536	-
Changes in current assets and liabilities:		
Receivables, net	120,671	(295,681)
Inventories	(241,310)	(93,015)
Other current assets and other receivables	(24,083)	(52,903)
Trade accounts payable, accrued expenses and other liabilities	32,081	177,256
Income tax	(9,390)	28,005
Other	20,305	5,085
Net cash provided by operating activities	252,559	205,242
Investing activities:		
Cash paid for property, plant and equipment and equipment deposits	(185,422)	(188,225)
Proceeds from the sale of property, plant and equipment	878	1,794
Loans granted to related parties	(76,106)	(29,968)
Repayment of loans granted to related parties	9,780	-
Investing activities, other	10,231	2,592
Net cash used in investing activities	(240,639)	(213,807)
Financing activities:		
Issuance of debt, net of issuance costs	152,638	365,317
Debt issuance costs paid to other parties	-	(1,645)
Repayment of debt	(167,698)	(152,379)
Finance lease payments	(605)	(766)
Capital contribution from parent	350	-
Net cash provided by (used in) financing activities	(15,315)	210,527
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(25,221)	(14,613)
Net increase (decrease) in cash, cash equivalents and restricted cash	(28,616)	187,349
Cash, cash equivalents and restricted cash at beginning of year	319,801	132,452
Cash, cash equivalents and restricted cash at end of year	$ 291,185	$ 319,801
Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 27,920	$ 20,514
Income taxes	$ 43,225	$ 35,701
Non-cash investing and financing activities for:		
Purchases of fixed assets in accrued expenses	$ 40,181	$ 21,923
Right-of-use assets obtained in exchange for finance leases	$ 1,131	$ 562
Right-of-use assets obtained in exchange for operating leases	$ 39,381	$ -

1. NATURE OF BUSINESS

These Consolidated Financial Statements represent the consolidated statements of position and activities of Giorgi International Holdings S.à r.l ("GIH") and its wholly-owned subsidiary, CANPACK S.A. ("CPSA"), (collectively, the "Company").

Giorgi International Holdings S.à r.l. was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organized under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The Company manufactures and sells rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks, glass bottles, and twist-off closures for jars. The subsidiaries' activities also include labeling, printing, and coating of these products. The Company is also involved in the recycling business.

Sales of the Company are mainly in the European Union, United Kingdom, Russia, Ukraine, United Arab Emirates and other Persian Gulf countries, India, Brazil, Colombia, and countries in North Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL YEAR

The Company's reporting period covers the 12 months from January 1, 2022 to December 31, 2022. Comparative data covers the 12 months from January 1, 2021 to December 31, 2021.

BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include adjustments and reclassifications which are appropriate to present the Consolidated Financial Statements in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to a derogation granted by the Minister of Justice. As required by the Minister of Justice's derogation letter, dated July 1, 2022, a reconciliation between U.S. GAAP and the International Financial Reporting Standards ("IFRS") as adopted by the European Union is presented in Note 29.

Military conflict between Ukraine and Russia

The ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation and counter - sanctions imposed by the Russian Federation had an impact on the Company.

This impact was observed mainly through:

- changes in the supply chain as a result of the introduction of sanctions targeted against the Russian Federation;
- changes in the purchase prices of the Company's basic raw materials;
- volatility of energy prices and currency exchange rates.

The Company monitors developments in Russia and Ukraine on an ongoing basis and adjusts its activities to changing market conditions. Nevertheless, a prolonged military conflict in Ukraine may have a negative impact on the Company's operations (sales volumes, purchases, cash flows, and profitability as well as certain Company's purchasing, production and sales activities. This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities within the next financial years. In particular the Company expects the assumptions and estimates used in determining the value of its cash, accounts receivable, inventory and property, plant, and equipment may all be affected.

BASIS OF PRESENTATION (CONTINUED)

Military conflict between Ukraine and Russia (continued)

As of and for the year ended December 31, 2022, the Company had following involvement in Russia and Ukraine:

	Russian Federation		Ukraine	
	Amount in $ million	% share of total Consolidated values	Amount in $ million	% share of total Consolidated values
Assets	294.9	8.3 %	59.3	1.7 %
Liabilities	134.1	8.1 %	9.1	0.5 %
External Net Sales	288.4	8.6 %	89.3	2.6 %

As of December 31, 2022 the Company completed a recoverability test, which resulted in no impairment recognition related to its Russia and Ukraine assets.

The Company's operations in Russia continue to operate in compliance with all applicable laws, sanctions, and counter - sanctions. Due to the continued aggression, the Company will not undertake any further investments in Russia. The Company will continue to assess all options as it may at some point in time become untenable to continue the Company's operations in Russia. The Company continues and supports its operations in Ukraine considering the existing and emerging business restrictions caused by the war.

At the date of these financial statements the Company continues to meet its obligations as they become due and therefore continues to apply the going concern basis of accounting.

Acquisitions and Disposals

On January 12, 2021, CPSA sold its interest in CANPACK Linco LLC.

On April 7, 2022, TAPON FRANCE S.A.S. registered 100% ownership of shares in CANPACK FRANCE SAS, a new company in France.

On September 30, 2022, CPSA sold its 35% interest in Can Asia Inc. See Note 12 for details.

BASIS OF PRESENTATION (CONTINUED)

The Company's shareholding structure of consolidated and affiliated companies as of December 31, 2022 is presented below:

		GIH shareholding	Other shareholding
Subsidiaries accounted for under the Consolidation Method:			
CANPACK S.A.	Poland	100%	0%
CANPACK Ukraine LLC	Ukraine	100%	0%
CANPACK Romania s.r.l.	Romania	100%	0%
CANPACK ME DMCC	U.A.E.	100%	0%
CANPACK Middle East One Person Company LLC	U.A.E.	100%	0%
CANPACK UK Ltd.	United Kingdom	100%	0%
CANPACK India Private Limited	India	100%	0%
OOO Ken-Pak Zavod Upakovki	Russia	100%	0%
OOO Ken Pak	Russia	100%	0%
CANPACK Food and Industrial Packaging sp.z o.o.	Poland	100%	0%
CANPACK Metal Closures Sp. z o.o.	Poland	100%	0%
Ukr-Pack LLC	Ukraine	100%	0%
CANPACK Yavoriv LLC	Ukraine	100%	0%
CANPACK Slovakia s.r.o.	Slovakia	100%	0%
KAMOKO s.r.o.	Czech Republic	100%	0%
TAPON FRANCE S.A.S.	France	100%	0%
CP Glass S.A.	Poland	100%	0%
CANPACK Recycling Sp. z o.o.	Poland	100%	0%
Alu Packaging FZE	U.A.E.	100%	0%
Tapon Spain S.L.U.	Spain	100%	0%
CANPACK Morocco S.A.R.L.	Morocco	100%	0%
CANPACK Brasil Indústria de Embalagens LTDA	Brazil	100%	0%
CANPACK Istambul Ambalaj t.l.s	Turkey	100%	0%
CANPACK Recycling S.R.L.	Romania	100%	0%
K2017261388 PTY LTD	South Africa	100%	0%
CANPACK NL Holdings B.V.	Netherlands	100%	0%
CANPACK Netherlands B.V.	Netherlands	100%	0%
CANPACK Finland Oy	Finland	100%	0%
CANPACK Czech s.r.o.	Czech Republic	100%	0%
CANPACK Columbia S.A.S.	Colombia	100%	0%
IPOPEMA 68	Poland	100%	0%
Fundacja Can-Pack	Poland	100%	0%
CANPACK France SAS	France	100%	0%

PRINCIPLES OF CONSOLIDATION

The Company consolidates entities in which it owns or controls more than 50% percent of voting shares or otherwise has a controlling financial interest in the entity. The Company considers itself to have a controlling financial interest in an entity if it has (1) the power to direct the activities of the entity that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the entity.

The Company accounts for its investment in an entity of which it owns between 20% and 50%, or for which it exerts significant influence without the ability to control the entity, using the equity method under which the Company's share of net income of the entity is recognized as income in the Company's Consolidated Statements of Income. The Company accounts for dividends received from an entity accounted for using the equity method as a reduction of "Investments in related companies" in the Company's Consolidated Balance Sheets. All intercompany balances and transactions have been eliminated.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Balance sheets of the subsidiaries are translated into the Company's reporting currency, U.S. dollar, using closing exchange rates as of the balance sheet date, while statements of income are translated into U.S. dollars at monthly average rates. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets.

Changes in the foreign exchange rates of the local currencies against U.S. dollar, between January 1, 2022 and December 31, 2022 and between January 1, 2021 and December 31, 2021, had a material impact on the balances presented in the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows.

Since the Company has operations in 19 countries and sells its products in approximately 100 countries, management monitors economic and currency-related risks and seeks to take protective measures in response to these exposures. Some of the countries in which the Company does business (e.g. Brazil, Russia, India and Ukraine) have recently experienced periods of significant economic uncertainty. Management continuously monitors operations, currencies and net monetary exposures in these countries. For the years ended December 31, 2022 and 2021, the Company was not required to apply highly inflationary accounting in these countries.

USE OF ESTIMATES

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosures related to commitments and contingencies. The significant areas of estimation used in the preparation of the accompanying Consolidated Financial Statements relate to inventory obsolescence and excess stock reserves, bad debt allowances, retirement accruals, estimated income tax assets and liabilities, goodwill impairment, fair value of assets acquired and liabilities assumed in business combinations, useful lives for depreciation and amortization of tangible and intangible assets and accruals associated with pending and threatened litigation. Future events may occur which may cause the assumptions used in arriving at these and other estimates to change. The effect of any changes in estimates will be recorded in the Consolidated Financial Statements, when determinable. Actual results could differ materially from these estimates.

REVENUE RECOGNITION

The Company recognizes revenue when control of a good or service has transferred to the customer in an amount that reflects what the Company expects to be entitled to in exchange for those goods or services as required by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, "*Revenue from Contracts with Customers*" ("ASC 606"). Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract. Consideration expected to be received may consist of both fixed and variable components and is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. Variable consideration usually takes the form of volume-based discounts, cash discounts, and other incentives. Determining the estimated amount of such variable consideration involves assumptions and judgment that can have an impact on the amount of revenues reported.

REVENUE RECOGNITION (CONTINUED)

In the context of the revenue recognition standard, enforceable contracts are those that have an enforceable right to payment, which the Company typically has once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract. Enforceable contracts, as defined, all have a duration of less than one year.

For certain contracts, the Company manufactures products for customers that have no alternative use, and such performance obligations are recognized over time, when the Company has an enforceable right to payment for production completed to date. For all other contracts, the Company recognizes revenue at a point in time, typically upon dispatch of the goods.

Up-front Payments to Customers

The Company's subsidiaries have made payments to customers at the inception of certain contracts. Such payments relate to sign-on bonuses paid to their customers on commencement of the contract. These payments have been recognized as assets and are presented in the Consolidated Balance Sheets as "Other current assets" and "Other non-current assets" and are disclosed as "Direct sales contract acquisition costs" in Note 7 and 13. The related assets are amortized into revenue over the period that the goods are expected to be delivered to the customer, consistently with the timing of the transfer of goods to customers.

Practical Expedients

For contracts that have an original duration of one year or less, the Company has elected the practical expedient applicable to such contracts and has not disclosed the transaction price for future performance obligations as of the end of each reporting period or when the Company expects to recognize sales.

The Company has also elected the sales tax practical expedient; therefore, sales and other taxes assessed by a governmental authority that are collected concurrent with revenue-producing activities are excluded from the transaction price.

For shipping and handling activities performed after a customer obtains control of the goods, the Company has elected to account for these costs as activities to fulfill the promise to transfer the goods; therefore, these activities are not assessed as separate performance obligations.

The Company has also elected the significant financing component practical expedient which allows the Company to not assess whether the contract has a significant financing component in circumstances where, at contract inception, the expected contract duration is less than one year.

Performance Obligations

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer goods or services to the customer.

To identify its performance obligations, the Company considers all of the goods or services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

The Company has determined that the following distinct goods and services represent separate performance obligations:

- Manufacture of customized beverage cans with no alternative use;
- Manufacture of customized glass bottles with no alternative use;
- Manufacture of customized crown corks with no alternative use;
- Manufacture of customized and non-customized steel cans;
- Manufacture of non-customized aluminum and steel can ends.

REVENUE RECOGNITION (CONTINUED)

Performance Obligations (continued)

Revenue related to performance obligations for products with no alternative use is recognized over time when the Company has manufactured a customized item and has an enforceable right to payment. Revenue related to products with alternative use is recognized at a point in time. Contracts may be short-term or long-term, with varying payment terms. The Company's payment terms vary by the type and location of the customer and the products offered. Customers pay in accordance with negotiated terms, which are typically triggered upon ownership transfer. All payment terms are less than one year. For all contracts, the transaction price is determined upon establishment of the contract that contains the final terms of the sale, including the description, quantity, and price of each product or service purchased.

Significant Judgments

TIMING OF RECOGNITION

The determination that sales should be recognized at a point in time most often results from the existence of an alternative use for the product. Products that are not customized for a customer prior to delivery are considered to have an alternative use, and sales are recognized at the point of control transfer. Determining when control transfer occurs requires management to make judgments that affect the timing of when sales are recognized. The Company considers control to have transferred for these products upon shipment or delivery, depending on the legal terms of the contract, because the Company has a present right to payment at that time, the customer has legal title to the asset, the Company has transferred physical possession of the asset and/or the customer has significant risks and rewards of ownership of the asset. The Company determines that control transfers to a customer as described above and provides a faithful depiction of the transfer of goods.

For performance obligations related to products that are customized with no alternative use, the Company transfers control and records sales over time when the Company has a right to payment for performance completed to date. The recognition of sales occurs over time as goods are manufactured and the Company has an enforceable right to payment for those goods, which is an output method. Determining a measure of progress requires management to make judgments that impact the timing of when sales are recognized. The Company has determined the above provides a faithful depiction of the transfer of goods to the customer. The number of units manufactured that have an enforceable right to payment is the best measure of depicting the Company's performance as control is transferred. The customer obtains value as each unit is produced under a binding contract.

The enforceable right to payment may be explicit or implied in the contract. If the enforceable right to payment is not explicit in the contract, the Company must consider if there is an implied right based on customer relationships or previous business practices and applicable law. Typically, the Company has an enforceable right to payment of costs plus a reasonable margin once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract.

REVENUE RECOGNITION (CONTINUED)

Significant Judgments (continued)

DETERMINING THE TRANSACTION PRICE INCLUDING VARIABLE CONSIDERATION

Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for transferring goods or providing services. To estimate variable consideration, the Company applied the "most likely amount" method which identifies the single most likely outcome in a range of possible amounts. The primary types of variable consideration present in the Company's contracts are per-unit price changes, volume discounts and rebates. Once variable consideration has been estimated, it will be constrained to the amount which is probable will not result in a significant reversal of the cumulative amounts of sales recognized when the variability is resolved.

The Company performs reassessment of Variable Consideration at the end of each reporting period to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. Any change in Variable Consideration estimate are accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both.

Stand-alone selling price is then used to allocate total consideration proportionally to the various performance obligations within a contract. In making its determination of stand-alone selling price, the Company maximizes its use of observable inputs.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company restricts investment in short-term highly liquid investment to financial institutions with a high credit standing. Credit risk on trade receivables is generally minimal as a result of the large and diverse nature of the Company's customer base. The Company has one customer whose sales individually represented 16% and 18% of the Company's total net sales in the years ended December 31, 2022 and 2021, respectively. The Company requires collateral or letters of credit on certain of its credit sales. The Company has not experienced unusual credit losses.

SHIPPING AND HANDLING COSTS

Shipping and handling costs billed to customers are included in "Net sales" in the Company's Consolidated Statements of Income. The Company records freight and any directly related cost of transporting the products to customers as "Cost of sales" in the Company's Consolidated Statements of Income.

CASH AND CASH EQUIVALENTS

Investments that are highly liquid and have original maturities of three months or less at the date of purchase are classified as cash equivalents. The carrying value of these investments approximates their fair value.

RECEIVABLES

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering the customer's financial condition, credit history, and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Unbilled receivables are recorded when revenue is recognized in advance of invoice billing and when the right to customer payment is unconditional.

HEDGE ACCOUNTING

Financial Accounting Standards Board ("FASB") ASC" 815, *Derivatives and Hedging*, ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The Company has included the required disclosures in the accompanying Consolidated Financial Statements.

The Company enters into derivative financial instrument contracts to manage exposure to fluctuations in foreign currencies and commodities. The Company has designated certain of its foreign currency forward and commodity swap contracts as hedges, as defined under ASC 815. The Company measures these derivative contracts at fair value.

The Company records the gain/loss related to effective part of hedging transactions in "Accumulated other comprehensive loss" until the forecasted transaction occurs. When the forecasted transaction occurs, the Company reclassifies the related gain or loss on the cash flow hedge to the Consolidated Statement of Income. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the underlying hedge into the Consolidated Statement of Income.

INVENTORIES

Items included in inventory in the Consolidated Balance Sheets include raw materials and supplies, work in process, manufactured finished goods, and purchased goods available for resale (collectively "Inventory Goods"). Inventory Goods are valued using the weighted-average cost method, are reflected at the lower of cost or net realizable value, and include all costs directly associated with manufacturing products: materials, labor and manufacturing overhead.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is stated at cost, less accumulated depreciation. The Company capitalizes interest on loans incurred during the period of asset construction. Major renewals and betterments are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed when incurred. When an asset is disposed of, the asset and the related accumulated depreciation are eliminated and any gain or loss on the transaction is included in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income.

PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Depreciation is computed using various methods including the units of production method and the straight-line method. Property, plant, and equipment depreciated using the straight-line method is depreciated over the estimated useful lives of the respective assets, which are assigned as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 25 years
Transportation equipment	up to 5 years
Office equipment, furniture and miscellaneous	up to 10 years

The Company manufactures certain machinery and equipment which, once completed, is being sold to related parties. In prior periods, such machinery and equipment was presented within “Inventories” and advances for them within “Other current assets” in the Consolidated Balance Sheets. Starting December 31, 2022, such machinery and equipment is presented within “Property, plant and equipment, net” and advances for them within “Other non-current assets” in the Consolidated Balance Sheets. The Company does not consider this change of presentation as a change in accounting policy; and therefore, applied it prospectively.

Assets held under financial lease agreements are depreciated over the lesser of the useful life or the lease term, if no purchase after the termination of lease agreement is intended.

Property, plant, and equipment is reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

INCOME TAXES

Income tax expenses and benefits are recognized based on the tax laws and regulations in the jurisdictions in which the Company operates. The provision for income taxes includes income taxes currently payable and deferred income taxes recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of existing assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards.

Under the uncertain tax position provisions of FASB ASC 740, *Income Taxes*, the Company recognizes liabilities for income tax and related interest and penalties for issues in all tax jurisdictions based on an estimate of whether, and the extent to which, additional taxes and related interest and penalties will be due. The calculation of income tax liabilities related to uncertain income tax positions involves management judgments concerning uncertainties in the application of complex tax regulations in many jurisdictions in which the Company operates and involves consideration of potential liabilities for potential tax audit or potential benefit issues in those jurisdictions based on estimates of whether it is more likely than not those additional taxes will be due.

The Company recognizes interest and penalties related to unrecognized tax benefits within Income taxes in the Company’s Consolidated Statements of Income. Accrued interest and penalties are included within “Other non-current liabilities” in the Company’s Consolidated Balance Sheets.

INCOME TAXES (CONTINUED)

Deferred tax assets and liabilities are calculated based on the differences between the Company's financial statement basis and the tax basis in the Company's assets and liabilities and based on the enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The Company evaluates its deferred tax assets, to determine if valuation allowances are required or should be adjusted. To determine the amount of the valuation allowance, the Company will analyze all available positive and negative evidence to establish if sufficient taxable income will be available to use the tax assets. To the extent that it is not more likely than not that the deferred tax asset will be realized, a valuation allowance is recorded.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is recognized as the excess of the purchase price over the fair value of tangible and identifiable intangible net assets acquired in a business combination.

The Company accounts for goodwill and intangible assets that have indefinite useful lives as required by FASB ASC 350, *Intangibles – Goodwill and Other*. Goodwill is not amortized, but instead is tested for impairment at the reporting unit level at least annually as well as whenever a significant event or circumstance occurs which could reduce the fair value of the reporting unit to which the goodwill applies below the carrying amount of the reporting unit. A reporting unit is an operating segment or one level below. The Company does not have intangible assets other than goodwill that have indefinite useful lives.

The Company has selected September 30, 2022 as the date to perform its annual impairment test for all of its reporting units. This date aligns impairment testing procedures with the timing of management's long-term planning process, which is a significant input to the testing.

In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assessed macroeconomic conditions, market considerations, entity performance and other relevant entity-specific events.

In performing the goodwill impairment test, the Company estimates the fair value of its reporting units using the projected future cash flows to be generated by each reporting unit over the estimated remaining useful operating lives of the reporting unit's assets, discounted using the estimated cost of capital for each reporting unit. The estimated fair value of the reporting unit is compared to the recorded value of net assets, including goodwill to determine if a goodwill impairment charge is required.

Other finite-lived intangible assets are stated at cost less accumulated amortization and are amortized to their estimated residual values on a straight-line basis over the estimated future periods of benefit. Finite-lived intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

Amortization of other finite-lived intangible assets is computed using the straight-line method over the estimated useful lives of the respective assets, which are assigned as follows:

Customer relationship	3 years
Other	2 to 5 years

ADVERTISING AND PROMOTION EXPENSE

All advertising and promotion costs are expensed when incurred. These costs are presented under "Selling, general and administrative expenses" in the Consolidated Statements of Income.

FINANCIAL INSTRUMENTS

The Company uses: (a) aluminum swap contracts in order to manage risks associated with market fluctuations in aluminum prices and (b) non-delivery and delivery forward contracts to hedge changes of currency exchange rates. Certain of these contracts have been designated as cash flow hedges.

In its operations, the Company is exposed to the risk of changes in London Metal Exchange ("LME") quotes of aluminum and currency exchange rates. The Company endeavors to avoid unnecessary risks and limit the impact of threats related to its basic business to an acceptable level, which is achieved by means of hedging transactions. Managing the risk to which it is exposed, the Company conducts activities aimed at optimization of cash flow. The main risk to which the Company is exposed in connection with its operations is the risk of changes of the quotes of aluminum on the LME and the risk of changes in exchange rates.

COMMODITY RISK

The risk of changes of the price of aluminum is connected with the common practice of determining the prices in the contracts on the basis of the monthly average sales price of aluminum on the LME. In order to hedge against that risk, the Company enters into non-delivery swap contracts. These contracts are designated as cash flow hedges. The Company assesses hedge effectiveness and there are no components excluded from the assessment. The effective portion of the hedging instrument is reported in "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets. The contracts outstanding at December 31, 2022 expire within three years.

FOREIGN CURRENCY RISK

The risk related to changes of currency exchange rates is also significant for the Company, particularly in the aspect of the exchange rates of EUR, USD, and GBP to PLN. Exposure to currency risk occurs in the Company's operating, investing and financing activities. In the case of operating activities, the primary sources of currency risk for the Company are the price quotes of raw materials, which are the basis for calculating the prices of materials and products, and the denomination of the vast majority of sales contracts in foreign currency. Both the costs of purchasing the material and the sales income for the manufactured product may be denominated in foreign currencies. The raw material is quoted in USD. If the settlement currency is a currency other than USD (typically EUR or GBP), the cost of purchasing the material or the price of selling are converted into the currency of payment based on the current rates published by the LME or the European Central Bank. The currency risk results from the mismatch in the inflows related to sold products and the outflows connected with purchasing of the raw materials, expressed or indexed to the currency. In terms of investing activity, the main source of currency risk are expenses related to the purchase of machinery and equipment and investments in various subsidiaries of the Company. These positions are indexed to foreign currency or denominated in foreign currency. In terms of financing activities, the Company is exposed to currency risk in connection with executed contracts causing the formation of obligations and debts expressed in foreign currency or indexed to them (granted and received credits, loans, bonds etc.)

FOREIGN CURRENCY RISK (CONTINUED)

The Company uses forward contracts to hedge changes of currency exchange rates. The transactions hedging the currency exchange are classified based on their objective as transactions hedging the future cash flows. The instruments hedging the currency risk are reported in the value of the cash flows realized on those transactions. Every month the Company evaluates the effectiveness of hedging of the open contracts, and the effective portion is recorded as a component of “Accumulated other comprehensive loss” in the Company’s Consolidated Balance Sheets. The contracts outstanding at December 31, 2022 expire within two years.

CASH FLOW HEDGES

Due to the nature of the conducted business, the Company is exposed to market risk related to changes of aluminum price quoted on LME, changes of aluminum premium price published by Platts and Fastmarkets, and changes of currency rates. To manage the commodity and currency price risk the Company concludes aluminum swap contracts, aluminum premium swaps contracts and currency forward contracts.

The Company’s derivative instruments are designated and qualified as cash flow hedges. Hedge accounting has been elected for these instruments, whereby the effective portion of the gain or loss is reported as a component of “Accumulated other comprehensive loss” and reclassified into earnings in the same period in which the hedged transaction affects earnings. Every month the Company evaluates the effectiveness of hedging of all open contracts, the results of which are booked accordingly.

As of December 31, 2022, the Company had 1,525 open commodity swap contracts and 1,265 forward contracts hedging foreign currency exchange rates. As of December 31, 2021, the Company had 2,457 open commodity swap contracts and 1,528 forward contracts hedging foreign currency exchange rates. The contracts have been executed with large financial institutions which management believes significantly reduces the Company’s exposure to credit risk. As of December 31, 2022 and 2021, these contracts had maturities of three years or less.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

When determining fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability.

LONG-TERM INVESTMENTS

Loans granted are generally measured at amortized cost using the effective interest method, less any impairment. The collectability of both interest and principal of each loan is evaluated whenever events or changes in circumstances indicate such amounts may not be recoverable. A loan is impaired when it is probable that it will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the present value of expected future cash flows discounted at the loan's effective interest rate.

Shares in non-public entities accounted for under the equity method are presented at cost plus the Company's share of the accumulated and undistributed net income of the investee.

Investments in related companies that are accounted for under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value and is recorded when the Company concludes that such loss is other-than-temporary. The difference between the amount at which certain investments in related companies accounted for under the equity method are carried and the amount of underlying equity is not material.

TRANSFER OF RECEIVABLES

The Company accounts for the transfer of trade receivables under nonrecourse factoring agreements, in which the Company does not have any servicing obligation or beneficial interest, as a sale when title is transferred. The expense incurred by the Company related to sales of its trade receivables is presented in the Consolidated Statements of Income under "Selling, general and administrative expenses".

LONG-TERM RECEIVABLES

Long-term receivables are recorded at nominal values less an estimate made for doubtful receivables.

BONDS

The Company has issued long-term bonds. The liabilities are presented as "Long-term debt" in the Company's Consolidated Balance Sheets at face value, net of debt issuance cost and unamortized discount. The debt issuance cost is amortized into the liability over the period from issuance to maturity, using the straight-line method, which approximates the effective interest method. The accrued interest is presented as "Accrued expenses and other liabilities" in the Consolidated Balance Sheets. Refer to Note 14 for details.

RECENT ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING STANDARDS

In August 2017, the FASB issued ASU 2017-12, "*Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities".* The objective of the ASU is to better align hedge accounting with an organization's risk management activities in the financial statements. In addition, the ASU simplifies the application of hedge accounting guidance in areas where practice issues exist. The guidance was applied on January 1, 2021 and did not have a material impact on the Company's Consolidated Financial Statements.

In February 2016, the FASB issued an ASU 2016-02, *"Leases"* that amends existing guidance for certain leases by lessees. The update requires a lessee to recognize for all leases with an initial term greater than twelve months: (1) a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term; and (2) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, each measured on a discounted basis and to disclose additional quantitative and qualitative information about leasing arrangements. The Company adopted this amendment on January 1, 2022, using the modified retrospective transition method, which eliminates the requirement to restate prior periods presented in an entity's financial statements. The Company elected certain practical expedients permitted under the transition guidance for this amendment, which allowed the Company not to reassess whether an arrangement is or contains a lease, the classification of leases, and the capitalization of initial direct costs. As a result of the adoption of this amendment, the Company recognized right-of-use assets of $34.7 million, related lease liabilities of $33.7 million and increased retained earnings by $1.0 million all on January 1, 2022.

At the moment of initial application of the standard the Company decided to apply the following practical expedients and options:

- carry forward the historical lease determination and classification conclusions as established under the guidance in effect before the transition date, and not reassess initial direct costs for existing leases
- carry forward historical accounting treatment for land easements on existing agreements
- not to apply the balance sheet recognition requirements of the new lease standard to leases with a term of one year or less (short-term leases)
- for all classes of underlying assets, except for vehicles, account for each lease component and any associated non-lease components as a single lease component
- use of hindsight in determining the lease term for all of the leases and in assessing impairment of the right-of-use assets

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

RECENTLY ADOPTED ACCOUNTING STANDARDS (CONTINUED)

The adoption of the new lease standard resulted in the following impacts on the Company's Consolidated balance sheets:

(Amounts in thousands)	December 31, 2021	Adjustment Due to Adoption	January 1, 2022
Assets			
Other non-current assets	$ 47,452	$ 34,716	$ 82,168
Liabilities			
Accrued expenses and other liabilities	161,301	2,813	164,114
Other non-current liabilities	34,325	30,897	65,222
Shareholder's equity			
Retained earnings	$ 1,980,891	$ 1,006	$ 1,981,897

The Company's adoption of the new lease standard had an immaterial impact on the Company's results of operations in the Consolidated Statements of Income and no impact on the Company's cash flows used in operating, financing, and investing activities in the Consolidated Statements of Cash Flows. The Company's accounting for finance leases remains unchanged as a result of the adoption of the new guidance. See Note 24 for further details regarding Company's leases.

PENDING ACCOUNTING STANDARDS

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that the Company will adopt according to the various timetables the FASB specifies. Unless otherwise discussed below, the Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position, results of operations and cash flows upon adoption.

In September 2022, the FASB issued ASU 2022-04, "*Liabilities—Supplier Finance Programs (Subtopic 405-50)*". The guidance goal is to enhance transparency around supply chain finance agreements for which a supplier may receive early payments on their invoices. The standard becomes effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of this update on its Consolidated Financial Statements for the year 2023.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments" (and in 2018 and 2019, the FASB issues ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments-Credit Losses", ASU 2019-04 "Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments" and ASU 2019-05, "Financial Instruments-Credit Losses (Topic 326) Targeted Transition relief"). The guidance replaces the existing incurred loss impairment methodology for most financial assets with a new "current expected credit loss" model. The new expected credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. Credit losses relating to available-for-sale debt securities will be measured in a manner similar to current GAAP, except that the losses will be recorded through an allowance for credit losses rather than as a direct write-down of the security. In November 2019, the FASB issued ASU 2019-10, "Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842) which changed the effective date of this standard application. The effective date for the Company to apply the standard is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently evaluating the impact of this update on its Consolidated Financial Statements.

3. SUPPLEMENTAL CASH FLOW STATEMENT DISCLOSURES

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported on the Consolidated Balance Sheets:

(Amounts in thousands)	Total
Balance at December 31, 2021:	
Cash and cash equivalents	$ 318,848
Current restricted cash (included in Other current assets)	953
Total cash, cash equivalents and restricted cash	$ 319,801
Balance at December 31, 2022:	
Cash and cash equivalents	$ 287,372
Current restricted cash (included in Other current assets)	3,813
Total cash, cash equivalents and restricted cash	$ 291,185

At December 31, 2022 and 2021, restricted cash was related to Special Funds accounts as well as future VAT settlements in certain business transactions at the Company's Polish entities. Special funds are the financial resources collected by the employer on a separate bank account in order to use them for social support of authorized employees as defined by the relevant legislation. Additionally, as of December 31, 2022, the Company's Polish entities held restricted cash subject to the letter of credit issued in relation to the certain investments.

4. RECEIVABLES, NET

Receivables, net consists of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Trade accounts receivable	$ 653,007	$ 855,047
Unbilled receivables	108,430	76,971
Allowance for doubtful accounts	(2,578)	(2,895)
Receivables, net	$ 758,859	$ 929,123

In the years ended December 31, 2022 and December 31, 2021, the Company sold certain of its receivables amounting to $882.4 million and $519.6 million, respectively, under factoring agreements and participation in supply chain finance agreements. The 2022 and 2021 factoring contracts and supply chain finance agreements were entered into with banks in Poland, United Arab Emirates, Romania, the United Kingdom, the Netherlands, France, Japan and Austria on a non-recourse basis. As of December 31, 2022 and 2021, the uncollected balance on receivables that had been factored on a non-recourse basis was $259.3 million and $60.4 million, respectively. Factoring fees paid under factoring arrangements and supply chain finance agreements amounted to $5.0 million and $0.9 million for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, there were no amounts due from factors.

5. OTHER RECEIVABLES

Other receivables consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Taxes receivable other than income taxes, including VAT	$ 25,271	$ 36,667
Receivables from employees	2,096	2,618
Receivables from subsidies, customs, social and health insurance and other benefits	6,606	7,023
Other receivables	3,124	6,102
Total other receivables	$ 37,097	$ 52,410

6. INVENTORIES

Inventories consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Raw materials and supplies	$ 471,098	$ 265,620
Work in process (WIP)	16,737	9,159
Manufactured finished goods (MFG)	120,218	130,751
Purchased goods for resale	11,555	1,007
Purchased goods for resale – real estate activity	418	453
Total inventories	$ 620,026	$ 406,990

Inventories are presented net of excessive and obsolete stock reserves which amounted to $15.5 million and $12.1 million as of December 31, 2022 and December 31, 2021, respectively.

7. OTHER CURRENT ASSETS

Other current assets consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Prepaid expenses	$ 35,080	$ 41,038
Current portion of restricted cash	3,813	953
Direct sales contract acquisition costs	1,865	2,591
Total other current assets	$ 40,758	$ 44,582

As of December 31, 2021, the balance of "Prepaid expenses" included $13.8 million representing advances to suppliers for assets, that once completed, will be sold to CANPACK US LLC and capitalized as property, plant and equipment. The corresponding balance as of December 31, 2022 is presented under "Other non-current assets" (see Note 2 and Note 13).

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, which is presented net of accumulated depreciation in the Consolidated Balance Sheets, consists of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Land and improvements	$ 47,307	$ 52,430
Buildings and improvements	431,547	444,903
Machinery and equipment	1,587,620	1,587,406
Construction in progress	130,060	68,369
Other	98,755	73,881
Property, plant and equipment	$ 2,295,289	$ 2,226,989
Accumulated depreciation	(819,647)	(762,177)
Property, plant and equipment, net	$ 1,475,642	$ 1,464,812

Property, plant and equipment was depreciated in the amount of $102.0 million and $102.4 million for the years ended December 31, 2022 and December 31, 2021, respectively.

During the years ended December 31, 2022 and 2021, the Company recorded impairment charges of $1.7 million and $1.2 million, respectively, presented under "Asset impairment losses" within the Consolidated Statements of Income. These impairments were mainly related to manufacturing machinery. The quoted market price method was primarily used to determine the amounts of impairment.

9. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
WHT Receivable	$ 30,687	$ 33,267
PCT Receivable	16,257	-
Mega Project grant (see Note 25)	11,651	8,178
VAT receivable	2,849	5,766
Other	1,783	909
Total long-term receivables	$ 63,227	$ 48,120

9. LONG-TERM RECEIVABLES (CONTINUED)

During 2019, the Polish Tax Authority initiated a tax audit against the Company’s subsidiary, CANPACK S.A., to determine whether CANPACK S.A. properly fulfilled its fiscal obligations as a tax remitter with respect to dividends paid to GIH. The Tax Authority’s audit was undertaken to determine whether CANPACK S.A. correctly applied withholding tax exemptions to dividends paid between 2014 and 2017. The Tax Authority claimed that CANPACK S.A did not correctly apply these exemptions, and as a result, determined that CANPACK S.A was obligated to pay withholding taxes on these dividends. On March 25, 2021, the Tax Authority issued its second negative decision. On April 1, 2021, CANPACK S.A paid approximately $35.9 million (PLN 135.1 million) to the Tax Authority, representing the amounts claimed by the Tax Authority along with interest, which is presented as “Long-term receivables” in the Consolidated Balance Sheets. Notwithstanding such payment, CANPACK S.A continued to disagree with the Tax Authority’s determination and appealed the Tax Authority’s decision to the competent court. On November 29, 2021, the Provincial Administrative Court in Krakow cancelled the decision of Polish Tax Authority in its entirety for the full period covering 2014 through 2017. There were two reasons for the revocation of the decision: i) expiration of the statute of limitation for certain periods and ii) fulfilment by CANPACK S.A. of its withholding tax remitter duties based on applicable regulations. During 2022, both parties filed cassation appeals to this verdict to the Supreme Administrative Court and currently await opening of the hearing in this case. As of December 31, 2022, the value of the “WHT Receivable” related to the above claim amounted to $30.7 million.

CANPACK S.A continues to assert that the decision of the Tax Authority is not justified factually, procedurally or legally and is not consistent with applicable provisions of law and certain important judgments of courts considering cases with a similar factual and legal status which is supported by the opinions of CANPACK S.A.’s external tax advisors. Accordingly, CANPACK S.A. continues to assert that it is more likely than not that its position will prevail in the Supreme Administrative Court and that the Company will fully recover payments made to the Tax Authority with interest. Therefore, the Company did not recognize an uncertain tax position related to this tax audit in its financial statements for either year ended December 31, 2022 or December 31, 2021 and did not recognize any impairment of the related ‘Long-term receivables’ as of December 31, 2022 or December 31, 2021. The Tax Authority may also take a similar position with respect to dividends paid by CANPACK S.A. to GIH in 2018. There were no dividends paid by CANPACK S.A. in 2019, 2020, 2021 and 2022.

PCT receivable relates to amounts due to CPSA from the sale of intangible property (Functional Intellectual Property) rights belonging to CPSA based on Platform Contribution and License Agreement (“PCT”) between CPSA and the related company CANPACK US LLC.

10. LONG-TERM INVESTMENTS

On July 7, 2021, the Company’s subsidiary, CPSA, granted a loan to the related party Giorgi Global Holdings, Inc. in the amount of $30.6 million at the annual interest rate of 4%. The loan matures on December 31, 2026. There is no penalty for early repayment. The outstanding principal balance on the loan was $20.6 million and $30.5 million as of December 31, 2022 and 2021 respectively. Accrued interest on the loan of $0.6 million is presented in “Other current assets” in the Consolidated Balance Sheets as of December 31, 2022 and 2021 respectively.

On November 10, 2022 and December 19, 2022, the Company granted two loans to the related party CANPACK US LLC in the amount of $60.0 million and $100.0 million respectively at an annual interest rate of 7%. The loans mature on December 31, 2024. There is no penalty on early repayment. The outstanding principal balance on the loans was $75.0 million as of December 31, 2022. Accrued interest on the loans of $0.4 million is presented in “Other current assets” in the Consolidated Balance Sheets as of December 31, 2022.

11. GOODWILL

As of December 31, 2022, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets by reporting unit as follows:

(Amounts in thousands)	December 31, 2021				December 31, 2022	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (22,550)	$ 31,698	$ 1,695	$ 33,393
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	(483)	4,594	(478)	4,116
Can-Pack Morocco s.a.r.l..	6,787	-	(432)	6,355	(711)	5,644
Other	1,827	(908)	(265)	654	(51)	603
Total	$ 71,020	$ (3,989)	$ (23,730)	$ 43,301	$ 455	$ 43,756

** FCT represents Foreign Currency Translation*

As of December 31, 2021, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets by reporting unit as follows:

(Amounts in thousands)	December 31, 2020				December 31, 2021	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (20,255)	$ 33,993	$ (2,295)	$ 31,698
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	210	5,287	(693)	4,594
Can-Pack Morocco s.a.r.l.	6,787	-	(314)	6,473	(118)	6,355
Other	1,827	(908)	(212)	707	(53)	654
Total	$ 71,020	$ (3,989)	$ (20,571)	$ 46,460	$ (3,159)	$ 43,301

** FCT represents Foreign Currency Translation*

Information about fair value measurements related to goodwill is presented in Note 2.

12. INVESTMENTS IN RELATED COMPANIES

On September 30, 2022, CPSA sold its 35% interest in Can Asia Inc. Prior to sale, Can Asia Inc. was an investment accounted for under the equity method. The gain on the sale amounted to $1.0 million and was presented in "Other" non-operating income in the Consolidated Statements of Income.

13. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Advances for property, plant and equipment	$ 24,309	$ 31,411
Direct sales contract acquisition cost	2,960	5,580
Right of use land rent	46,474	7,821
Other non-current assets	1,537	2,640
Total other non-current assets	$ 75,280	$ 47,452

14. LONG-TERM DEBT

Long-term debt consists of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
USD investment loan from a bank, expiring November 2022	$ -	$ 15,046
EUR long-term bonds, expiring November 2027	639,177	222,780
USD long-term bonds, expiring November 2029	222,950	679,714
Total long-term debt	$ 862,127	$ 917,540
Unamortized debt issuance costs	(9,179)	(11,451)
Current portion of long-term debt	-	(15,046)
Long-term debt, less current portion	$ 852,948	$ 891,043

There were no assets securing the above long-term debt as of December 31, 2022 and December 31, 2021.

The amount of unused availability under various debt and credit agreements was $540.0 million and $577.4 million as of December 31, 2022 and December 31, 2021, respectively.

The rate of interest on long-term debt as of December 31, 2022 and December 31, 2021 was as follows:

	December 31, 2022	December 31, 2021
Interest rates	2.38% to 3.88%	2.38% to 3.88%

14. LONG-TERM DEBT (CONTINUED)

Maturities of debt for the next five years ending December 31 and thereafter are as follows *(in thousands of dollars)*:

2023	$ -
2024	-
2025	-
2026	-
2027	639,177
Thereafter	222,950
Total	$ 862,127

Interest costs, net consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Interest expense of long-term debt, notes payable and bank overdraft	$ (31,905)	$ (27,211)
Interest income	7,928	3,269
Other	(72)	(27)
Total interest costs, net	$ (24,049)	$ (23,969)

During the year ended December 31, 2022 and 2021, the Company capitalized interest of $1.0 million and $0, respectively.

On June 14, 2018, CPSA entered into an unsecured (but with guarantors) multi-currency revolving credit facility. The agreement includes a EUR 320 million multi-currency facility (Facility A) and a PLN 342 million facility (Facility B), with a termination date five years from the date of the facility agreement, subject to two one-year extension options (one of which has been exercised in 2019). The Company's subsidiary and consenting lenders can increase Facility A, subject to the same terms, providing that the aggregate amount of the increase shall not exceed EUR 150 million.

In December 2020, an additional EUR 66 million was added to the multi-currency revolving credit facility bringing the total to EUR 386 million (Facility A). The loan amount in PLN will remain unchanged (Facility B).

The agreement contains various undertakings and covenants by the Company's subsidiary and its guarantors providing for, among other things, maintenance of certain financial ratios and certain limitations on pledging assets as collateral, acquiring or disposing of businesses, and incurring additional debt. For each period of 12 months, the ratio of Consolidated Total Net Indebtedness to Adjusted Consolidated EBITDA shall be 4.5x or less. The leverage ratio shall be tested every six months.

14. LONG-TERM DEBT (CONTINUED)

In October 2020, the Company's subsidiary, CANPACK S.A. along with CANPACK US LLC, co-issued bonds ("the bonds"). The bonds were allocated to CANPACK S.A. and CANPACK US LLC in the amount of EUR 600 million and $400 million, respectively. The Euro and U.S. Dollar tranches bear interest at an annual rate of 2.375% and 3.125%, respectively. The Euro and U.S. Dollar tranches mature on November 1, 2027 and November 1, 2025, respectively. The bonds are issued on an unsecured basis with guarantees from a majority of CANPACK Group entities.

In October 2021, the Company's subsidiary, CANPACK S.A., along with CANPACK US LLC, co-issued new bonds ("new bonds") which were allocated to CANPACK S.A. and CANPACK US LLC in the amount of $222.8 million and $577.2 million, respectively, and bear interest at an annual rate of 3.875%. The new bonds mature on November 15, 2029. The new bonds are issued on an unsecured basis with guarantees from a majority of CANPACK Group entities.

Both agreements have various obligations imposed on the issuer and the guarantors, such as limitations on pledging assets as collateral, certain acquisitions, and incurring additional debt.

Funds from the bonds' issuance to CANPACK S.A. were used for the repayment of approximately EUR 597 million related to bonds issued in previous years. Funds from the $400 million bonds and new bonds allocated to CANPACK US LLC are being used to construct a new manufacturing facility and fund its operations.

The Company's subsidiary, CANPACK S.A., guarantees the indebtedness of CANPACK US LLC, who in turn guarantees the indebtedness of CANPACK S.A. in the event of any adverse events as described in the issuance document governing the bonds. The maximum amount of the guarantee is $977.2 million, which represents the amount transferred to CANPACK US LLC. The maximum amount of the guarantee of CANPACK US LLC is EUR 600 million and $222.8 million, which represents the amount transferred to CANPACK S.A.

As of December 31, 2022, there are no facts or circumstances indicating that CANPACK S.A. will be liable for repayment of the bonds held by CANPACK US LLC or that CANPACK US LLC will be liable for repayment of the bonds held by CANPACK S.A. There is no liability included in the Company's Consolidated Balance Sheets related to these guarantees as of December 31, 2022.

There are other various debt covenants related to some of the long-term debt agreements, in addition to those covenants described above, including restrictions on dividends (see Note 23), distributions, indebtedness, liens, purchases of treasury stock, and certain other changes in ownership. In addition, the Company's subsidiary is required to maintain certain financial ratios, other than those mentioned above. The Company's subsidiary was in compliance with all debt covenants as of and for the years ended December 31, 2022 and 2021.

15. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Accrued employee related benefits (see Note 23)	$ 62,899	$ 64,580
Trade advances received	3,458	8,203
Current portion of operating lease liabilities	3,365	-
Liabilities for purchased fixed and intangible assets	40,181	21,923
Deferred revenue grants (see Note 25)	14,334	11,262
Accrued interest	3,719	4,742
Deposits received	525	753
Accrued shipping and handling	5,315	3,961
Accruals for materials and services	10,469	11,876
Other	20,850	34,002
Total accrued expenses and other liab.	$ 165,115	$ 161,302

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company disaggregates net sales based on the timing of transfer of control for goods and services as documented in the table below and as explained in Note 2. The transfer of control for goods and services may occur at a point in time or over time; in other words, sales may be recognized over the course of the underlying contract, or they may occur at a single point in time based upon the transfer of control. The following table shows the timing of revenue recognition:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Net Sales point in time	$ 1,140,726	$ 1,168,220
Net Sales over time	2,231,918	1,872,405
Total Net Sales	$ 3,372,644	$ 3,040,625

Europe is the Company's largest market representing 68% and 70% of its net sales for the years ended December 31, 2022 and 2021, respectively. In other markets, for the years ended December 31, 2022 and 2021, South America represented 15% and 14% of net sales, respectively; Asia represented 14%, and 13% of net sales, respectively; and Africa represented 3% of net sales, for both years.

For the years ended December 31, 2022 and 2021, sales in the Company's Beverage Can and Ends division represented 85% and 87% of net sales, respectively; sales in the Glass Packaging division represented 6% and 5% of net sales, respectively; sales in the Food and Industrial Packaging division represented 6% and 5%, respectively; and sales in the Metal Closures division business represented 3%, for both years.

17. INCOME TAXES

Income tax expense for the years ended December 31, 2022 and 2021 is summarized below:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Current income tax	$ 54,721	$ 72,393
Deferred income tax	1,262	9,648
Income tax expense	$ 55,983	$ 82,041

GIH and its subsidiaries generally file separate income tax returns; consequently, tax losses of one company within a controlled group cannot be offset against taxable income of another member of the group. However, a single tax unit was created in the Netherlands, which consists of CANPACK NL Holdings B.V. and CANPACK Netherlands B.V.

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2022 and December 31, 2021 are as follows:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Deferred tax assets:		
Provision for inventory	$ 3,147	$ 3,360
Financial instruments	2,816	5,935
Alternative minimum tax credits	-	4,762
Bonus accrual	5,948	6,550
Loss carryforwards	18,999	13,088
Unrealized foreign exchange loss	22,109	25,615
Discounts to customers	937	900
Holiday accrual	1,491	1,402
Property, plant and equipment	9,695	10,227
Foreign tax credits	6,184	4,181
Other deferred tax assets	9,096	9,041
Gross deferred tax assets	80,422	85,061
Valuation allowance	(14,598)	(15,369)
Total deferred tax assets	65,824	69,692
Deferred tax liabilities:		
Property, plant and equipment	$ (87,383)	$ (86,937)
Hedging instruments and interest	(4,221)	(12,612)
Unrealized foreign exchange gain	(3,984)	(5,795)
Other deferred tax liabilities	(4,177)	(5,298)
Total deferred tax liabilities	(99,765)	(110,642)
Net deferred tax liabilities	$ (33,941)	$ (40,950)

As of December 31, 2022, the Company recorded a valuation allowance on its deferred tax assets of $14.6 million, a decrease of $0.8 million from the valuation allowance recorded as of December 31, 2021. The Company recorded a valuation allowance on its deferred tax assets to reduce the total to an amount that management believes will ultimately be realized due to limitations imposed by various tax laws on the Company's ability to realize the benefit of loss carryforwards. The valuation allowance primarily relates to the Company’s subsidiaries in Spain, Netherlands, Czech Republic, Brazil, France, and Luxembourg.

17. INCOME TAXES (CONTINUED)

Tax losses are settled in accordance with the tax law of the jurisdictions in which the companies of the Company are domiciled and operate. The laws in the major taxing jurisdictions are as follows:

Jurisdiction	Carryforward Period	Limitations on Utilization
Poland	5 years	In Poland the maximum yearly deduction of taxable income cannot exceed 50% and/or PLN 5.0 million of the tax loss carryforward.
Czech Republic	5 years	None
India	8 years	The portion of such tax losses that relate to depreciation and amortization can be carried forward indefinitely.
Netherlands	9 Years for losses generated in 2018 and prior 6 years for losses generated in 2019 and forward	Limitation on loss utilization applies after a change of 30% or more ultimate control.
Colombia	12 years	Tax losses generated up to 2016 can be carried forward with no time limitation.
Brazil, France, Russia, Spain and the United Kingdom	Indefinite carryforward	In Brazil utilization of losses is limited in any one tax year to 30% of adjusted net profits. In France tax losses are available to offset the first EUR 1 million of taxable profits and 50% of taxable profits in excess. In Russia, losses recognized cannot exceed 50% of the current year tax base (rule applies until 12/31/2024). In the UK, the maximum loss available to offset a year of income is limited to GBP 5 million plus 50% of the current year profits in excess of such amount.
Luxembourg	17 years	Tax losses generated as of January 1, 2017, can be carried forward for a maximum period of 17 years. Losses that arose before this date are not affected by this limitation. Losses cannot be carried back.

As of December 31, 2022, the Company had approximately $79.5 million of net operating loss carryforwards, of which $44.6 million have no expiration date and $34.9 million will expire in future years through 2033.

CANPACK India Pvt. Ltd. is obliged to pay Minimum Alternative Tax (MAT) if regular income tax is lower than MAT. The excess of MAT over regular tax constitutes the alternative minimum tax credit that can be carried forward up to 15 years. CANPACK India Pvt. Ltd. can only use MAT to offset regular income tax. Alternative minimum tax credit carryforwards were $0.0 million and $4.8 million as of December 31, 2022 and December 31, 2021, respectively, and are presented in “Deferred tax assets” in the Consolidated Balance Sheets.

17. INCOME TAXES (CONTINUED)

Deferred taxes are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Deferred tax assets	$ 29,907	$ 33,091
Deferred tax liabilities	(63,848)	(74,041)
Deferred taxes, net	$ (33,941)	$ (40,950)

From the above change in deferred tax, negative $1.3 million was presented in “Income taxes” in the Consolidated Statements of Income and $4.5 million and $3.8 million of tax expense were presented in “Hedging instruments” and “Foreign currency translation adjustment”, respectively, as components of “Other comprehensive income (loss)” in the Consolidated Statements of Comprehensive Income.

The Company has recognized a deferred tax liability associated with a portion of the outside basis with respect to its investment in foreign subsidiaries which results from undistributed foreign earnings. A deferred tax liability of $3.4 million, which is associated with $41.2 million of taxable outside basis differences which are expected to reverse in the foreseeable future, has been recorded as of December 31, 2022. The Company has not recorded a deferred tax liability for other outside basis differences related to undistributed foreign earnings of the Company’s non-EU subsidiaries (except for the Company’s Ukrainian subsidiaries) of $559.1 million that are considered to be indefinitely reinvested and therefore not expected to reverse in the foreseeable future. Determination of the amount of any unrecognized deferred income tax liability related to outside basis differences associated with the Company's foreign subsidiary investments is not practicable because of the complexities of the hypothetical calculation.

The Company has not recorded a deferred tax liability of $33.0 million for outside basis differences with respect to its investment in subsidiaries of $173.9 million, on account of prior restructuring transactions which give rise to stock basis differences, because the Company either (1) believes that these differences could be recovered in a tax-neutral manner, (2) considers its investment to be indefinitely reinvested and therefore does not expect the outside basis difference to reverse in the foreseeable future, or (3) does not otherwise expect the outside basis difference to reverse in the foreseeable future.

There were no material unrecognized tax positions as of December 31, 2022 or December 31, 2021. The Company has taken tax positions that it believes are more likely than not to be sustained based on their technical merits. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities and such amounts could be material.

The following items had the most significant impact on the difference between tax rate of 24.94% (the statutory Luxembourg income tax rate plus municipal business tax rate) and the Company’s effective tax rate of 19.5%: foreign tax rate differentials, tax effects related to activity in the Special Economic Zone, and permanent differences on the earnings of foreign operations.

17. INCOME TAXES (CONTINUED)

Tax returns of Luxembourg companies are subject to tax authorities' examinations for up to five years from the end of the calendar year in which the tax liability arose. The tax returns of foreign subsidiaries are subject to tax authorities' examinations for up to three years in Russia and Ukraine; up to four years in Spain and Morocco; up to five years in Poland, Romania, Brazil, Slovakia, and Turkey; up to six years in the United Kingdom, Colombia, and India; up to ten years in France and Czech Republic; and up to twelve years in the Netherlands. Because the application of tax laws and regulations to the various types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities.

In previous years, CP Glass S.A., a subsidiary of the Company, obtained two permissions to operate in the Katowice Special Economic Zone. Income tax relief obtained from these permissions will expire if not utilized by December 31, 2026. CP Glass S.A. has benefited from exemption from income tax in the discounted amounts of $3.0 million and $23.0 million in the annual period ended December 31, 2022 and the eleven-year period from the beginning of the scheme to December 31, 2021, respectively. The amount that will expire if not utilized by December 31, 2026 is $1.0 million.

In 2014, CANPACK Metal Closures sp. z o.o., a subsidiary of the CANPACK S.A., obtained a permit to operate in the Krakow Special Economic Zone. The use of income tax relief according to the permit is valid through December 31, 2026. The maximum value of public aid which CANPACK Metal Closures sp. z o.o may receive is 50% of the amount of qualifying costs. As of December 31, 2022, CANPACK Metal Closures sp. z o.o. has not declared any capital expenditures on qualifying projects in the Krakow Special Economic Zone.

In previous years, CIA Metalic Nordeste, a subsidiary of the Company, obtained income tax relief as a result of making an investment in the Sudene area. The relief allows CIA Metalic Nordeste to apply a 75% reduction to income taxes incurred as a result of sales of certain quantities of finished products. The use of income tax relief is valid until December 31, 2027 for Cans and December 31, 2028 for Ends. In 2018, CIA Metalic Nordeste merged with Can Pack Brazil Industria de Embalagens LTDA and the relief is still applicable for the merged companies.

CANPACK Colombia S.A.S. is a legal entity located in the Free Trade Zone ("FTZ") of Tocancipa which qualified as an Industrial and Services user under Colombian law (decree 659 May 03, 2018). Companies located in free trade zones in Colombia are generally eligible for the following benefits: Reduced Income Tax rate of 20% (statutory rate for companies outside of free trade zones was 35% in 2022); Import tax exemption (VAT and Customs duty) for the purchase of capital goods and input materials used in the production of goods (including the possibility to store non-nationalized goods for an indeterminate period) until such goods are moved outside the FTZ area; and a discount on municipal taxes for 8 years.

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Operating lease liabilities, less current portion	$ 35,416	$ -
Retirement accruals	5,939	5,591
Deferred revenue – grants	27,308	28,734
Total other non-current liabilities	$ 68,663	$ 34,325

The Company's Polish, French and Middle East subsidiaries are required to provide a special bonus to their employees pursuant to labor laws in their respective countries. The benefits are payable upon retirement and are not vested or funded.

19. EMPLOYEE BENEFITS

In addition to the retirement accrual (refer to Note 18), the Company has a defined contribution pension plan that is offered to qualifying employees. Total amounts charged to expense for the plans were $6.0 million and $6.9 million for the twelve-month periods ended December 31, 2022 and December 31, 2021, respectively.

20. FINANCIAL INSTRUMENTS

Financial instruments are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)		December 31, 2022	December 31, 2021
Derivatives designed as hedging instruments			
Commodity contracts	Current assets	$ 7,028	$ 45,099
Foreign exchange contracts	Current assets	4,718	162
Total derivatives in current assets		$ 11,746	$ 45,261
Commodity contracts	Non-current assets	$ 93	$ 11,488
Foreign exchange contracts	Non-current assets	7,107	1
Total derivatives in non-current assets		$ 7,200	$ 11,489
Commodity contracts	Current liabilities	$ 8,458	$ 56
Foreign exchange contracts	Current liabilities	3,060	3,552
Total derivatives in current liabilities		$ 11,518	$ 3,608
Commodity contracts	Non-current liabilities	$ 357	$ 36
Foreign exchange contracts	Non-current liabilities	228	5,666
Total derivatives in non-current liabilities		$ 585	$ 5,702

20. FINANCIAL INSTRUMENTS (CONTINUED)

The changes in accumulated other comprehensive loss for effective derivatives were as follows:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Amounts reclassified into Statement of income:		
Commodity contracts (1)	$ (39,984)	$ (17)
Foreign currency contracts (2)	2,981	1,426
Change in fair value of cash flow hedges:		
Commodity contracts	(6,988)	49,682
Foreign currency contracts	14,155	(8,097)
Foreign currency and tax impacts	3,948	(6,502)
	$ (25,888)	$ 36,492

(1) Amounts reclassified into the Consolidated Statements of Income and the Consolidated Balance Sheets related to commodity contracts have been presented under the captions "Cost of sales" and "Inventory",

(2) Amounts reclassified into the Consolidated Statements of Income related to foreign currency contracts have been presented under "Net sales", "Cost of sales", "Foreign exchange gain (loss)" for 2022 and "Financial instruments" for 2021.

During the years ended December 31, 2022 and 2021 there was no hedging ineffectiveness associated with the Company's foreign exchange contracts.

A net gain of $0.2 million related to commodity contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

A net loss of $2.2 million related to foreign exchange contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

21. FAIR VALUE MEASUREMENTS

The Company measures its derivative financial instruments at fair value on a recurring basis. The Company's fair value measurements of financial instruments have been classified within Level 2 of the fair value hierarchy, as described in Note 2. The figures below provide information about the impact of financial instruments in the Consolidated Balance Sheets.

As of December 31, 2022

(Amounts in thousands)	**Level 1**	**Level 2**	**Level 3**
Current assets - derivative instruments	$ -	$ 11,746	$ -
Non-current assets - derivative instruments	-	7,200	-
Total	**$ -**	**$ 18,946**	**$ -**
Current liabilities - derivative instruments	$ -	$ 11,518	$ -
Non-current liabilities - derivative instruments	-	585	-
Total	**$ -**	**$ 12,103**	**$ -**

21. FAIR VALUE MEASUREMENTS (CONTINUED)

As of December 31, 2021

(Amounts in thousands)	Level 1	Level 2	Level 3
Current assets - derivative instruments	$ -	$ 45,261	$ -
Non-current assets - derivative instruments	-	11,489	-
Total	**$ -**	**$ 56,750**	**$ -**
Current liabilities - derivative instruments	$ -	$ 3,608	$ -
Non-current liabilities - derivative instruments	-	5,702	-
Total	**$ -**	**$ 9,310**	**$ -**

22. ACCUMULATED OTHER COMPREHENSIVE LOSS

The 2022 and 2021 activity in accumulated other comprehensive loss is as follows:

(Amounts in thousands)	Hedging Instruments	Deferred Tax on Hedging Instruments	Foreign Currency Translation Adjustment	Other	Total
December 31, 2020	**$ (455)**	**$ 38**	**$ (231,183)**	**$ 963**	**$ (230,637)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	41,585	(6,326)	(69,594)	-	(34,335)
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	1,409	(225)	-	-	1,184
Fx adjustments	56	(7)	(49)	-	-
Other	-	-	-	109	109
December 31, 2021	**$ 42,595**	**$ (6,520)**	**$ (300,826)**	**$ 1,072**	**$ (263,679)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	7,167	(1,403)	(110,139)	-	(104,375)
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	(37,003)	5,879	-	-	(31,124)
Fx adjustments	(522)	(9)	531	-	-
December 31, 2022	**$ 12,237**	**$ (2,053)**	**$ (410,434)**	**$ 1,072**	**$ (399,178)**

The following table provides additional details of the amounts reclassified into net earnings from accumulated other comprehensive loss:

(Amounts in thousands)	Year Ended December 31, 2022	Year Ended December 31, 2021
Gains (losses) on cash flow hedges:		
Commodity contracts	$ (39,984)	$ (17)
Foreign currency contracts	2,981	1,426
Total before tax effect	$ (37,003)	$ 1,409
Tax benefit (expense) on amounts reclassified into earnings	5,879	(225)
Recognized gain (loss), net of tax	$ (31,124)	$ 1,184

23. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS

CONTINGENT ASSETS

The Company's subsidiary, CANPACK S.A., has sued former members of its Management Board (the "Management Board") in relation with the amounts already transferred to them which the Company believes need to be returned. The total amount claimed by the Company is $14.3 million (PLN 62.9 million) along with statutory interest.

CONTINGENT LIABILITIES

The Company is involved in various commercial disputes and lawsuits in the normal course of business. It is management's opinion that significant defenses exist with respect to such various commercial disputes and lawsuits relating to the Company, and that the ultimate resolution of these matters will not have a material effect on the consolidated financial position, results of operations or liquidity of the Company.

Losses are recognized when it is probable that an obligation will occur and an amount can be reasonably estimated. Accordingly, the Company has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. CANPACK S.A. is having disputes with former members of the Management Board in relation to the termination of these individuals from the Company during 2013. The total amount claimed by the former members of the Management Board was $24.8 million (PLN 109 million) and $26.8 million (PLN 109 million) as of December 31, 2022 and 2021, respectively. According to the best estimate of the Management Board $19.2 million (PLN 84.7 million) and $20.9 million (PLN 84.7 million) was accrued as of December 31, 2022 and December 31, 2021, respectively. The difference of $5.5 million (PLN 24.3 million) and $5.9 million (PLN 24.3 million) as of December 31, 2022 and 2021, respectively, is an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $10.6 million (PLN 46.7 million) and $9.2 million (PLN 37.5 million) as of December 31, 2022 and 2021, respectively. All of these accruals are presented under "Accrued expenses and other liabilities" on Consolidated Balance Sheets and under "Accrued employee related benefits" in Note 15.

In February 2021, a customer claimed that cans supplied by CANPACK Netherlands, a subsidiary of CANPACK S.A., and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. Extensive investigations indicated that the cause of the leakage was due to multiple factors only some of which were in CANPACK Netherlands' control. During 2022, CANPACK Netherlands settled the claim with the customer for a confidential amount. Following that settlement CANPACK Netherlands received from its product insurer partial reimbursement of the amount paid to the customer (which amount is also confidential), resulting in a net cost to CANPACK Netherlands of approximately $1.0 million inclusive of related legal and other cost and expenses.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $8.4 million and $7.6 million as of December 31, 2022 and 2021, respectively. The Company has disclosed such matters as contingent liabilities, but has not recorded a liability as of December 31, 2022 and 2021.

23. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS (CONTINUED)

COMMITMENTS

As of December 31, 2022, the Company has entered into approximately $33.5 million short-term commitments and $23.2 million long-term commitments other than the Company's lease obligations, relating mainly to contracts for supply of machinery and equipment for production lines and other commitments.

DIVIDEND RESTRICTIONS

Dividends can only be distributed from each separate entity to its direct shareholder.

OTHER GUARANTEES

The Company's subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of June 10, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. No obligation was recognized related to this guarantee as of December 31, 2022.

The Company's subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of November 17, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. No obligation was recognized related to this guarantee as of December 31, 2022.

24. LEASES

Under the new leasing standard, a contract is a lease or contains one when (1) the contract contains an explicitly or implicitly identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. The Company assesses whether an arrangement is a lease, or contains a lease, upon inception of the contract.

For all classes of underlying assets, except for vehicles, the Company accounts for each lease component and any associated non-lease components as a single lease component.

When readily determinable, the discount rate used to calculate the lease liability is the rate implicit in the lease. Otherwise, the Company uses its incremental borrowing rate based on the information available at lease commencement.

Some of the Company's leases include renewal and/or termination options at the Company's discretion, which are included in the determination of the lease term if the Company is reasonably certain to exercise the option.

The Company also enters into lease agreements that have variable payments, such as those related to usage or adjustments to certain indexes. Variable lease payments are recognized in the period in which those payments are incurred.

The Company entered into operating leases for land, buildings, warehouses, office equipment, means of transport, and other types of equipment. The Company's finance leases and short-term leases are immaterial.

Weighted average remaining lease term for the Company's operating leases as of December 31, 2022 was 33 years.

Weighted average discount rate for the Company's operating leases as of December 31, 2022 was 3.14%.

The components of operating lease expense were as follows:

(Amounts in thousands)	December 31, 2022
Fixed lease expense	$ 3,743
Variable lease expense	246
Total operating lease expense	$ 3,989

Maturities of operating lease liabilities are the following for the years ending December 31 *(in thousands of dollars)*:

2023	$ 4,486
2024	3,354
2025	3,094
2026	2,897
2027	2,668
Thereafter	49,457
Future value of lease liabilities	65,956
Less: Imputed interest	(34,703)
Present value of lease liabilities	$ 31,253

25. GRANTS

Some of the Company's subsidiaries receive grants and tax incentives from governments, which are presented as follows in the Consolidated Balance Sheets:

	December 31, 2022	December 31, 2021
Other receivables		
CANPACK India Private Limited (a)	**$ 2,959**	**$ 2,959**
Long-term receivables		
CANPACK India Private Limited (a)	**$ 11,651**	**$ 8,178**
Accrued expenses and other liabilities		
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	$ 112	$ 122
CANPACK Brasil Indústria de Embalagens LTDA (c)	13,894	10,738
CP Glass S.A. (d)	249	312
CANPACK Morocco (f)	79	90
Total	**$ 14,334**	**$ 11,262**
Other non-current liabilities		
CP Glass S.A. (d)	$ 2,319	$ 2,741
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	180	320
CANPACK Brasil Indústria de Embalagens LTDA (c)	23,677	24,476
CANPACK S.A.	155	23
CANPACK Morocco (f)	977	1,174
Total	**$ 27,308**	**$ 28,734**

The effect on the Consolidated Statements of Income is presented as follows:

	Year ended December 31, 2021	Year ended December 31, 2021
COST OF SALES		
CP Glass S.A. (d)	$ 245	$ 327
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	112	142
CANPACK Morocco (f)	67	1,092
Total	**$ 424**	**$ 1,561**
Other		
CANPACK India Private Limited (a)	$ 6,388	$ 4,222
CANPACK Brasil Indústria de Embalagens LTDA (c)	17,392	10,589
Total	**$ 23,780**	**$ 14,811**
INCOME TAXES		
CANPACK Brasil Indústria de Embalagens LTDA (e)	**$ -**	**$ 5,117**

(a) Under the regulations of the Government of Maharashtra the plant in India is covered under the Mega Project category and is eligible to receive certain incentives from the Government of Maharashtra, which are:

- Electricity duty exemption for a period of 12 years from the date CANPACK India Pvt. Ltd. commences production.
- Stamp duty exemption for registration of land,
- Industrial Promotion Subsidy (IPS) equivalent to 100% of its eligible investments. Under IPS, CANPACK India Pvt. Ltd. is entitled to 100% reimbursement of VAT and Central Sales Tax (CST) paid by it, subject to 100% eligible investment. The IPS is payable after two years from the date production commences.

25. GRANTS (CONTINUED)

(b) Grant received in 2012 from the Malopolska Regional Development Agency, institution distributing European Union funds. The purpose of the grant is to finance projects for the development and implementation of technology allowing for a reduction in the thickness of sheets used in the manufacturing process. The grant is settled every year.

(c) State VAT (ICMS) benefits, under the programs PROVIN and PRODUZIR, granted by Government of the States of Ceará and Goiás, respectively and are recognized when Can-Pack Brasil Indústria de Embalagens LTDA meets the criteria for realization of such benefits.

PROVIN is valid until December 2024. A portion of ICMS payable is converted into a loan granted and if certain conditions are met, 99% of the loan will be written off. PRODUZIR is valid until December 2032 and consists of a one-year deferral of a portion of VAT (ICMS) payable.

Besides PRODUZIR, the Government of the States of Goiás also granted ICMS credit benefit pursuant to the Special Regime Agreement Instruments (TARE), which is recognized on a straight-line basis over a 40-month period.

(d) Grant received from the Polish Agency for Enterprise Development for financing 31% of a new production line for glass packaging. The value of the yearly settlement is calculated in proportion to depreciation of the production line. The Company then amortizes a portion of the grant liability on an annual basis in an amount equal to the calculated settlement.

(e) Tax incentive that reduces the income tax base on operating profit by 75% for a plant located in the city of Maracanaú until the calendar year 2028.

(f) In November 2021, Can-Pack Morocco S.a.r.l. received a grant from Moroccan Investment Agency. This grant is the government participation in investment in certain assets.

26. SHAREHOLDER’S EQUITY

On August 9, 2013, F&P Holding Co. (“F&P” and 100% owner of CANPACK S.A.) contributed 100% of its shares in CANPACK S.A. to the Company. GIH was formed as a wholly-owned subsidiary of F&P. The Company classified this transaction as a common control transaction in accordance with EITF Issue No. 02-5 “Definition of ‘Common Control’ in Relation to FASB Statement No. 141.” This transaction resulted in an opening share capital of $6.7 million, the amount which remained constant as of December 31, 2022 and 2021.

27. MANAGING BOARD

The Board of Managers of the Company is composed of:

Person	Date of Appointment
Peter F. Giorgi	July 27, 2013
Anthony Braesch	July 27, 2013
Jean-Francois Bouchoms	January 01, 2016

For the years ended December 31, 2022 and December 31, 2021, the aggregated remuneration paid by the Company to its board members for their management activities within the Group amounted to $0.4 million and $0.7 million, respectively. Annual compensation is reported within “Selling, general and administrative expenses” on the Consolidated Statements of Income.

There are no advances or loans granted to members of the managing board.

28. RELATED PARTY TRANSACTIONS

Receivables, net — Receivables, net from related parties as of December 31, 2022 and 2021 were $26.2 million and $23.1 million, respectively.

Trade Accounts Payable — Trade accounts payable to related parties as of December 31, 2022 and 2021 were $3.0 million and $7.2 million, respectively.

Accrued Expenses and Other Liabilities — Accrued expenses and other liabilities to related parties totaled $2.3 million and $1.6 million as of December 31, 2022 and 2021, respectively.

Long-Term Receivables — Long-term receivables from employees totaled $0.1 million and $0.2 million as of December 31, 2022 and 2021, respectively. Other Long-term receivables from related parties totaled $16.3 million and $0 as of December 31, 2022 and 2021, respectively.

Other non-current assets — Other non-current assets from related parties totaled $6.5 million and $0 as of December 31, 2022 and 2021, respectively.

Long-Term Investments — Long-term loan granted to Giorgi Global Holdings, Inc. for the years ended December 31, 2022 and 2021 amounted to $20.6 million and $30.5 million, respectively. Long-term loan granted to CANPACK US for the years ended December 31, 2022 and 2021 amounted to $75.0 million and $0, respectively. The total value of accrued interest for the years ended December 31, 2022 and 2021 amounted to $1.0 million and $0.6 million, respectively, and is presented in “Other current assets”.

Net sales — Net sales to related parties for the years ended December 31, 2022 and 2021 were $37.3 million and $15.4 million, respectively.

Purchases — Purchases from related parties for the years ended December 31, 2022 and 2021 were $16.1 million and $30.8 million, respectively.

29. U.S. GAAP TO IFRS RECONCILIATION

The reconciliation of the net income and total equity for the years ended December 31, 2022 and 2021 between the amounts obtained using U.S. GAAP and those under IFRS as adopted by the European Union is as follows:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Net income per US GAAP	$230,810	$311,446
Adjustments for:		
Special economic zone *(a)*	(3,816)	(2,304)
Result of IFRS 9 implementation *(b)*	(631)	(766)
IFRS 16 – measurement of operating leases as finance leases *(c)*	(238)	(199)
Russian assets impairment *(d)*	(40,387)	-
Net income per IFRS	$185,738	$308,177
Total equity per US GAAP	$1,893,651	$1,777,177
Adjustments for:		
Special economic zone *(a)*	1,164	4,981
Result of IFRS 9 implementation *(b)*	(2,379)	(1,748)
IFRS 16 – measurement of operating leases as finance leases *(c)*	(3,600)	(2,886)
Russian assets impairment *(d)*	(40,387)	-
Total equity per IFRS	$1,848,449	$1,777,524

(a) Under U.S. GAAP, Special Economic Zone in Poland does not meet the criteria of tax incentive for which deferred tax can be recognized and the flow-through method is applied to recognize the tax benefit in the period in which the benefit arises. Under IFRS, Special Economic Zone meets criteria of tax relief subject to deferred tax.

(b) Due to the difference in timing of application of Topic 326 and IFRS 9, differences arose for financial year ended December 31, 2022. In the reconciling note, the Company has applied IFRS 9 retrospectively with the cumulative effect of initially applying this standard recognized as the date of initial application as required under IAS 8.

(c) Due to the adoption of IFRS 16 on January 1, 2019, and adoption of ASC 842 on January 1, 2022, differences arose for the financial year ended December 31, 2022. All contracts classified as operating leases according to U.S. GAAP should be classified as financial leases under IFRS.

(d) The amount represents the difference between carrying amount of Russian entity as compared to value in use under IAS 36 (i.e. impairment recognized) as compared to ASC 360 where no impairment was recognized.

30. EMPLOYEES

As of December 31, 2022 and 2021, the average number of staff employed and related costs for the Company was as follows:

	2022		2021	
(Amounts in thousands)	Average Employees	Staffing Cost	Average Employees	Staffing Cost
Office employees	2,226	$ 82,381	2,274	$ 99,115
Manufacturing employees	5,539	169,302	5,409	169,144
Total consolidated	7,765	$ 251,683	7,683	$ 268,259

31. AUDIT FEES

The following table shows the aggregate fees billed to the Company for professional services provided by Deloitte Audit S.à r.l. and other member firms (“Deloitte”) for the years ended:

(Amounts in thousands)	December 31, 2022	December 31, 2021
Statutory audits	$ 1,225	$ 1,092
Other audit – assurance services	367	383
Other audit – non-assurance services	396	465
Tax services	157	207
Other departments	210	117
Out of pocket	19	13
Total audit fees	$ 2,374	$ 2,277

32. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 18, 2023, which is the date the Consolidated Financial Statements were available.

On March 30, 2023, the Company closed on a committed five-year $400 million asset-based revolving credit facility. This facility, secured by certain assets, replaces the existing unsecured multicurrency revolving credit facility. It will provide funding for working capital and general corporate purposes.

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Annual Report, including the Consolidated Financial Statements
And Report of the *Réviseur d’entreprises agréé*

Year Ended December 31, 2023
And
Year Ended December 31, 2022

FORWARD-LOOKING STATEMENTS

The following discussion and analysis are intended to assist in providing an understanding of the Company's financial condition and results of operations and should be read in conjunction with the Audited Consolidated Financial Statements as of and for the years ended December 31, 2023 and 2022. The following discussion includes forward-looking statements which, although based on assumptions and/or estimates that the Company considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements.

These forward-looking statements can be identified by the use of forward-looking terminology, including, but not limited to, the terms "anticipate," "assume," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "forecasts," "should," "could," "would," "may," "will" and other similar expressions or, in each case, their negative or other variations or comparable terminology.

All statements other than statements of historical facts included in this document, including, without limitation, statements regarding the Company's future financial position, risks and uncertainties related to its business, strategy, capital expenditures, projected costs and its plans and objectives for future operations, may be deemed to be forward-looking statements. These forward-looking statements are subject to a number of risks and uncertainties.

The Company cautions that forward-looking statements are not guarantees of future performance and that the actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if the Company's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statement that the Company makes in this document speaks only as of the date on which it is made, and it does not intend to update such statements. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may not be within its control.

Moreover, the Company operates in a very competitive and rapidly changing environment. New risk factors emerge from time-to-time and it is not possible for it to predict all such risk factors, nor can it assess the impact of all such risk factors on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, one should not place undue reliance on forward-looking statements as a prediction of actual results.

NON-GAAP MEASURES

This document contains certain financial measures and ratios, including Beverage Can Bodies Volume, Adjusted EBITDA, cash flow conversion ratio, free cash flow, Total Debt and Net Debt, changes in Working Capital, Interest Coverage Ratio, Capital Expenditures, Maintenance Capital Expenditures, Expansionary Capital Expenditures that are not required by, or presented in accordance with, U.S. GAAP (the "**Non-GAAP Measures**").

The Company presents these Non-GAAP Measures because they are measures that its management uses to assess operating performance and liquidity, and it believes that they and similar measures are widely used in its industry as supplemental measures of performance and liquidity. These measures may not be comparable to other similarly titled measures of other companies and are not measurements under U.S. GAAP or other generally accepted accounting principles.

Non-GAAP Measures and ratios are not measurements of the Company's performance or liquidity under U.S. GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with U.S. GAAP or as alternatives to cash flow from operating, investing or financing activities.

OVERVIEW

BUSINESS OVERVIEW AND INDUSTRY TRENDS

Giorgi International Holdings S.à r.l. ("GIH") is the parent company of CANPACK S.A., which in turn is the parent company of the CANPACK Group. From this point forward, GIH and its subsidiaries will collectively be referred to as the "Company".

The Company manufactures and sells rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks and glass bottles. The activities include labeling, printing and coating of these products. The Company also has operations involved in the recycling business.

Sales are mainly in the European Union, United Kingdom, Eastern Europe, Middle East, India, Brazil, Colombia, and North Africa.

The following market circumstances currently constitute risks to the Company's sales volume and profitability:

- Changes in beverage consumption patterns,
- Strong competition;
- Unfavorable regulatory changes concerning the trade of alcohol and soft drink beverages (i.e,. sugar tax);
- Political instability in certain countries of Eastern Europe, Africa and the Middle East;
- Macro-economic changes including strong fluctuation of raw material prices and foreign exchange rates, particularly the depreciation of local currencies in certain countries where the Company operates; and

The imposition of sanctions on and counter-sanctions by Russia which risk continued operation of The Company's essentially stand-alone operations in Russia as well as the potential impact on aluminum supplies from Russia. The Company mitigates the risk of aluminum price inflation by passing the primary production cost (aluminum) to customers through inclusion price formulas negotiated in most contracts, with any residual risk being hedged through swap contracts.

CORPORATE STRATEGY

The Company's corporate strategy is to grow with its existing customers and to acquire new customers and to delight them with the highest quality packaging products in the industries served by the Company. Realization of the strategy is dependent on the following:

- Extending and diversifying the existing customer base;
- Increasing the portfolio of packaging types to meet market expectations;
- Improving the organizational processes within the Company in order to accelerate information flow and increase an efficiency and accuracy of business decisions;
- Continuously improving manufacturing systems within existing facilities to improve quality and efficiencies and reduce operating costs;
- Strengthening its position in the markets where the Company's products are currently produced and sold by maximizing production capacity and utilization in existing plants; and
- Entering new geographies through green-field development or through strategic acquisitions.

RESULTS OF OPERATIONS

CONSOLIDATED SALES AND EARNINGS

(Amounts in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022	Increase (decrease)
Net Sales	$ 3,323,300	$ 3,372,644	(1.5%)
Cost of Sales	2,730,276	2,873,756	(5.0%)
Gross Profit	593,024	498,888	18.9%
Net Income attributable to GIH	305,004	230,810	32.1%
Net Income attributable to GIH as a % of consolidated Net Sales	9.2%	6.8%	2.4%

Net sales were $3.3 billion during the twelve months ended December 31, 2023, a decrease of 1.5% compared to the twelve months ended December 31, 2022. This year-over-year ("YOY") decrease was primarily due to lower volumes in South America and the Middle East, as well as the contractual pass-through of lower aluminum London Metal Exchange ("LME") in our Beverage Cans and Ends division, partially offset by higher selling prices (excluding aluminum LME). Beverage can sales volumes decreased by 2.6% during the twelve months ended December 31, 2023 as compared to the twelve months ended December 31, 2022.

COST OF SALES

Cost of sales were $2.7 billion during the twelve months ended December 31, 2023, a decrease of 5.0% as compared to the twelve months ended December 31, 2022. This YOY decrease was primarily driven by lower sales volumes in the Beverage Cans and Ends division and lower cost of aluminum LME, partially offset by higher costs of labor and energy (primarily due to inflation).

Gross profit increased by 18.9% to $593.0 million for the twelve months ended December 31, 2023 as compared to the twelve months ended December 31, 2022.

DEPRECIATION AND AMORTIZATION

Depreciation is computed using various methods including the units of production method and the straight-line method. Property, plant, and equipment depreciated using the straight-line method is depreciated over the estimated useful lives of the respective assets, which are assigned as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 25 years
Transportation equipment	up to 5 years
Office equipment, furniture and miscellaneous	up to 10 years

Assets held under finance lease agreements are depreciated over the useful life of the asset if purchase or ownership transfer is intended after the termination of lease agreement. Otherwise, such assets are depreciated over the lease term.

Depreciation and amortization amounted to $106.2 million during the twelve months ended December 31, 2023, an increase of $3.8 million (or 3.7%) compared to the same period of 2022. Depreciation and amortization represented 3.2% of net sales for the twelve months ended December 31, 2023.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses were $247.0 million for the twelve months ended December 31, 2023, an increase of $49.4 million (or 25.0%) as compared to the twelve months ended December 31, 2022. The increase in those expenses for the twelve months ended December 31, 2023 in comparison to the same period ended December 31, 2022 was primarily attributed to increased labor costs due to inflation as well as a $14 million insurance reimbursement recorded in 2022. There were $1.7 million and $1.7 million research and developments costs included withing "Selling, general and administrative expenses" for the years ended December 31, 2023 and 2022, respectively.

INTEREST EXPENSE

Total interest costs, net was $11.2 million for the twelve months ended December 31, 2023, a decrease of $12.8 million (or 53.4%) compared to the twelve months ended December 31, 2022. This YOY decrease was primarily due to increased interest income from loans granted to related parties (see Note 10 for details).

TAX PROVISION

The effective income tax rate was 21.4% and decrease of (1.9)% compared to 2022. for the twelve months ended December 31, 2023 and 2022. Refer to Note 17 for details.

NET INCOME ATTRIBUTABLE TO GIH

Net income attributable to GIH was $305.0 million for the twelve months ended December 31, 2023, an increase of $74.2 million (or 32.1%) compared to the same period of 2022. The primary reasons for this YOY increase are detailed in the sub-sections above.

FINANCIAL CONDITIONS, LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS AND CAPITAL EXPENDITURES

(Amounts in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022
Net cash provided by operating activities	$ 596,749	$ 252,559
Net cash used in investing activities	(297,334)	(240,639)
Net cash used in financing activities	(436)	(15,315)

Cash flow provided by operating activities was $596.7 million for the twelve months ended December 31, 2023, an increase of $344.2 million compared to the twelve months ended December 31, 2022. The increase in cash flows provided by operating activities was caused primarily by improvement in Working Capital driven mainly by lower inventory balances.

Cash flow used in investing activities was $297.3 million during the twelve months ended December 31, 2023, an increase of $56.7 million compared to the twelve months ended December 31, 2022. The increase in the cash used for investing activities was primarily driven by granting a loan to CANPACK US LLC ("CPUS") in the amount of $165.8 million.

Cash flow used in financing activities was $0.4 million.

Cash and cash equivalents as at December 31, 2023 was $618.4 million.

DEBT FACILITIES AND REFINANCING

The Company uses asset based revolving credit lines and bonds as its primary debt instruments. The instruments used by the Company provide financing for both current and anticipated future financial needs of the Company. Total financial debt of the Company as of December 31, 2023 and 2022 was $884.6 million and $862.1 million, respectively. The main reason for this increase was related to exchange rates movements.

REVOLVING CREDIT FACILITY

On June 14, 2018, CANPACK S.A. entered into an unsecured multicurrency revolving credit facility. This facility includes a EUR 320 million multicurrency tranche (Tranche A) and a PLN 342 million tranche (Tranche B), with a termination date five years from the date of the facility agreement, subject to two one-year extension options (one of which has been exercised in 2019). The Company and consenting lenders can increase Tranche A, subject to the same terms, providing that the aggregate amount of the increase shall not exceed EUR 150 million.

In December 2020, an additional EUR 66 million was added to the multicurrency revolving credit facility bringing the total to EUR 386 million (Tranche A). The loan amount in PLN remained unchanged (Tranche B)

The Revolving Credit Facility was terminated on March 30, 2023 and replaced with the Asset-Based Revolving Credit Facilities described below.

ASSET-BASED REVOLVING CREDIT FACILITIES

On March 30, 2023, certain of the Company's subsidiaries and its affiliate, CPUS, closed on a five-year $400 million asset-based revolving credit facility ("USD ABL"). This facility, secured by certain assets, replaced the previous revolving credit facility which had no outstanding balance and was terminated in connection with conclusion of the USD ABL. The USD ABL will be used to provide funding for working capital and general corporate purposes. The available borrowing capacity under the facility as of December 31, 2023 was $176.4 million.

On June 30, 2023, the Company concluded a committed five-year EUR 100 million asset-based revolving credit facility ("EUR ABL"). This facility, secured by certain assets, will be used to provide funding for working capital and general corporate purposes. There are no outstanding borrowings under this agreement as of December 31, 2023. The available borrowing capacity under the facility as of December 31, 2023 was EUR 63.6 million ($70.2 million).

BONDS

In October 2020, the Company's subsidiary, CPSA together with CPUS, co-issued bonds ("the Bonds"). The bonds were allocated to CPSA and CPUS in the amount of EUR 600 million and $400 million, respectively. The Euro and US Dollar tranches bear interest at an annual rate of 2.375% and 3.125%, respectively. The Euro and US Dollar tranches mature on November 1, 2027, and November 3, 2025, respectively.

In October 2021, the Company's subsidiary, CPSA together with CPUS, co-issued another round of bonds ("New Bonds") which were allocated to CPSA and CPUS in the amount of $222.8 million and $577.2 million, respectively, and bear interest at an annual rate of 3.875%. The new bonds mature on November 15, 2029.

The bonds and the new bonds have various obligations imposed on the issuer and the guarantors, such as limitations on pledging assets as collateral, certain acquisitions, and incurring additional debt.

Funds from the EUR tranche of the Bonds were used for the repayment of approximately EUR 597 million related to bonds issued in previous years. The funds from the $400 million Bonds and the New Bonds allocated to CPUS have been used to construct new manufacturing facilities in the US and to fund its operations.

ADJUSTED EBITDA

Adjusted EBITDA consists of net income before income taxes; interest costs, net; depreciation and amortization; foreign exchange gain (loss); results of equity method investments; financial instruments; impairment costs; permitted disposals; start-up costs; and other adjusting items. For the years ended December 31, 2023 and December 31, 2022, adjusted EBITDA was $477.0 million and $416.9 million, respectively. This YOY increase of $59.7 million (or 14.3%) was primarily due to the net positive impact from higher selling prices and favorable mix partially offset by cost increases, as well as the lower impact of aluminum LME time lag.

START-UP COSTS

Start-up costs refer to all costs and expenses incurred in connection with the entry into a new market, the construction of a new plant, the addition of a new line in an existing plant, or the extension of an existing line. These costs are recorded commencing with identification of the potential opportunity until such plant or line has delivered commercial products to its customers. Trial costs, which are capitalized, are not included in start-up costs. Start-up costs primarily relate to the costs of recruitment, hiring, training, and paying the salaries of personnel before a new line or plant begins commercial production. These costs also include the cost of bringing in personnel from other facilities to train these new individuals and a limited amount of operating expenditures. Start-up costs were $0.5 million in the twelve months ended December 31, 2023, as compared to $2.3 million in the same period of 2022.

CONTINGENCIES AND COMMITMENTS

The Company is involved in the ordinary course of business in various commercial claims, disputes and lawsuits. It is management's opinion that the ultimate resolution of these matters will not have a material effect on the combined financial position, results of operations or liquidity of the Company.

Additional details of the Company's contingencies and commitments are included in Note 23 to the Consolidated Financial Statements.

SIGNATURES

Board of Managers

Peter F. Giorgi	Anthony Braesch	Jean-François Bouchoms

Luxembourg, April 12, 2024

Deloitte.

Deloitte Audit
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To the Sole Partner of

Giorgi International Holdings S.à r.l.

15, rue du Fort Bourbon

L - 1249 Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Report on the Audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Giorgi International Holdings S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as at December 31, 2023, the consolidated statements of income and comprehensive income , the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, prepared under Generally Accepted Accounting Principles applicable in the United States of America (US GAAP), including a foot note reconciling equity and net result to the International Financial Reporting Standards as adopted by the European Union (IFRS).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and of the consolidated financial performance and its consolidated cash flows for the year then ended in accordance with US GAAP.

Basis for Opinion

We conducted our audit in accordance with the Law of July 23, 2016 on the audit profession (Law of July 23, 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of July 23, 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé* for the Audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

Deloitte.

Emphasis of Matter – military conflict between Ukraine and Russia

We draw attention to Note 2 in the consolidated financial statements describing the impact of the ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation and counter - sanctions imposed by the Russian Federation on the Company. Our opinion is not modified in respect of this matter.

Emphasis of Matter – uncertainty related to future outcome of tax administrative proceedings

We draw attention to Note 9 in the consolidated financial statements, which discloses information on the developments of Polish Tax Authority audits against the Company's subsidiary – CANPACK S.A. and the Company's evaluation of the recoverability of WHT Receivable as of December 31, 2023. We note that the final outcomes of the tax audits described in Note 9 are dependent on future administrative and legal proceedings which are inherently uncertain. Our opinion is not modified in respect of this matter.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the consolidated annual report including the management report but does not include the consolidated financial statements and our report of the *réviseur d'entreprises agréé* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with US GAAP, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the réviseur d'entreprises agréé for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the *réviseur d'entreprises agréé* that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of July 23, 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *réviseur d'entreprises agréé* to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *réviseur d'entreprises agréé*. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de révision agréé*

PP

Ludovic Mosca

Maël Garo, *Réviseur d'entreprises agréé*
Partner

April 12, 2024

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	NOTES	December 31, 2023	December 31, 2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**3**	$ 618,450	$ 287,372
Trade receivables, net	**4,26**	740,234	758,859
Income taxes receivable		29,042	11,308
Other receivables	**5,25,26**	31,311	37,097
Inventories	**6**	391,718	620,026
Financial instruments	**20,21**	35,317	11,746
Current portion of loans granted to related company	**10,26**	159,792	-
Other current assets	**3,7**	38,843	40,758
Assets held for sale	**2**	138,891	-
Total current assets		2,183,598	1,767,166
NON-CURRENT ASSETS			
Property, plant and equipment, net	**8**	1,445,334	1,475,642
Intangible assets, net		1,531	1,015
Long-term receivables	**9,25,26**	79,167	63,227
Long-term loans granted to related company	**10,26**	100,420	95,559
Goodwill	**11**	47,295	43,756
Deferred tax assets	**17**	32,518	29,907
Financial instruments	**20,21**	1,831	7,200
Other non-current assets	**13,26**	93,112	75,280
Total non-current assets		1,801,208	1,791,586
TOTAL ASSETS		$ 3,984,806	$ 3,558,752

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

		December 31, 2023	December 31, 2022
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade accounts payable	**26**	$ 425,832	$ 442,378
Taxes payable other than income taxes		38,059	37,783
Accrued expenses and other liabilities	**15,23,25,26**	166,629	165,115
Income taxes payable		19,749	20,856
Current portion of finance lease obligations		432	648
Financial instruments	**20,21**	5,970	11,518
Liabilities held for sale	**2**	22,239	-
Total current liabilities		678,910	678,298
NON-CURRENT LIABILITIES:			
Long-term debt, net	**14**	876,982	852,948
Finance lease obligation, less current portion		454	759
Deferred tax liabilities	**17**	72,471	63,848
Financial instruments	**20,21**	2,506	585
Other non-current liabilities	**18,25**	67,570	68,663
Total non-current liabilities		1,019,983	986,803
SHAREHOLDER’S EQUITY:			
Common stock	**26**	6,718	6,718
Share premium		481,754	481,504
Legal reserve		672	672
Additional paid-in capital		31,866	31,661
Retained earnings		1,772,274	1,541,464
Profit of the year		305,004	230,810
Accumulated other comprehensive loss	**22**	(312,375)	(399,178)
Total shareholder’s equity		2,285,913	1,893,651
TOTAL LIABILITIES AND EQUITY		$ 3,984,806	$ 3,558,752

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF INCOME
(Amounts in thousands)

	December 31, 2023	December 31, 2022
Net sales	$ 3,323,300	$ 3,372,644
Cost of sales	2,730,276	2,873,756
Gross profit	593,024	498,888
Selling, general and administrative expenses	247,033	197,634
Asset impairment losses	1,035	1,699
Operating income	344,956	299,555
Other income (expense):		
Interest costs, net	(11,213)	(24,049)
Foreign exchange gain (loss)	30,183	(13,721)
Results of equity method investments	-	204
Other	23,977	24,804
Total other income (expense)	42,947	(12,762)
Income before income taxes	387,903	286,793
Income taxes	82,899	55,983
Net income	$ 305,004	$ 230,810

The accompanying notes are an integral part of these consolidated financial statements

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)

	December 31, 2023	December 31, 2022
Net income	$ 305,004	$ 230,810
Other comprehensive income (loss):		
Foreign currency translation adjustment	77,303	(110,139)
Hedging instruments, net of taxes of $(2,865) and $4,476, respectively	9,500	(25,360)
Total other comprehensive income (loss)	86,803	(135,499)
Comprehensive income	$ 391,807	$ 95,311

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in thousands)

	Subscribed capital	Share premium	Legal reserve	Additional paid in capital	Retained earnings	Cumulative other comprehensive income (loss)	Total Shareholder's Equity
Balance at December 31, 2021	$ 6,718	$ 481,154	$ 672	$ 11,854	$ 1,540,458	$ (263,679)	$ 1,777,177
Net income	-	-	-	-	230,810	-	230,810
Other comprehensive income (loss):							
Foreign currency translation adjustment	-	-	-	-	-	(110,139)	(110,139)
Hedging instruments	-	-	-	-	-	(29,836)	(29,836)
Deferred tax on hedging instruments	-	-	-	-	-	4,476	4,476
Share premium increase	-	350	-	-	-	-	350
ASU 2016-02 implementation with subsequent amendments (see Note 2 and 24)	-	-	-	-	1,006	-	1,006
Intercompany mark-up	-	-	-	19,807	-	-	19,807
Balance at December 31, 2022	$ 6,718	$ 481,504	$ 672	$ 31,661	$ 1,772,274	$ (399,178)	$ 1,893,651
Net income	-	-	-	-	305,004	-	305,004
Other comprehensive income (loss):							
Foreign currency translation adjustment	-	-	-	-	-	77,303	77,303
Hedging instruments	-	-	-	-	-	12,365	12,365
Deferred tax on hedging instruments	-	-	-	-	-	(2,865)	(2,865)
Share premium increase	-	250	-	-	-	-	250
Intercompany mark-up	-	-	-	205	-	-	205
Balance at December 31, 2023	$ 6,718	$ 481,754	$ 672	$ 31,866	$ 2,077,278	$ (312,375)	$ 2,285,913

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	December 31, 2023	December 31, 2022
Operating activities:		
Net income	$ 305,004	$ 230,810
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	105,143	102,366
Amortization of debt issuance costs	3,846	2,326
Deferred income taxes	9,424	1,262
Foreign exchange gain (loss)	(57,956)	13,985
Non-cash operating lease expense	3,727	3,536
Changes in current assets and liabilities:		
Receivables, net	26,742	120,671
Inventories	229,876	(241,310)
Other current assets and other receivables	(38,622)	(24,083)
Trade accounts payable, accrued expenses and other liabilities	32,597	32,081
Income tax	(18,731)	(9,390)
Other	(4,301)	20,305
Net cash provided by operating activities	596,749	252,559
Investing activities:		
Cash paid for property, plant and equipment and equipment deposits	(135,742)	(185,422)
Proceeds from the sale of property, plant and equipment	4,262	878
Loans granted to related parties	(165,845)	(76,106)
Repayment of loans granted to related parties	-	9,780
Investing activities, other	(9)	10,231
Net cash used in investing activities	(297,334)	(240,639)
Financing activities:		
Issuance of debt, net of issuance costs	14,056	152,638
Repayment of debt	(14,267)	(167,698)
Finance lease payments	(475)	(605)
Capital contribution from parent	250	350
Net cash provided by (used in) financing activities	(436)	(15,315)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	29,420	(25,221)
Net increase (decrease) in cash, cash equivalents and restricted cash	328,399	(28,616)
Cash, cash equivalents and restricted cash at beginning of year	291,185	319,801
Cash, cash equivalents and restricted cash at end of year	$ 619,584	$ 291,185
Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 27,982	$ 27,920
Income taxes	$ 78,604	$ 43,225
Operating leases	$ 4,669	$ 4,210
Finance leases	$ 811	$ 605
Non-cash investing and financing activities for:		
Purchases of fixed assets in accrued expenses	$ 14,705	$ 40,181
Right-of-use assets obtained in exchange for finance leases obligations	$ 269	$ 1,131
Right-of-use assets obtained in exchange for operating leases obligations	$ 3,606	$ 39,381

1. NATURE OF BUSINESS

These Consolidated Financial Statements represent the consolidated statements of position and activities of Giorgi International Holdings S.à r.l ("GIH") and its wholly-owned subsidiary, CANPACK S.A. ("CPSA"), (collectively, the "Company").

Giorgi International Holdings S.à r.l. was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organized under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The Company manufactures and sells rigid packaging such as beverage cans, general-line cans, sanitary cans, aerosol cans, can ends including easy open ends, crown corks, and glass bottles. The subsidiaries' activities also include labeling, printing, and coating of these products. The Company is also involved in the recycling business.

Sales of the Company are mainly in the European Union, United Kingdom, Russia, Ukraine, United Arab Emirates and other Persian Gulf countries, India, Brazil, Colombia, and countries in North Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL YEAR

The Company's reporting period covers the 12 months from January 1, 2023 to December 31, 2023. Comparative data covers the 12 months from January 1, 2022 to December 31, 2022.

BASIS OF PRESENTATION

The accompanying Consolidated Financial Statements include adjustments and reclassifications which are appropriate to present the Consolidated Financial Statements in accordance with the accounting principles generally accepted in the United States of America ("U.S. GAAP") pursuant to a derogation granted by the Minister of Justice. As required by the Minister of Justice's derogation letter, dated August 30, 2023, a reconciliation between U.S. GAAP and the IFRS Accounting Standards ("IFRS") as adopted by the European Union is presented in Note 29.

Certain prior years amounts have been reclassified to conform to current year presentation.

Military conflict between Ukraine and Russia

The ongoing military conflict between Ukraine and Russia and the related sanctions targeted against the Russian Federation and counter - sanctions imposed by the Russian Federation had an impact on the Company.

This impact was observed mainly through:

- changes in the supply chain as a result of the introduction of sanctions targeted against the Russian Federation;
- changes in the purchase prices of the Company's basic raw materials;
- volatility of energy prices and currency exchange rates.

The Company monitors developments in Russia and Ukraine on an ongoing basis and adjusts its activities to changing market conditions. Nevertheless, a prolonged military conflict in Ukraine may have a negative impact on the Company's operations (sales volumes, purchases, cash flows, and profitability as well as certain of the Company's purchasing, production and sales activities). This may result in assumptions and estimates requiring revisions which may lead to material adjustments to the carrying value of assets and liabilities in future periods. In particular, the Company expects the assumptions and estimates used in determining the value of its cash, accounts receivable, inventory and property, plant, and equipment may all be affected.

As of and for the year ended December 31, 2023, the Company had following involvement in Russia and Ukraine:

	Russian Federation		Ukraine	
	Amount in $ million	% share of total Consolidated values	Amount in $ million	% share of total Consolidated values
Assets	256.6	6.4 %	72.8	1.8 %
Liabilities	68.8	1.7 %	10.9	0.3 %
External Net Sales	286.4	8.6 %	127.7	3.8 %

As of December 31, 2023, the Company completed a recoverability test, which resulted in no impairment recognition related to its Russia and Ukraine assets.

The Company's operations in Russia continue to operate in compliance with all applicable laws, sanctions, and counter - sanctions. Due to the continued aggression, the Company will not undertake any further investments in Russia. The Company will continue to assess all options as it may at some point in time become untenable to continue the Company's operations in Russia. The Company continues and supports its operations in Ukraine considering the existing and emerging business restrictions caused by the war.

As of the date of these financial statements, the Company continues to meet its obligations as they become due and therefore continues to apply the going concern basis of accounting.

Acquisitions and Disposals

On April 7, 2022, TAPON FRANCE S.A.S. registered 100% ownership of shares in CANPACK FRANCE SAS, a new company in France.

On September 30, 2022, CPSA sold its 35% interest in Can Asia Inc. See Note 12 for details.

On November 28, 2023, CPSA entered into a conditional sale agreement with BA Glass (collectively "the parties"), under which CPSA will transfer its CANPACK Glass operations in Poland to BA Glass. The parties committed to ensure a smooth transition of the CANPACK Glass operations and employees into the BA Glass organization in Poland.

In February 2024, the parties received Polish anti-monopoly authority's approval for the transfer. Currently, the transfer is pending customary closing formalities and is anticipated to be completed during the first half of 2024. As of December 31, 2023, the Company has presented CANPACK Glass assets and liabilities under "Assets held for sale" and "Liabilities held for sale" on the Consolidated Balance Sheets.

Major classes of assets and liabilities of the business classified as held for sale were as follows:

(Amounts in thousands)	December 31, 2023
Trade receivables, net	$ 25,413
Other receivables	192
Inventories	22,498
Other current assets	450
Property, plant, and equipment, net	89,490
Other non-current assets	848
Total assets held for sale	$ 138,891
Trade accounts payable	$ 17,708
Accrued expenses and other liabilities	4,016
Current portion of finance lease obligations	18
Finance lease obligation, less current portion	20
Other non-current liabilities	477
Total liabilities held for sale	$ 22,239

THE COMPANY'S SHAREHOLDING STRUCTURE OF CONSOLIDATED AND AFFILIATED COMPANIES AS OF DECEMBER 31, 2023 IS PRESENTED BELOW:

		GIH shareholding	Other shareholding
Subsidiaries accounted for under the Consolidation Method:			
CANPACK S.A.	Poland	100%	0%
CANPACK Ukraine LLC	Ukraine	100%	0%
CANPACK Romania s.r.l.	Romania	100%	0%
CANPACK ME DMCC	U.A.E.	100%	0%
CANPACK Middle East One Person Company LLC	U.A.E.	100%	0%
CANPACK UK Ltd.	United Kingdom	100%	0%
CANPACK India Private Limited	India	100%	0%
OOO Can-Pak Zavod Upakovki	Russia	100%	0%
OOO Can-Pak LLC	Russia	100%	0%
CANPACK Food and Industrial Packaging sp.z o.o.	Poland	100%	0%
CANPACK Metal Closures Sp. z o.o.	Poland	100%	0%
Ukr-Pack LLC	Ukraine	100%	0%
CANPACK Yavoriv LLC	Ukraine	100%	0%
CANPACK Slovakia s.r.o.	Slovakia	100%	0%
KAMOKO s.r.o.	Czech Republic	100%	0%
TAPON FRANCE S.A.S.	France	100%	0%
CANPACK France SAS	France	100%	0%
CP Glass S.A.	Poland	100%	0%
CANPACK Recycling Sp. z o.o.	Poland	100%	0%
Alu Packaging FZE	U.A.E.	100%	0%
Tapon Spain S.L.U.	Spain	100%	0%
CANPACK Morocco S.A.R.L.	Morocco	100%	0%
CANPACK Brasil Indústria de Embalagens LTDA	Brazil	100%	0%
CANPACK Istambul Ambalaj t.l.s	Turkey	100%	0%
CANPACK Recycling S.R.L.	Romania	100%	0%
K2017261388 PTY LTD	South Africa	100%	0%
CANPACK NL Holdings B.V.	Netherlands	100%	0%
CANPACK Netherlands B.V.	Netherlands	100%	0%
CANPACK Finland Oy	Finland	100%	0%
CANPACK Czech s.r.o.	Czech Republic	100%	0%
CANPACK Columbia S.A.S.	Colombia	100%	0%
IPOPEMA 68	Poland	100%	0%
Fundacja Can-Pack	Poland	100%	0%

PRINCIPLES OF CONSOLIDATION

The Company consolidates entities in which it owns or controls more than 50% of voting shares or otherwise has a controlling financial interest in the entity. The Company considers itself to have a controlling financial interest in an entity if it has (1) the power to direct the activities of the entity that most significantly impact the entity's economic performance and (2) the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the entity.

The Company accounts for its investment in an entity of which it owns between 20% and 50%, or for which it exerts significant influence without the ability to control the entity, using the equity method under which the Company's share of net income of the entity is recognized as income in the Company's Consolidated Statements of Income. The Company accounts for dividends received from an entity accounted for using the equity method as a reduction of "Investments in related companies" in the Company's Consolidated Balance Sheets. The Consolidated Financial Statements include the Company's net assets and results of operations for the periods described above. All intercompany balances and transactions have been eliminated. Transactions with entities under common control, which are not part of the Company, are disclosed as transactions with related parties.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Balance sheets of the subsidiaries are translated into the Company's reporting currency, U.S. dollar, using closing exchange rates as of the balance sheet date, while statements of income are translated into U.S. dollars at monthly average rates. Adjustments resulting from financial statement translations are included as cumulative translation adjustments in "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets.

Changes in the foreign exchange rates of the local currencies against U.S. dollar, between January 1, 2023 and December 31, 2023 and between January 1, 2022 and December 31, 2022, had a material impact on the balances presented in the Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, and Consolidated Statements of Cash Flows.

Since the Company has operations in 17 countries and sells its products in approximately 100 countries, management monitors economic and currency-related risks and seeks to take protective measures in response to these exposures. Some of the countries in which the Company does business (e.g. Brazil, Russia, India and Ukraine) have recently experienced periods of significant economic uncertainty. Management continuously monitors operations, currencies and net monetary exposures in these countries. For the years ended December 31, 2023 and 2022, the Company was not required to apply highly inflationary accounting in these countries.

USE OF ESTIMATES

The preparation of Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses, and disclosures related to commitments and contingencies. The significant areas of estimation used in the preparation of the accompanying Consolidated Financial Statements may relate to inventory obsolescence and excess stock reserves, bad debt allowances, retirement accruals, estimated income tax assets and liabilities, goodwill impairment, fair value of assets acquired and liabilities assumed in business combinations, useful lives for depreciation and amortization of tangible and intangible assets and accruals associated with pending and threatened litigation. Future events may occur which may cause the assumptions used in arriving at these and other estimates to change. The effect of any changes in estimates will be recorded in the Consolidated Financial Statements, when determinable. Actual results could differ materially from these estimates.

REVENUE RECOGNITION

The Company recognizes revenue when control of a good or service has transferred to the customer in an amount that reflects what the Company expects to be entitled to in exchange for those goods or services as required by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, "*Revenue from Contracts with Customers*" ("ASC 606"). Such control may be transferred over time or at a point in time depending on satisfaction of obligations stipulated by the contract. Consideration expected to be received may consist of both fixed and variable components and is allocated to each separately identifiable performance obligation based on the performance obligation's relative standalone selling price. Variable consideration usually takes the form of volume-based discounts, cash discounts, and other incentives. Determining the estimated amount of such variable consideration involves assumptions and judgment that can have an impact on the amount of revenues reported.

In the context of the revenue recognition standard, enforceable contracts are those that have an enforceable right to payment, which the Company typically has once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract. Enforceable contracts, as defined, all have a duration of less than one year.

For certain contracts, the Company manufactures products for customers that have no alternative use, and such performance obligations are recognized over time, when the Company has an enforceable right to payment for production completed to date. For all other contracts, the Company recognizes revenue at a point in time, typically upon dispatch of the goods.

Up-front Payments to Customers

The Company's subsidiaries have made payments to customers at the inception of certain contracts. Such payments relate to sign-on bonuses paid to their customers on commencement of the contract. These payments have been recognized as assets and are presented in the Consolidated Balance Sheets as "Other current assets" and "Other non-current assets" and are disclosed as "Direct sales contract acquisition costs" in Note 7 and 13. The related assets are amortized into revenue over the period that the goods are expected to be delivered to the customer, consistently with the timing of the transfer of goods to customers.

Practical Expedients

For contracts that have an original duration of one year or less, the Company has elected the practical expedient applicable to such contracts and has not disclosed the transaction price for future performance obligations as of the end of each reporting period or when the Company expects to recognize sales.

The Company has also elected the sales tax practical expedient; therefore, sales and other taxes assessed by a governmental authority that are collected concurrent with revenue-producing activities are excluded from the transaction price.

For shipping and handling activities performed after a customer obtains control of the goods, the Company has elected to account for these costs as activities to fulfill the promise to transfer the goods; therefore, these activities are not assessed as separate performance obligations.

The Company has also elected the significant financing component practical expedient which allows the Company to not assess whether the contract has a significant financing component in circumstances where, at contract inception, the expected contract duration is less than one year.

Performance Obligations

At contract inception, the Company assesses the goods and services promised in its contracts with customers and identifies a performance obligation for each promise to transfer goods or services to the customer.

To identify its performance obligations, the Company considers all of the goods or services promised in the contract, regardless of whether they are explicitly stated or are implied by customary business practices.

The Company has determined that the following distinct goods and services represent separate performance obligations:

- Manufacture of customized beverage cans with no alternative use;
- Manufacture of customized glass bottles with no alternative use;
- Manufacture of customized crown corks with no alternative use;
- Manufacture of customized and non-customized steel cans;
- Manufacture of non-customized aluminum and steel can ends.

Revenue related to performance obligations for products with no alternative use is recognized over time when the Company has manufactured a customized item and has an enforceable right to payment. Revenue related to products with alternative use is recognized at a point in time. Contracts may be short-term or long-term, with varying payment terms. The Company's payment terms vary by the type and location of the customer and the products offered. Customers pay in accordance with negotiated terms, which are typically triggered upon ownership transfer. All payment terms are less than one year. For all contracts, the transaction price is determined upon establishment of the contract that contains the final terms of the sale, including the description, quantity, and price of each product or service purchased.

Significant Judgments

TIMING OF RECOGNITION

The determination that sales should be recognized at a point in time most often results from the existence of an alternative use for the product. Products that are not customized for a customer prior to delivery are considered to have an alternative use, and sales are recognized at the point of control transfer. Determining when control transfer occurs requires management to make judgments that affect the timing of when sales are recognized. The Company considers control to have transferred for these products upon shipment or delivery, depending on the legal terms of the contract, because the Company has a present right to payment at that time, the customer has legal title to the asset, the Company has transferred physical possession of the asset and/or the customer has significant risks and rewards of ownership of the asset. The Company determines that control transfers to a customer as described above and provides a faithful depiction of the transfer of goods.

For performance obligations related to products that are customized with no alternative use, the Company transfers control and records sales over time when the Company has a right to payment for performance completed to date. The recognition of sales occurs over time as goods are manufactured and the Company has an enforceable right to payment for those goods, which is an output method. Determining a measure of progress requires management to make judgments that impact the timing of when sales are recognized. The Company has determined the above provides a faithful depiction of the transfer of goods to the customer. The number of units manufactured that have an enforceable right to payment is the best measure of depicting the Company's performance as control is transferred. The customer obtains value as each unit is produced under a binding contract.

The enforceable right to payment may be explicit or implied in the contract. If the enforceable right to payment is not explicit in the contract, the Company must consider if there is an implied right based on customer relationships or previous business practices and applicable law. Typically, the Company has an enforceable right to payment of costs plus a reasonable margin once a binding forecast or purchase order (or similar evidence) is in place and the Company produces under the contract.

DETERMINING THE TRANSACTION PRICE INCLUDING VARIABLE CONSIDERATION

Revenue is measured as the amount of consideration the Company expects to be entitled to in exchange for transferring goods or providing services. To estimate variable consideration, the Company applied the "most likely amount" method which identifies the single most likely outcome in a range of possible amounts. The primary types of variable consideration present in the Company's contracts are per-unit price changes, volume discounts and rebates. Once variable consideration has been estimated, it will be constrained to the amount which is probable and will not result in a significant reversal of the cumulative amounts of sales recognized when the variability is resolved.

The Company performs reassessment of Variable Consideration at the end of each reporting period to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. Any change in Variable Consideration estimate are accounted for in the period of change if the change affects that period only or in the period of change and future periods if the change affects both.

Stand-alone selling price is then used to allocate total consideration proportionally to the various performance obligations within a contract. In making its determination of stand-alone selling price, the Company maximizes its use of observable inputs.

CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of temporary cash investments and trade accounts receivable. The Company restricts investment in short-term highly liquid investment to financial institutions with a high credit standing. Credit risk on trade receivables is generally minimal as a result of the large and diverse nature of the Company's customer base. The Company has one customer whose sales individually represented 13% and 16% of the Company's total net sales in the years ended December 31, 2023 and 2022, respectively. The Company requires collateral or letters of credit on certain of its credit sales. The Company has not experienced unusual credit losses.

SHIPPING AND HANDLING COSTS

Shipping and handling costs billed to customers are included in "Net sales" in the Company's Consolidated Statements of Income. The Company records freight and any directly related cost of transporting the products to customers as "Cost of sales" in the Company's Consolidated Statements of Income.

CASH AND CASH EQUIVALENTS

Investments that are highly liquid and have original maturities of three months or less at the date of purchase are classified as cash equivalents. The carrying value of these investments approximates their fair value.

TRADE RECEIVABLES

Trade accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on current expected credit loss. The measurement of expected credit losses is based on past events, historical experience, current conditions, and forecasts that affect the collectability of accounts receivable. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

Unbilled receivables are recorded when revenue is recognized in advance of invoice billing and when the right to customer payment is unconditional.

HEDGE ACCOUNTING

Financial Accounting Standards Board ("FASB") ASC" 815, *Derivatives and Hedging*, ("ASC 815") requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of, and gains and losses on, derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. The Company has included the required disclosures in the accompanying Consolidated Financial Statements.

The Company records the gain/loss related to effective part of hedging transactions in "Accumulated other comprehensive loss" until the forecasted transaction occurs. When the forecasted transaction occurs, the Company reclassifies the related gain or loss on the cash flow hedge to the Consolidated Statements of Income. In the event the underlying forecasted transaction does not occur, or it becomes probable that it will not occur, the Company reclassifies the gain or loss on the underlying hedge into the Consolidated Statements of Income.

INVENTORIES

Items included in inventory in the Consolidated Balance Sheets include raw materials and supplies, work in process, manufactured finished goods, and purchased goods available for resale (collectively "Inventory Goods"). Inventory Goods are valued using the weighted-average cost method, are reflected at the lower of cost or net realizable value, and include all costs directly associated with manufacturing products: materials, labor and manufacturing overhead.

"Inventory" also includes property related to real estate business. Property recorded within inventory is measured at the lower of cost or net realizable value. Cost of properties held includes freehold and leasehold rights for land, amounts paid to contractors for construction, borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs necessarily incurred to bring the asset to the condition and location necessary for its intended use.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment is stated at cost, less accumulated depreciation. The Company capitalizes interest on loans incurred during the period of asset construction. Major renewals and betterments are capitalized while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed when incurred. When an asset is disposed of, the asset and the related accumulated depreciation are eliminated and any gain or loss on the transaction is included in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Income.

Depreciation is computed using various methods including the units of production method and the straight-line method. Property, plant, and equipment depreciated using the straight-line method is depreciated over the estimated useful lives of the respective assets, which are assigned as follows:

Buildings and improvements	10 to 40 years
Machinery and equipment	5 to 25 years
Transportation equipment	up to 5 years
Office equipment, furniture and miscellaneous	up to 10 years

The Company manufactures certain machinery and equipment which, once completed, is being sold to related parties. In prior periods, such machinery and equipment was presented within "Inventories" and advances for them within "Other current assets" in the Consolidated Balance Sheets. Starting December 31, 2022, such machinery and equipment is presented within "Property, plant and equipment, net" and advances for them within "Other non-current assets" in the Consolidated Balance Sheets. The Company does not consider this change of presentation as a change in accounting policy; and therefore, applied it prospectively.

Assets held under finance lease agreements are depreciated over the lesser of the useful life or the lease term, if no purchase after the termination of lease agreement is intended.

Property, plant, and equipment is reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

INCOME TAXES

Income tax expenses and benefits are recognized based on the tax laws and regulations in the jurisdictions in which the Company operates. The provision for income taxes includes income taxes currently payable and deferred income taxes recognized for the future tax consequences attributable to differences between the financial statement carrying value amounts and income tax bases of existing assets and liabilities and the expected benefits of utilizing net operating loss and tax credit carryforwards.

Under the uncertain tax position provisions of FASB ASC 740, *Income Taxes*, the Company recognizes liabilities for income tax and related interest and penalties for issues in all tax jurisdictions based on an estimate of whether, and the extent to which, additional taxes and related interest and penalties will be due. The calculation of income tax liabilities related to uncertain income tax positions involves management judgments concerning uncertainties in the application of complex tax regulations in many jurisdictions in which the Company operates and involves consideration of potential liabilities for potential tax audit or potential benefit issues in those jurisdictions based on estimates of whether it is more likely than not those additional taxes will be due.

The Company recognizes interest and penalties related to unrecognized tax benefits within Income taxes in the Company's Consolidated Statements of Income. Unrecognized tax benefits, inclusive of accrued interest and penalties are included within "Other non-current liabilities" in the Company's Consolidated Balance Sheets.

Deferred tax assets and liabilities are calculated based on the differences between the Company's financial statement basis and the tax basis in the Company's assets and liabilities and based on the enacted tax rates in effect for the years in which those temporary differences are expected to be recovered or settled. The Company evaluates its deferred tax assets, to determine if valuation allowances are required or should be adjusted. To determine the amount of the valuation allowance, the Company will analyze all available positive and negative evidence to establish if sufficient taxable income will be available to use the tax assets. To the extent that it is not more likely than not that the deferred tax asset will be realized, a valuation allowance is recorded.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill is recognized as the excess of the purchase price over the fair value of tangible and identifiable intangible net assets acquired in a business combination.

The Company accounts for goodwill and intangible assets that have indefinite useful lives as required by FASB ASC 350, *Intangibles – Goodwill and Other*. Goodwill is not amortized, but instead is tested for impairment at the reporting unit level at least annually as well as whenever a significant event or circumstance occurs which could reduce the fair value of the reporting unit to which the goodwill applies below the carrying amount of the reporting unit. A reporting unit is an operating segment or one level below. The Company does not have intangible assets other than goodwill that have indefinite useful lives.

The Company has selected September 30, 2023 as the date to perform its annual impairment test for all of its reporting units. This date aligns impairment testing procedures with the timing of management's long-term planning process, which is a significant input to the testing.

In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company assessed macroeconomic conditions, market considerations, entity performance and other relevant entity-specific events.

In performing the goodwill impairment test, the Company estimates the fair value of its reporting units using the projected future cash flows to be generated by each reporting unit over the estimated remaining useful operating lives of the reporting unit's assets, discounted using the estimated cost of capital for each reporting unit. The estimated fair value of the reporting unit is compared to the recorded value of net assets, including goodwill to determine if a goodwill impairment charge is required.

Other finite-lived intangible assets are stated at cost less accumulated amortization and are amortized to their estimated residual values on a straight-line basis over the estimated future periods of benefit. Finite-lived intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk.

Amortization of other finite-lived intangible assets is computed using the straight-line method over the estimated useful lives of the respective assets, which are assigned as follows:

Customer relationship	3 years
Other	2 to 5 years

ADVERTISING AND PROMOTION EXPENSE

All advertising and promotion costs are expensed when incurred. These costs are presented under "Selling, general and administrative expenses" in the Consolidated Statements of Income.

FINANCIAL INSTRUMENTS

The Company uses: (a) aluminum swap contracts in order to manage risks associated with market fluctuations in aluminum prices and (b) non-delivery and delivery forward contracts to hedge changes of currency exchange rates. Certain of these contracts have been designated as cash flow hedges.

In its operations, the Company is exposed to the risk of changes in London Metal Exchange ("LME") quotes of aluminum and currency exchange rates. The Company endeavors to avoid unnecessary risks and limit the impact of threats related to its basic business to an acceptable level, which is achieved by means of hedging transactions. Managing the risk to which it is exposed, the Company conducts activities aimed at optimization of cash flow. The main risk to which the Company is exposed in connection with its operations is the risk of changes of the quotes of aluminum on the LME and the risk of changes in exchange rates.

COMMODITY RISK

The risk of changes of the price of aluminum is connected with the common practice of determining the prices in the contracts on the basis of the monthly average sales price of aluminum on the LME. In order to hedge against that risk, the Company enters into non-delivery swap contracts. These contracts are designated as cash flow hedges. The Company assesses hedge effectiveness and there are no components excluded from the assessment. The effective portion of the hedging instrument is reported in "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets. The contracts outstanding at December 31, 2023 expire within three years.

FOREIGN CURRENCY RISK

The risk related to changes of currency exchange rates is also significant for the Company, particularly in the aspect of the exchange rates of EUR, USD, and GBP to PLN. Exposure to currency risk occurs in the Company's operating, investing and financing activities. In the case of operating activities, the primary sources of currency risk for the Company are the price quotes of raw materials, which are the basis for calculating the prices of materials and products, and the denomination of the vast majority of sales contracts in foreign currency. Both the costs of purchasing the material and the sales income for the manufactured product may be denominated in foreign currencies. The raw material is quoted in USD. If the settlement currency is a currency other than USD (typically EUR or GBP), the cost of purchasing the material or the price of selling are converted into the currency of payment based on the current rates published by the LME or the European Central Bank. The currency risk results from the mismatch in the inflows related to sold products and the outflows connected with purchasing of the raw materials, expressed or indexed to the currency. In terms of investing activity, the main source of currency risk are expenses related to the purchase of machinery and equipment and investments in various subsidiaries of the Company. These positions are indexed to foreign currency or denominated in foreign currency. In terms of financing activities, the Company is exposed to currency risk in connection with executed contracts causing the formation of obligations and debts expressed in foreign currency or indexed to them (granted and received credits, loans, bonds etc.)

The Company uses forward contracts to hedge changes of currency exchange rates. The transactions hedging the currency exchange are classified based on their objective as transactions hedging the future cash flows. The instruments hedging the currency risk are reported in the value of the cash flows realized on those transactions. Every month the Company evaluates the effectiveness of hedging of the open contracts, and the effective portion is recorded as a component of "Accumulated other comprehensive loss" in the Company's Consolidated Balance Sheets. The contracts outstanding at December 31, 2023 expire within two years.

CASH FLOW HEDGES

Due to the nature of the conducted business, the Company is exposed to market risk related to changes in the price of aluminum quoted on LME, changes in the aluminum premium price published by Platts and Fastmarkets, and changes in currency rates. To manage the commodity and currency price risk the Company concludes aluminum swap contracts, aluminum premium swaps contracts and currency forward contracts.

The Company's derivative instruments are designated and qualified as cash flow hedges. Hedge accounting has been elected for these instruments, whereby the effective portion of the gain or loss is reported as a component of "Accumulated other comprehensive loss" and reclassified into earnings in the same period in which the hedged transaction affects earnings. Every month the Company evaluates the effectiveness of hedging of all open contracts, the results of which are booked accordingly.

As of December 31, 2023, the Company had 1,849 open commodity swap contracts and 1,039 forward contracts hedging foreign currency exchange rates. As of December 31, 2022, the Company had 1,590 open commodity swap contracts and 1,265 forward contracts hedging foreign currency exchange rates. The contracts have been executed with large financial institutions which management believes significantly reduces the Company's exposure to credit risk. As of December 31, 2023 and 2022, these contracts had maturities of three years or less.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

When determining fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and also considers assumptions that market participants would use when pricing an asset or liability. The fair value hierarchy has three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

LONG-TERM LOANS GRANTED TO RELATED COMPANY

Loans granted are generally measured at amortized cost using the effective interest method, less any impairment. The collectability of both interest and principal of each loan is evaluated whenever events or changes in circumstances indicate such amounts may not be recoverable. A loan is impaired when it is probable that the Company will be unable to collect all amounts due according to the existing contractual terms. When a loan is impaired, the amount of the loss accrual is calculated by comparing the carrying amount of the investment to the present value of expected future cash flows discounted at the loan's effective interest rate.

LONG-TERM INVESTMENTS

Shares in non-public entities accounted for under the equity method are presented at cost plus the Company's share of the accumulated and undistributed net income of the investee.

Investments in related companies that are accounted for under the equity method are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is measured based on the excess of the carrying amount of an investment over its estimated fair value and is recorded when the Company concludes that such loss is other-than-temporary. The difference between the amount at which certain investments in related companies accounted for under the equity method are carried and the amount of underlying equity is not material.

TRANSFER OF RECEIVABLES

The Company accounts for the transfer of trade receivables under nonrecourse factoring agreements, in which the Company does not have any servicing obligation or beneficial interest, as a sale when title is transferred. The expense incurred by the Company related to sales of its trade receivables is presented in the Consolidated Statements of Income under "Selling, general and administrative expenses".

LONG-TERM RECEIVABLES

Long-term receivables are recorded at nominal values less an estimate made for doubtful receivables based on current expected credit loss.

BONDS

The Company has issued long-term bonds. The liabilities are presented as "Long-term debt" in the Company's Consolidated Balance Sheets at face value, net of unamortized debt issuance cost and discount. The debt issuance cost and discounts are amortized into the liability over the period from issuance to maturity, using the straight-line method, which approximates the effective interest method. The accrued interest is presented as "Accrued expenses and other liabilities" in the Consolidated Balance Sheets. Refer to Note 15 for details.

LEASES

Under the new leasing standard, a contract is a lease or contains one when (1) the contract contains an explicitly or implicitly identified asset and (2) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract in exchange for consideration. The Company assesses whether an arrangement is a lease, or contains a lease, upon inception of the contract.

For all classes of underlying assets, except for vehicles, the Company accounts for each lease component and any associated non-lease components as a single lease component.

When readily determinable, the discount rate used to calculate the lease liability is the rate implicit in the lease. Otherwise, the Company uses its incremental borrowing rate based on the information available at lease commencement.

Some of the Company’s leases include renewal and/or termination options at the Company’s discretion, which are included in the determination of the lease term if the Company is reasonably certain to exercise the option.

The Company also enters into lease agreements that have variable payments, such as those related to usage or adjustments to certain indexes. Variable lease payments are recognized in the period in which those payments are incurred.

Recent Accounting Pronouncements

RECENTLY ADOPTED ACCOUNTING STANDARDS

In September 2022, the FASB issued ASU 2022-04, “*Liabilities—Supplier Finance Programs (Subtopic 405-50)*”. The guidance goal is to enhance transparency around supply chain finance agreements for which a supplier may receive early payments on their invoices. The Company adopted the guidance on January 1, 2023. The Company has several regional supplier finance programs, all of which have substantially similar characteristics, with various financial institutions that act as the paying agent for certain payables of the Company. The Company establishes these programs through agreements with the financial institutions to enable more efficient payment processing to suppliers while also providing suppliers a potential source of liquidity to the extent they enter into a factoring agreement with the financial institutions. Supplier participation in the program is voluntary. The Company is not involved in negotiations of the suppliers’ arrangements with the financial institutions to sell their receivables, and the Company’s rights and obligations to these suppliers are not impacted by the suppliers’ decisions to sell amounts under these programs. Under these supplier finance programs, the Company pays the financial institutions the stated amount of confirmed invoices from its participating suppliers on the original maturity dates of the invoices, which vary based on the negotiated terms with each supplier. All payment terms are short-term in nature and are not dependent on whether the suppliers participate in the supplier finance programs or if the suppliers elect to receive early payment from the financial institutions. The Company’s supplier finance programs do not include any of the following: guarantees to the financial institutions, assets pledged as securities or interest accruing on the obligation prior to the due date. Based on the review of the facts and circumstances of supplier finance programs, including but not limited to those noted above, the Company has concluded that the characteristics of the obligations due under supplier finance programs have not changed and remain those of standard accounts payables, rather than indicative of debt.

The amount of obligations outstanding that the Company confirmed as valid to the financial institutions under the Company's programs was $90.4 million and $125.5 million at December 31, 2023 and 2022, respectively. These amounts are classified within accounts payable on the consolidated balance sheets, and the associated payments are reflected in the cash flows from operating activities section of the consolidated statements of cash flows.

The roll forwards of the Company's outstanding obligations confirmed as valid under its supplier finance program for the years ended December 31, 2023 and 2022 are as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Confirmed obligations outstanding at the beginning of the year	$ 125,505	$ 71,615
Invoices confirmed during the year	304,269	399,786
Confirmed invoices paid during the year	(339,410)	(345,896)
Confirmed obligations outstanding at the end of the year	$ 90,364	$ 125,505

In June 2016, the FASB issued ASU 2016-13, "*Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments*" (and in 2018 and 2019, the FASB issues ASU 2018-19, "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses*", ASU 2019-04 "*Codification Improvements to Topic 326, Financial Instruments-Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*" and ASU 2019-05, "*Financial Instruments-Credit Losses (Topic 326) Targeted Transition relief*"). The guidance replaces the existing incurred loss impairment methodology for most financial assets with a new "current expected credit loss" model. The new expected credit loss model requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets (including trade receivables) that are in the scope of the update. Credit losses relating to available-for-sale debt securities will be measured in a manner similar to current GAAP, except that the losses will be recorded through an allowance for credit losses rather than as a direct write-down of the security. In November 2019, the FASB issued ASU 2019-10, "*Financial Instruments-Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842)*", which changed the effective date of this standard application. The effective date for the Company to apply the standard is for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company adopted this guidance and all related amendments on January 1, 2023, applying the modified retrospective method, and this adoption did not have a material effect on the company's consolidated financial statements.

PENDING ACCOUNTING STANDARDS

From time to time, new accounting pronouncements are issued by the FASB or other standards-setting bodies that the Company will adopt according to the various timetables the FASB specifies. Unless otherwise discussed below, the Company believes the impact of recently issued standards that are not yet effective will not have a material impact on its consolidated financial position, results of operations and cash flows upon adoption.

As of December 31, 2023, there were no new accounting standard pronouncements which could have a material impact on the Company.

3. SUPPLEMENTAL CASH FLOW STATEMENT DISCLOSURES

The table below provides a reconciliation of cash, cash equivalents and restricted cash reported on the Consolidated Balance Sheets:

(Amounts in thousands)	Total
Balance at December 31, 2022:	
Cash and cash equivalents	$ 287,372
Current restricted cash (included in Other current assets)	3,813
Total cash, cash equivalents and restricted cash	$ 291,185
Balance at December 31, 2023:	
Cash and cash equivalents	$ 618,450
Current restricted cash (included in Other current assets)	1,134
Total cash, cash equivalents and restricted cash	$ 619,584

At December 31, 2023 and 2022, restricted cash was related to Special Funds accounts as well as future VAT settlements in certain business transactions at the Company's Slovakian and Polish entities. Special funds are the financial resources collected by the employer on a separate bank account in order to use them for social support of authorized employees as defined by the relevant legislation.

4. TRADE RECEIVABLES, NET

Receivables, net consists of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Trade accounts receivable	$ 611,766	$ 653,007
Unbilled receivables	130,953	108,430
Allowance for doubtful accounts	(2,485)	(2,578)
Receivables, net	$ 740,234	$ 758,859

In the years ended December 31, 2023 and December 31, 2022, the Company sold certain of its receivables amounting to $955.2 million and $882.4 million, respectively, under factoring agreements and participation in supply chain finance agreements. The Company has entered into several regional committed and uncommitted accounts receivable factoring programs with various financial institutions for certain of the Company's accounts receivable. Receivables sold by the Company under these accounts receivable factoring programs are being accounted for as true sales of the receivables, without recourse to the Company. The 2023 and 2022 factoring contracts and supply chain finance agreements were entered into with banks in Poland, United Arab Emirates, Romania, the United Kingdom, the Netherlands, France, Japan and Austria on a non-recourse basis. As of December 31, 2023 and 2022, the uncollected balance on receivables that had been factored on a non-recourse basis was $286.0 million and $259.3 million, respectively. Factoring fees paid under factoring arrangements and supply chain finance agreements amounted to $11.0 million and $5.0 million for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, there were no amounts due from factors.

5. OTHER RECEIVABLES

Other receivables consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Taxes receivable other than income taxes, including VAT	$ 15,721	$ 25,271
Receivables from employees	1,701	2,096
Receivables from subsidies, customs, social and health insurance and other benefits	4,728	6,606
Other receivables	9,161	3,124
Total other receivables	$ 31,311	$ 37,097

6. INVENTORIES

Inventories consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 279,430	$ 471,098
Work in process (WIP)	15,711	16,737
Manufactured finished goods (MFG)	85,230	120,218
Purchased goods for resale	10,880	11,555
Purchased goods for resale – real estate activity	467	418
Total inventories	$ 391,718	$ 620,026

Inventories are presented net of excessive and obsolete stock reserves which amounted to $12.1 million and $15.5 million as of December 31, 2023 and December 31, 2022, respectively.

7. OTHER CURRENT ASSETS

Other current assets consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Prepaid expenses	$ 35,633	$ 35,080
Current portion of restricted cash	1,134	3,813
Direct sales contract acquisition costs	2,076	1,865
Total other current assets	$ 38,843	$ 40,758

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, which is presented net of accumulated depreciation in the Consolidated Balance Sheets, consists of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Land and improvements	$ 49,831	$ 47,307
Buildings and improvements	424,447	431,547
Machinery and equipment	1,647,964	1,587,620
Construction in progress	89,006	130,060
Other	105,666	98,755
Property, plant and equipment	$ 2,316,914	$ 2,295,289
Accumulated depreciation	(871,580)	(819,647)
Property, plant and equipment, net	$ 1,445,334	$ 1,475,642

Property, plant and equipment was depreciated in the amount of $105.4 million and $102.0 million for the years ended December 31, 2023 and December 31, 2022, respectively.

During the years ended December 31, 2023 and 2022, the Company recorded impairment charges of $1.0 million and $1.7 million, respectively, presented under “Asset impairment losses” within the Consolidated Statements of Income. These impairments were mainly related to manufacturing machinery. The quoted market price method was primarily used to determine the amounts of impairment.

9. LONG-TERM RECEIVABLES

Long-term receivables consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
WHT Receivable	$ 44,687	$ 30,687
PCT Receivable	16,021	16,257
Mega Project grant (see Note 25)	15,634	11,651
VAT receivable	1,544	2,849
Other	1,281	1,783
Total long-term receivables	$ 79,167	$ 63,227

During 2019, the Polish Tax Authority initiated a tax audit against the Company’s subsidiary, CPSA, to determine whether CPSA properly fulfilled its fiscal obligations as a tax remitter with respect to dividends paid to GIH. The Tax Authority’s audit was undertaken to determine whether CPSA correctly applied withholding tax exemptions to dividends paid between 2014 and 2017. The Tax Authority claimed that CANPACK S.A did not correctly apply these exemptions, and as a result, determined that CANPACK S.A was obligated to pay withholding taxes on these dividends. On March 25, 2021, the Tax Authority issued its second negative decision. On April 1, 2021, CANPACK S.A paid PLN 135.1 million (approximately $35.9 million) to the Tax Authority, representing the amounts claimed by the Tax Authority along with interest, which is presented as “Long-term receivables” in the Consolidated Balance Sheets. Notwithstanding such payment, CPSA disagrees with the Tax Authority’s determination and appealed the Tax Authority’s decision to the competent court. On November 29, 2021, the Provincial Administrative Court in Krakow cancelled the decision of Polish Tax Authority in its entirety for the full period covering 2014 through 2017 due to fulfilment by CPSA of its withholding tax remitter formal duties based on applicable regulations. During 2022, both parties filed cassation appeals to this verdict to the Supreme Administrative Court ("SAC"). On October 6, 2023, the SAC ruled in the WHT case for years 2014 through 2017. It cancelled the first instance verdict and requested the first instance court to reconsider the case. On February 20, 2024, the first instance Provincial Administrative Court reconsidered the case and issued a verdict rejecting the complaint of CPSA against the decisions of the Tax Authorities. CPSA will appeal the same once a verdict with written reasoning is received.

The Tax Authority has taken a similar position as described above with respect to dividends paid by CPSA to GIH in 2018, and CPSA disagrees with the Tax Authority's determination. Notwithstanding its disagreement with the Tax Authority, on December 21, 2023, CPSA paid $10.3 million to the Tax Authority.

As of December 31, 2023, the value of the "WHT Receivable" related to the above claims amounted to $44.7 million. CPSA continues to assert that the decisions of the Tax Authority are not justified factually, procedurally or legally and are not consistent with applicable provisions of law and certain important judgments of courts considering cases with a similar factual and legal status which is supported by the opinions of CPSA's external tax advisors. Accordingly, CPSA continues to assert that it is more likely than not that it will ultimately prevail and that the Company will fully recover the payments made to the Tax Authority with interest. Therefore, the Company did not recognize an uncertain tax position related to this tax audit in its financial statements for either year ended December 31, 2023 or December 31, 2022 and did not recognize any impairment of the related 'Long-term receivables' as of December 31, 2023 or December 31, 2022. There were no dividends paid by CPSA in years 2019 through 2023.

The final outcome of the tax audits described above is dependent on future administrative and legal proceedings which are inherently uncertain.

PCT receivable relates to amounts due to CPSA from the sale of intangible property (Functional Intellectual Property) rights belonging to CPSA based on Platform Contribution and License Agreement ("PCT") between CPSA and the related company, CANPACK US LLC ("CPUS").

10. LONG-TERM LOANS GRANTED TO RELATED COMPANY

On July 7, 2021, the Company's subsidiary, CPSA, granted a loan to the related party Giorgi Global Holdings, Inc. in the amount of $30.6 million at the annual interest rate of 4%. The loan matures on December 31, 2026. There is no penalty for early repayment. The outstanding principal balance on the loan was $20.5 million and $20.6 million as of December 31, 2023 and 2022, respectively. Accrued interest on the loan of $0.4 million and $0.6 million is presented in "Other current assets" in the Consolidated Balance Sheets as of December 31, 2023 and 2022, respectively.

On November 10, 2022 and December 19, 2022, the Company granted two loans to the related party CPUS in the amount of $60.0 million and $100.0 million, respectively, at an annual interest rate of 7%. The loans mature on December 31, 2024. The outstanding principal balance on the loans of $159.8 million is presented in "Current portion of loans granted to related company" in the Consolidated Balance Sheets as of December 31, 2023. The outstanding principal balance on the loans of $75.0 million is presented in "Long-term loans granted to related company" in the Consolidated Balance Sheets as of December 31, 2022.

On August 11, 2023, the Company granted a third loan to the same related party, CPUS, in the amount of $80.0 million at an annual interest rate of 7%. The loan matures on December 31, 2025. The outstanding principal balance on the loan of $79.9 million is presented in "Long-term loans granted to related company" in the Consolidated Balance Sheets as of December 31, 2023.

Accrued interest on the three related party loans to CPUS of $6.5 million and $0.4 million is presented in “Other current assets” in the Consolidated Balance Sheets as of December 31, 2023 and 2022, respectively. There is no penalty on early repayment.

11. GOODWILL

As of December 31, 2023, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets by reporting unit as follows:

(Amounts in thousands)	December 31, 2022				December 31, 2023	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (20,855)	$ 33,393	$ 2,984	$ 36,377
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	(961)	4,116	278	4,394
Can-Pack Morocco s.a.r.l..	6,787	-	(1,143)	5,644	200	5,844
Other	1,827	(908)	(316)	603	77	680
Total	$ 71,020	$ (3,989)	$ (23,275)	$ 43,756	$ 3,539	$ 47,295

** FCT represents Foreign Currency Translation*

As of December 31, 2022, the Company recognized goodwill arising from acquisitions of companies and acquisitions of assets by reporting unit as follows:

(Amounts in thousands)	December 31, 2021				December 31, 2022	
	Gross Carrying Amount	Accumulated Impairment	Accumulated FCT* Adjustment	Net Carrying Value	FCT* Adjustment	Net Carrying Value
CANPACK Brasil Indústria de Embalagens LTDA	$ 54,248	-	$ (22,550)	$ 31,698	$ 1,695	$ 33,393
Former TIK Group (TIK Slovakia s.r.o., KAMOKO s.r.o., TIK Modrice a.s.)	8,158	(3,081)	(483)	4,594	(478)	4,116
Can-Pack Morocco s.a.r.l..	6,787	-	(432)	6,355	(711)	5,644
Other	1,827	(908)	(265)	654	(51)	603
Total	$ 71,020	$ (3,989)	$ (23,730)	$ 43,301	$ 455	$ 43,756

** FCT represents Foreign Currency Translation*

Information about fair value measurements related to goodwill is presented in Note 2.

12. INVESTMENTS IN RELATED COMPANIES

On September 30, 2022, CPSA sold its 35% interest in Can Asia Inc. Prior to the sale, the Company’s investment in Can Asia Inc. was accounted for under the equity method. The gain on the sale amounted to $1.0 million and was presented in “Other” non-operating income in the Consolidated Statements of Income.

13. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Advances for property, plant and equipment	$ 42,133	$ 24,309
Direct sales contract acquisition cost	1,721	2,960
Right of use land rent	47,151	46,474
Other non-current assets	2,107	1,537
Total other non-current assets	$ 93,112	$ 75,280

14. LONG-TERM DEBT, NET

Long-term debt, net consists of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
EUR long-term bonds, expiring November 2027	$ 662,113	$ 639,177
USD long-term bonds, expiring November 2029	222,491	222,950
Total long-term debt	$ 884,604	$ 862,127
Unamortized debt issuance costs	(7,622)	(9,179)
Long-term debt, net	$ 876,982	$ 639,177

The amount of unused availability under various debt and credit agreements was $268.1 million and $540.0 million as of December 31, 2023 and December 31, 2022, respectively.

The rate of interest on long-term debt as of December 31, 2023 and December 31, 2022 was as follows:

	December 31, 2023	December 31, 2022
Interest rates	2.38% to 3.88%	2.38% to 3.88%

Maturities of debt for the next five years ending December 31 and thereafter are as follows *(in thousands of dollars)*:

2024	$ -
2025	-
2026	-
2027	662,113
2028	-
Thereafter	222,491
Total	$ 884,604

Interest costs, net consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Interest expense of long-term debt, notes payable and bank overdraft	$ (32,785)	$ (31,905)
Interest income	21,616	7,928
Other	(44)	(72)
Total interest costs, net	$ (11,213)	$ (24,049)

During the year ended December 31, 2023 and 2022, the Company capitalized interest of $1.7 million and $1.0 million, respectively.

REVOLVING CREDIT FACILITIES

On June 14, 2018, CPSA entered into an unsecured (but with guarantors) multi-currency revolving credit facility. The agreement includes a EUR 320 million multi-currency facility (Facility A) and a PLN 342 million facility (Facility B), with a termination date five years from the date of the facility agreement, subject to two one-year extension options (one of which has been exercised in 2019). The Company's subsidiary and consenting lenders can increase Facility A, subject to the same terms, providing that the aggregate amount of the increase shall not exceed EUR 150 million.

In December 2020, an additional EUR 66 million was added to the multi-currency revolving credit facility bringing the total to EUR 386 million (Facility A). The loan amount in PLN will remain unchanged (Facility B).

The Revolving Credit Facility was terminated on March 30, 2023, and replaced with the Asset-Based Revolving Credit Facilities described below.

ASSET-BASED REVOLVING CREDIT FACILITIES

On March 30, 2023, certain of the Company's subsidiaries and the related party CPUS closed on a five-year $400 million asset-based revolving credit facility ("USD ABL"). This facility, secured by certain assets, replaced the previous revolving credit facility which had no outstanding balance and was terminated in connection with conclusion of the USD ABL. The USD ABL will be used to provide funding for working capital and general corporate purposes. The available borrowing capacity under the facility as of December 31, 2023 was $176.4 million.

On June 30, 2023, the Company concluded a committed five-year EUR 100 million asset-based revolving credit facility ("EUR ABL"). This facility, secured by certain assets, will be used to provide funding for working capital and general corporate purposes. There are no outstanding borrowings under this agreement as of December 31, 2023. The available borrowing capacity under the facility as of December 31, 2023 was EUR 63.6 million ($70.2 million).

BONDS

In October 2020, the Company's subsidiary, CPSA, together with CPUS co-issued bonds ("the bonds"). The bonds were allocated to CPSA and CPUS in the amount of EUR 600 million and $400 million, respectively. The Euro and U.S. Dollar tranches bear interest at an annual rate of 2.375% and 3.125%, respectively. The Euro and U.S. Dollar tranches mature on November 1, 2027 and November 3, 2025, respectively.

In October 2021, the Company's subsidiary, CPSA, together with CPUS co-issued another round of bonds ("new bonds") which were allocated to CPSA and CPUS in the amount of $222.8 million and $577.2 million, respectively, and bear interest at an annual rate of 3.875%. The new bonds mature on November 15, 2029.

The bonds and new bonds have various obligations imposed on the issuer and the guarantors, such as limitations on pledging assets as collateral, certain acquisitions, and incurring additional debt.

Funds from the Euro tranche of the bonds were used for the repayment of approximately EUR 597 million related to bonds issued in previous years. Funds from the $400 million bonds and new bonds allocated to CPUS have been used to construct new manufacturing facilities in the U.S. and fund its operations.

GUARANTEES

The Company's subsidiary, CPSA, guarantees the indebtedness of CPUS, while CPUS guarantees the indebtedness of CPSA in the event of any adverse events as described under the bonds and new bonds agreements. The maximum amount of the guarantee of CPSA is $977.2 million, which represents the amount transferred to CPUS. The maximum amount of the guarantee of CPUS is EUR 600 million and $222.8 million, which represents the amounts transferred to CPSA.

Certain of the Company's subsidiaries (together with CPUS, a related party) are co-borrowers under the USD ABL, which is guaranteed by CPSA and certain of its subsidiaries. CPSA and one of its Polish subsidiaries are co-borrowers under the EUR ABL, which is guaranteed by certain subsidiaries of CPSA and CPUS.

As of December 31, 2023, there are no facts or circumstances indicating that CPSA and its subsidiaries will be liable for repayment of the bonds, new bonds, or USD ABL held by CPUS. There are also no facts or circumstances indicating that CPUS will be liable for repayment of the bonds, new bonds, or EUR ABL held by CPSA and its subsidiaries. Accordingly, there is no liability included in the Company's Consolidated Balance Sheets related to these guarantees as of December 31, 2023.

There are other various debt covenants related to some of the long-term debt agreements, in addition to those covenants described above, including restrictions on dividends (see Note 23), distributions, indebtedness, liens, purchases of treasury stock, and certain other changes in ownership. The Company's subsidiary was in compliance with all debt covenants as of and for the years ended December 31, 2023 and 2022.

COLLATERAL

On December 31, 2023, the value of collateral securing Asset-Based Revolving Credit Facilities totalled $82.8 million. Such collateral consists of certain subsidiaries' eligible inventories, trade receivables, and machinery and equipment.

15. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Accrued employee related benefits (see Note 23)	$ 78,288	$ 62,899
Trade advances received	9,511	3,458
Current portion of operating lease liabilities	2,699	3,365
Liabilities for purchased fixed and intangible assets	14,319	40,181
Deferred revenue grants (see Note 25)	17,027	14,334
Accrued interest	3,872	3,719
Deposits received	352	525
Accrued shipping and handling	8,086	5,315
Accruals for materials and services	13,250	10,469
Other	19,225	20,850
Total accrued expenses and other liab.	$ 166,629	$ 165,115

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company disaggregates net sales based on the timing of transfer of control for goods and services as documented in the table below and as explained in Note 2. The transfer of control for goods and services may occur at a point in time or over time; in other words, sales may be recognized over the course of the underlying contract, or they may occur at a single point in time based upon the transfer of control. The following table shows the timing of revenue recognition:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Net Sales point in time	$ 1,268,904	$ 1,140,726
Net Sales over time	2,054,396	2,231,918
Total Net Sales	$ 3,323,300	$ 3,372,644

17. INCOME TAXES

Income tax expense for the years ended December 31, 2023 and 2022 is summarized below:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Current income tax	$ 73,475	$ 54,721
Deferred income tax	9,424	1,262
Income tax expense	$ 82,899	$ 55,983

GIH and its subsidiaries generally file separate income tax returns; consequently, tax losses of one company within a controlled group cannot be offset against taxable income of another member of the group. However, a single tax unit was created in the Netherlands, which consists of CANPACK NL Holdings B.V. and CANPACK Netherlands B.V.

The significant components of the Company's deferred tax assets and liabilities as of December 31, 2023 and December 31, 2022 are as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets:		
Provision for inventory	$ 3,790	$ 3,147
Financial instruments	2,226	2,816
Bonus accrual	7,001	5,948
Loss carryforwards	28,199	18,999
Unrealized foreign exchange loss	15,939	22,109
Discounts to customers	2,196	937
Holiday accrual	1,468	1,491
Property, plant and equipment	7,640	9,695
Foreign tax credits	4,903	6,184
Operating lease liabilities	7,614	4,605
Other deferred tax assets	8,437	9,096
Gross deferred tax assets	89,413	85,027
Valuation allowance	(18,591)	(14,598)
Total deferred tax assets	70,822	70,429
Deferred tax liabilities:		
Property, plant and equipment	$ (82,129)	$ (87,383)
Hedging instruments and interest	(7,783)	(4,221)
Unrealized foreign exchange gain	(3,837)	(3,984)
Operating lease right of use assets	(9,292)	(4,605)
Other deferred tax liabilities	(7,734)	(4,177)
Total deferred tax liabilities	(110,775)	(104,370)
Net deferred tax liabilities	$ (39,953)	$ (33,941)

As of December 31, 2023, the Company recorded a valuation allowance on its deferred tax assets of $18.6 million, a decrease of $4.0million from the valuation allowance recorded as of December 31, 2022. The Company recorded a valuation allowance on its deferred tax assets to reduce the total to an amount that management believes will ultimately be realized due to limitations imposed by various tax laws on the Company's ability to realize the benefit of loss carryforwards. The valuation allowance primarily relates to Luxembourg and the Company’s subsidiaries in Spain, France, Czech Republic, Poland, and South Africa.

Tax losses are settled in accordance with the tax law of the jurisdictions in which the companies of the Company are domiciled and operate. The laws in the major taxing jurisdictions are as follows:

Jurisdiction	Carryforward Period	Limitations on Utilization
Poland	5 years	The maximum yearly deduction of taxable income cannot exceed 50% and/or PLN 5.0 million of the tax loss carryforward. Tax losses carried forward in one “basket” may be utilized solely to set off taxable income from the same “basket”. Under grandfathering rules, tax losses carried forward from years preceding the tax year 2018 may be

Jurisdiction	Carryforward Period	Limitations on Utilization
		set-off against any taxable income, irrespective of the baskets.
Czech Republic	5 years	Losses may generally be carried forward for 5 tax years or carried back for 2 tax years. Tax losses must formally be subject to assessment, i.e. included in the taxpayer's tax return for the taxable period in which they have been incurred. The use of losses carried forward is limited if a substantial change in the direct shareholding or control of the company occurs unless the company passes the "income structure test", i.e. if it proves that at least 80% of the income has been generated by the same activities as the activities performed in the period during which the losses were incurred. Income that is recorded as extraordinary income pursuant to Czech accounting standards is not considered for the purposes of the test.
India	8 years	The portion of such tax losses that relate to depreciation and amortization can be carried forward indefinitely.
Netherlands	Indefinite carryforward	From January 1, 2022 and forward, an indefinite loss carryforward applies. Losses (both carryforward and carryback) can only be fully deducted up to an amount of EUR 1 million taxable profit. If the profit in a year exceeds EUR 1 million, the losses are only deductible up to 50% of the higher taxable profit minus an amount of EUR 1 million. Losses incurred in financial years that started on or after January 1, 2013 are also included under the indefinite carryforward laws that went into effect on January 1, 2022.
Colombia	12 years	Tax losses generated after 2017 may be carried forward for 12 years. Losses generated in 2017 or earlier may be carried forward indefinitely. The carryback of losses is not permitted.
Brazil	Indefinite carryforward	Utilization of losses is limited in any one tax year to 30% of adjusted net profits.
France	Indefinite carryforward	Tax losses are available to offset the first EUR 1 million of taxable profits and 50% of taxable profits in excess.
Russia	Indefinite carryforward	Losses recognized cannot exceed 50% of the current year tax base (rule applies until 12/31/2024).
Spain	Indefinite carryforward	Carryback of losses is not permitted.
United Kingdom	Indefinite carryforward	The maximum loss available to offset a year of income is limited to GBP 5 million plus 50% of the current year profits in excess of such amount.
Luxembourg	17 years	Tax losses generated as of January 1, 2017, can be carried forward for a maximum period of 17 years. Losses that arose before this date are not affected by this limitation. Losses cannot be carried back.

As of December 31, 2023, the Company had approximately $113.3 million of net operating loss carryforwards, of which $64.0 million have no expiration date and $49.3 million will expire in future years through 2034.

Deferred taxes are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Deferred tax assets	$ 32,518	$ 29,907
Deferred tax liabilities	(72,471)	(63,848)
Deferred taxes, net	$ (39,953)	$ (33,941)

From the above change in deferred tax, negative $9.4 million was presented in "Income taxes" in the Consolidated Statements of Income and negative $2.9 million and positive $6.3 million of tax expense were presented in "Hedging instruments" and "Foreign currency translation adjustment", respectively, as components of "Other comprehensive income (loss)" in the Consolidated Statements of Comprehensive Income.

The Company has recognized a deferred tax liability associated with a portion of the outside basis with respect to its investment in foreign subsidiaries which results from undistributed foreign earnings. A deferred tax liability of $4.8 million, which is associated with $57.3 million of taxable outside basis differences which are expected to reverse in the foreseeable future, has been recorded as of December 31, 2023. The Company has not recorded a deferred tax liability for other outside basis differences related to undistributed foreign earnings of the Company's non-EU subsidiaries (except for the Company's Ukrainian subsidiaries) of $717.1 million that are considered to be indefinitely reinvested and therefore not expected to reverse in the foreseeable future. Determination of the amount of any unrecognized deferred income tax liability related to outside basis differences associated with the Company's foreign subsidiary investments is not practicable because of the complexities of the hypothetical calculation.

The Company has not recorded a deferred tax liability of $36.9 million for outside basis differences with respect to its investment in subsidiaries of $194.5 million, on account of prior restructuring transactions which give rise to stock basis differences, because the Company either (1) believes that these differences could be recovered in a tax-neutral manner, (2) considers its investment to be indefinitely reinvested and therefore does not expect the outside basis difference to reverse in the foreseeable future, or (3) does not otherwise expect the outside basis difference to reverse in the foreseeable future.

There were no material unrecognized tax positions as of December 31, 2023 or December 31, 2022. The Company has taken tax positions that it believes are more likely than not to be sustained based on their technical merits. Because the application of tax laws and regulations to many types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities and such amounts could be material.

The following items had the most significant impact on the difference between tax rate of 24.94% (the statutory Luxembourg income tax rate plus municipal business tax rate) and the Company's effective tax rate of 21.4%: foreign tax rate differentials, tax effects related to activity in the Special Economic Zone, and permanent differences on the earnings of foreign operations.

Tax returns of Luxembourg companies are subject to tax authorities' examinations for up to five years from the end of the calendar year in which the tax liability arose. The tax returns of foreign subsidiaries are subject to tax authorities' examinations for up to three years in Russia, and Ukraine; up to four years in Spain and Morocco; up to five years in Poland, Romania, Brazil, Slovakia, and Turkey; up to six years in the United Kingdom, Colombia, and India; up to ten years in France and Czech Republic; and up to twelve years in the Netherlands. Because the application of tax laws and regulations to the various types of transactions is susceptible to varying interpretations, amounts reported in the Consolidated Financial Statements could differ upon final determination by the tax authorities.

In previous years, CP Glass S.A., a subsidiary of the Company, obtained two permissions to operate in the Katowice Special Economic Zone. Income tax relief obtained from these permissions have been fully utilized by December 31, 2023. CP Glass S.A. has benefited from exemption from income tax in the discounted amounts of $1.2 million and $26.7 million in the annual period ended December 31, 2023 and the twelve-year period from the beginning of the scheme to December 31, 2023, respectively.

In 2014, CANPACK Metal Closures sp. z o.o., a subsidiary of the CANPACK S.A., obtained a permit to operate in the Krakow Special Economic Zone. The use of income tax relief according to the permit is valid through December 31, 2026. The maximum value of public aid which CANPACK Metal Closures sp. z o.o may receive is 50% of the amount of qualifying costs. As of December 31, 2023, CANPACK Metal Closures sp. z o.o. has not declared any capital expenditures on qualifying projects in the Krakow Special Economic Zone.

In previous years, CIA Metalic Nordeste, a subsidiary of the Company, obtained income tax relief as a result of making an investment in the Sudene area. The relief allows CIA Metalic Nordeste to apply a 75% reduction to income taxes incurred as a result of sales of certain quantities of finished products. The use of income tax relief is valid until December 31, 2027 for Cans and December 31, 2028 for Ends. In 2018, CIA Metalic Nordeste merged with Can Pack Brazil Industria de Embalagens LTDA and the relief is still applicable for the merged companies.

CANPACK Colombia S.A.S. is a legal entity located in the Free Trade Zone (“FTZ”) of Tocancipa which qualified as an Industrial and Services user under Colombian law (decree 659 May 03, 2018). Companies located in free trade zones in Colombia are generally eligible for the following benefits: Reduced Income Tax rate of 20% (statutory rate for companies outside of free trade zones was 35% in 2023); Import tax exemption (VAT and Customs duty) for the purchase of capital goods and input materials used in the production of goods (including the possibility to store non-nationalized goods for an indeterminate period) until such goods are moved outside the FTZ area; and a discount on municipal taxes for 8 years.

On December 20, 2021, the OECD/G20 Inclusive Framework (“IF”) on Base Erosion and Profit Shifting (“BEPS”) released Model Global Anti-Base Erosion (“GloBE”) rules (“Model Rules”) under Pillar Two. These Model Rules set forth the “common approach” for a Global Minimum Effective Tax Rate at 15% for Multinational Enterprises with a turnover of more than EUR 750 million and Global Profit Allocation Rules. Commentary related to the Model Rules was released on March 14, 2022. On December 15, 2022, the Council of EU agreed to implement the COUNCIL DIRECTIVE on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union (EU Minimum Tax Directive). Certain jurisdictions have already adopted Pillar Two of BEPS 2.0. and others are working on its implementations. It is expected that new rules will be applicable to the Company beginning January 1, 2025, although potential tax impacts may be realized already in 2024 with respect to subsidiaries in the jurisdictions which have implemented the Pillar Two regulations effectively from January 1, 2024. The Company is evaluating the impact of the Pillar Two regulations on its effective tax rate and reporting obligations.

18. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities consist of the following:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Operating lease liabilities, less current portion	$ 35,611	$ 35,416
Retirement accruals	4,593	5,939
Deposits and guarantees	114	-
Deferred revenue – grants	27,252	27,308
Total other non-current liabilities	$ 67,570	$ 68,663

The Company's Polish, French and Middle East subsidiaries are required to provide a special bonus to their employees pursuant to labor laws in their respective countries. The benefits are payable upon retirement and are not vested or funded.

19. EMPLOYEE BENEFITS

In addition to the retirement accrual (refer to Note 18), the Company has a defined contribution pension plan that is offered to qualifying employees. Total amounts charged to expense for the plans were $7.5 million and $6.0 million for the twelve-month periods ended December 31, 2023 and December 31, 2022, respectively.

20. FINANCIAL INSTRUMENTS

Financial instruments are presented in the Consolidated Balance Sheets as follows:

(Amounts in thousands)		December 31, 2023	December 31, 2022
Derivatives designed as hedging instruments			
Commodity contracts	Current assets	$ 5,619	$ 7,028
Foreign exchange contracts	Current assets	29,698	4,718
Total derivatives in current assets		$ 35,317	$ 11,746
Commodity contracts	Non-current assets	$ 27	$ 93
Foreign exchange contracts	Non-current assets	1,804	7,107
Total derivatives in non-current assets		$ 1,831	$ 7,200
Commodity contracts	Current liabilities	$ 5,956	$ 8,458
Foreign exchange contracts	Current liabilities	14	3,060
Total derivatives in current liabilities		$ 5,970	$ 11,518
Commodity contracts	Non-current liabilities	$ 2,506	$ 357
Foreign exchange contracts	Non-current liabilities	-	228
Total derivatives in non-current liabilities		$ 2,506	$ 585

The changes in accumulated other comprehensive loss for effective derivatives were as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Amounts reclassified into Statement of income:		
Commodity contracts (1)	$ (1,107)	$ (39,984)
Foreign currency contracts (2)	(2,469)	2,981
Change in fair value of cash flow hedges:		
Commodity contracts	(6,832)	(6,988)
Foreign currency contracts	22,607	14,155
Foreign currency and tax impacts	(1,935)	3,948
	$ 10,264	$ (25,888)

(1) Amounts reclassified into the Consolidated Statements of Income and the Consolidated Balance Sheets related to commodity contracts have been presented under the captions "Cost of sales", "Net sales", and "Inventory".
(2) Amounts reclassified into the Consolidated Statements of Income related to foreign currency contracts have been presented under "Net sales", "Cost of sales", and "Foreign exchange gain (loss)".

A net loss of $1.6 million related to commodity contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

A net gain of $28.0 million related to foreign exchange contracts is expected to be recognized in the Consolidated Statements of Income during the next 12 months.

21. FAIR VALUE MEASUREMENTS

The Company measures its derivative financial instruments at fair value on a recurring basis. The Company's fair value measurements of financial instruments have been classified within Level 2 of the fair value hierarchy, as described in Note 2. The figures below provide information about the impact of financial instruments in the Consolidated Balance Sheets.

As of December 31, 2023

(Amounts in thousands)	Level 1	Level 2	Level 3
Current assets - derivative instruments	$ -	$ 35,317	$ -
Non-current assets - derivative instruments	-	1,831	-
Total	**$ -**	**$ 37,148**	**$ -**
Current liabilities - derivative instruments	$ -	$ 5,970	$ -
Non-current liabilities - derivative instruments	-	2,506	-
Total	**$ -**	**$ 8,476**	**$ -**

As of December 31, 2022

(Amounts in thousands)	Level 1	Level 2	Level 3
Current assets - derivative instruments	$ -	$ 11,746	$ -
Non-current assets - derivative instruments	-	7,200	-
Total	**$ -**	**$ 18,946**	**$ -**
Current liabilities - derivative instruments	$ -	$ 11,518	$ -
Non-current liabilities - derivative instruments	-	585	-
Total	**$ -**	**$ 12,103**	**$ -**

22. ACCUMULATED OTHER COMPREHENSIVE LOSS

The 2023 and 2022 activity in accumulated other comprehensive loss is as follows:

(Amounts in thousands)	Hedging Instruments	Deferred Tax on Hedging Instruments	Foreign Currency Translation Adjustment	Other	Total
December 31, 2021	**$ 42,595**	**$ (6,520)**	**$ (300,826)**	**$ 1,072**	**$ (263,679)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	7,167	(1,403)	(110,139)	-	(104,375)
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	(37,003)	5,879	-	-	(31,124)
Fx adjustments	(522)	(9)	531	-	-
December 31, 2022	**$ 12,237**	**$ (2,053)**	**$ (410,434)**	**$ 1,072**	**$ (399,178)**
Activity including:					
Other comprehensive earnings (loss) before reclassifications	15,941	(3,788)	77,303	-	89,456
Amounts reclassified from accumulated other comprehensive earnings (loss) into earnings	(3,576)	923	-	-	(2,653)
Fx adjustments	795	(31)	(764)	-	-
December 31, 2022	**$ 25,397**	**$ (4,949)**	**$ (333,895)**	**$ 1,072**	**$ (312,375)**

The following table provides additional details of the amounts reclassified into net earnings from accumulated other comprehensive loss:

(Amounts in thousands)	Year Ended December 31, 2023	Year Ended December 31, 2022
Gains (losses) on cash flow hedges:		
Commodity contracts	$ (1,107)	$ (39,984)
Foreign currency contracts	(2,469)	2,981
Total before tax effect	$ (3,576)	$ (37,003)
Tax benefit (expense) on amounts reclassified into earnings	923	5,879
Recognized gain (loss), net of tax	$ (2 653)	$ (31,124)

23. COMMITMENTS AND CONTINGENT LIABILITIES, CONTINGENT ASSETS

CONTINGENT ASSETS

The Company's subsidiary, CANPACK S.A., has sued former members of its Management Board (the "Management Board") in relation with the amounts already transferred to them which the Company believes need to be returned. The total amount claimed by the Company is $16.0 million (PLN 62.9 million) along with statutory interest.

CONTINGENT LIABILITIES

The Company is involved in various commercial disputes and lawsuits in the normal course of business. It is management's opinion that significant defenses exist with respect to such various commercial disputes and lawsuits relating to the Company, and that the ultimate resolution of these matters will not have a material effect on the consolidated financial position, results of operations or liquidity of the Company.

Losses are recognized when it is probable that an obligation will occur and an amount can be reasonably estimated. Accordingly, the Company has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. CANPACK S.A. is having disputes with former members of the Management Board in relation to the termination of these individuals from the Company during 2013. The total amount claimed by the former members of the Management Board was $27.7 million (PLN 109 million) and $24.8 million (PLN 109 million) as of December 31, 2023 and 2022, respectively. According to the best estimate of the Management Board $21.5 million (PLN 84.7 million) and $19.2 million (PLN 84.7 million) was accrued as of December 31, 2023 and December 31, 2022, respectively. The difference of $6.2 million (PLN 24.3 million) and $5.5 million (PLN 24.3 million) as of December 31, 2023 and 2022, respectively, is an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $14.4 million (PLN 56.9 million) and $10.6 million (PLN 46.7 million) as of December 31, 2023 and 2022, respectively. All of these accruals are presented under “Accrued expenses and other liabilities” on Consolidated Balance Sheets and under “Accrued employee related benefits” in Note 15.

In February 2021, a customer claimed that cans supplied by CANPACK Netherlands, a subsidiary of CANPACK S.A., and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. Extensive investigations indicated that the cause of the leakage was due to multiple factors only some of which were in CANPACK Netherlands’ control. During 2022, CANPACK Netherlands settled the claim with the customer for a confidential amount. Following that settlement CANPACK Netherlands received from its product insurer partial reimbursement of the amount paid to the customer (which amount is also confidential), resulting in a net cost to CANPACK Netherlands of approximately $1.0 million inclusive of related legal and other cost and expenses.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $6.2 million and $8.4 million as of December 31, 2023 and 2022, respectively. The Company has disclosed such matters as contingent liabilities, but has not recorded a liability as of December 31, 2023 and 2022.

COMMITMENTS

As of December 31, 2023, the Company has entered into approximately $24.7 million short-term commitments other than the Company’s lease obligations, relating mainly to contracts for supply of machinery and equipment for production lines and other commitments.

DIVIDEND RESTRICTIONS

Dividends can only be distributed from each separate entity to its direct shareholder.

OTHER GUARANTEES

The Company’s subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of June 10, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. No obligation was recognized related to this guarantee as of December 31, 2023.

The Company’s subsidiary, CANPACK S.A., guarantees the payment of any and all present and future obligations, whether absolute or contingent, payable by CANPACK US LLC under or in connection with that certain ISDA 2002 Master Agreement signed with the bank, dated as of

November 17, 2021. The amount of the guarantee is not limited, however the liability between CANPACK S.A. and the bank shall not exceed $20 million. No obligation was recognized related to this guarantee as of December 31, 2023.

24. LEASES

The Company entered into operating leases for land, buildings, warehouses, office equipment, means of transport, and other types of equipment. The Company's finance leases and short-term leases are immaterial.

Weighted average remaining lease term for the Company's operating leases as of December 31, 2023 and 2022 was 34 and 33 years, respectively.

Weighted average discount rate for the Company's operating leases as of December 31, 2023 and 2022 was 3.16% and 3.14%, respectively.

The components of operating lease expense were as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Operating lease expense	$ 4,185	$ 3,743
Variable lease expense	-	246
Total lease expense	$ 4,185	$ 3,989

Maturities of operating lease liabilities are the following for the years ending December 31 *(in thousands of dollars)*:

2024	$ 3,769
2025	3,522
2026	3,884
2027	3,120
2028	2,704
Thereafter	49,823
Future value of lease liabilities	66,822
Less: Imputed interest	(28,172)
Less: Liabilities held for sale	(341)
Present value of lease liabilities	$ 38,309

25. GRANTS

Some of the Company's subsidiaries receive grants and tax incentives from governments, which are presented as follows in the Consolidated Balance Sheets:

	December 31, 2023	December 31, 2022
Other receivables		
CANPACK India Private Limited (a)	**$ 20**	**$ 2,959**
Long-term receivables		
CANPACK India Private Limited (a)	**$ 15,634**	**$ 11,651**
Accrued expenses and other liabilities		
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	$ 53	$ 112
CANPACK Brasil Indústria de Embalagens LTDA (c)	12,987	13,894
CP Glass S.A. (d)	3,904	249
CANPACK Morocco (f)	82	79
Total	**$ 17,026**	**$ 14,334**
Other non-current liabilities		
CP Glass S.A. (d)	$ -	$ 2,319
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	204	180
CANPACK Brasil Indústria de Embalagens LTDA (c)	25,703	23,677
CANPACK S.A.	3	155
CANPACK Morocco (f)	928	977
CANPACK India Private Limited (a)	415	-
Total	**$ 27,253**	**$ 27,308**

The effect on the Consolidated Statements of Income is presented as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
COST OF SALES		
CP Glass S.A. (d)	$ 267	$ 245
CANPACK Food and Industrial Packaging Sp. z o.o. (b)	241	112
CANPACK Morocco (f)	82	67
Total	**$ 590**	**$ 424**
Other		
CANPACK India Private Limited (a)	$ 5,575	$ 6,388
CANPACK Brasil Indústria de Embalagens LTDA (c)	18,402	17,392
Total	**$ 23,977**	**$ 23,780**

(a) Under the regulations of the Government of Maharashtra the plant in India is covered under the Mega Project category and is eligible to receive certain incentives from the Government of Maharashtra, which are:

- Electricity duty exemption for a period of 12 years from the date CANPACK India Pvt. Ltd. commences production.
- Stamp duty exemption for registration of land,
- Industrial Promotion Subsidy (IPS) equivalent to 100% of its eligible investments. Under IPS, CANPACK India Pvt. Ltd. is entitled to 100% reimbursement of VAT and Central Sales Tax (CST) paid by it, subject to 100% eligible investment. The IPS is payable after two years from the date production commences.

(b) Grant received in 2012 from the Malopolska Regional Development Agency, institution distributing European Union funds. The purpose of the grant is to finance projects for the development and implementation of technology allowing for a reduction in the thickness of sheets used in the manufacturing process. The grant is settled every year.

(c) State VAT (ICMS) benefits, under the programs PROVIN and PROGOIAS (replaced PRODUZIR), granted by Government of the States of Ceará and Goiás, respectively and are recognized when Can-Pack Brasil Indústria de Embalagens LTDA meets the criteria for realization of such benefits.

PROVIN is valid until December 2024. A portion of ICMS payable is converted into a loan granted and if certain conditions are met, 99% of the loan will be written off. PRODUZIR is valid until December 2032 and consists of a one-year deferral of a portion of VAT (ICMS) payable.

PROGOIAS is the Goiás Government's new tax incentive model. A Regional Development Program, it aims to reduce bureaucracy in the granting of tax benefits to the industrial sector and ensure legal certainty and impersonality. Valid until 2032, the program replaces PRODUZIR.

(d) Grant received from the Polish Agency for Enterprise Development for financing 31% of a new production line for glass packaging. The value of the yearly settlement is calculated in proportion to depreciation of the production line. The Company then amortizes a portion of the grant liability on an annual basis in an amount equal to the calculated settlement.

(e) Tax incentive that reduces the income tax base on operating profit by 75% for a plant located in the city of Maracanaú until the calendar year 2028.

(f) In November 2021, Can-Pack Morocco S.a.r.l. received a grant from Moroccan Investment Agency. This grant is the government participation in investment in certain assets.

26. RELATED PARTY TRANSACTIONS

Trade receivables, net – Trade receivables, net from related parties as of December 31, 2023 and 2022 were $23.1 million and $26.2 million, respectively.

Other receivables – Other receivables from related parties totaled $4.5 million and $0 as of December 31, 2023 and 2022, respectively.

Trade accounts payable – Trade accounts payable to related parties as of December 31, 2023 and 2022 were $4.5 million and $3.0 million, respectively.

Accrued expenses and other liabilities – Accrued expenses and other liabilities to related parties totaled $1.4 million and $2.3 million as of December 31, 2023 and 2022, respectively.

Long-term receivables – Long-term receivables from employees totaled $0.1 million for both years ended December 31, 2023 and 2022. Other long-term receivables from related parties totaled $16.0 million and $16.3 million as of December 31, 2023 and 2022, respectively.

Other non-current assets – Other non-current assets from related parties totaled $6.5 million for both years ended December 31, 2023 and 2022.

Long-term loans granted to related company – Refer to Note 10 for details.

Net sales – Net sales to related parties for the years ended December 31, 2023 and 2022 were $34.8 million and $32.0 million, respectively.

Interest costs, net – Interest income from related parties for the years ended December 31, 2023 and 2022 was $11.5 million and $1.6 million, respectively.

Selling, general, and administrative expenses – Income from guarantee fees presented as a deduction of "Selling, general, and administrative expenses" for the years ended December 31, 2023 and 2022 amounted to $3.7 million and $3.6 million, respectively.

Purchases – Purchases from related parties for the years ended December 31, 2023 and 2022 were $17.4 million and $16.1 million, respectively.

27. SHAREHOLDER'S EQUITY

On August 9, 2013, CANPACK Group Inc. ("CPG" and 100% owner of CANPACK S.A.) contributed 100% of its shares in CANPACK S.A. to the Company. GIH was formed as a wholly-owned subsidiary of CPG. The Company classified this transaction as a common control transaction in accordance with EITF Issue No. 02-5 "Definition of 'Common Control' in Relation to FASB Statement No. 141." This transaction resulted in an opening share capital of $6.7 million, the amount which remained constant as of December 31, 2023 and 2022.

28. MANAGING BOARD

The Board of Managers of the Company is composed of:

Person	Date of Appointment
Peter F. Giorgi	July 27, 2013
Anthony Braesch	July 27, 2013
Jean-Francois Bouchoms	January 01, 2016

For both years ended December 31, 2023 and December 31, 2022, the aggregated remuneration paid by the Company to its board members for their management activities within the Group amounted to $0.4 million. Annual compensation is reported within "Selling, general and administrative expenses" on the Consolidated Statements of Income.

There are no advances or loans granted to members of the managing board.

29. U.S. GAAP TO IFRS RECONCILIATION

The reconciliation of the net income and total equity for the years ended December 31, 2023 and 2022 between the amounts obtained using U.S. GAAP and those under IFRS as adopted by the European Union is as follows:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Net income per US GAAP	$ 305,004	$ 230,810
Adjustments for:		
Special economic zone *(a)*	(1,164)	(3,816)
Result of IFRS 9 implementation *(b)*	-	(631)
IFRS 16 – measurement of operating leases as finance leases *(c)*	(187)	(238)
Russian assets impairment *(d)*	-	(40,387)
Net income per IFRS	$ 303,653	$ 185,738
Total equity per US GAAP	$ 2,285,913	$ 1,893,651
Adjustments for:		
Special economic zone *(a)*	-	1,164
Result of IFRS 9 implementation *(b)*	-	(2,379)
IFRS 16 – measurement of operating leases as finance leases *(c)*	(3,787)	(3,600)
Russian assets impairment *(d)*	(32,309)	(40,387)
Total equity per IFRS	$ 2,249,817	$ 1,848,449

(a) Under U.S. GAAP, Special Economic Zone in Poland does not meet the criteria of tax incentive for which deferred tax can be recognized and the flow-through method is applied to recognize the tax benefit in the period in which the benefit arises. Under IFRS, Special Economic Zone meets criteria of tax relief subject to deferred tax. As of December 31, 2023, the whole incentive has been utilized.

(b) Due to the timing difference in applying ASC 326 and IFRS 9, financial credit loss differences were recognized starting in the fiscal year ended December 31, 2018 and ending as of January 1, 2023. The Company had applied IFRS 9 retrospectively with the cumulative effect of applying this standard recognized on the date of initial application as required under IAS 8. Differences no longer exist due to the adoption of ASC 326 in fiscal year 2023.

(c) Due to the adoption of IFRS 16 on January 1, 2019 and adoption of ASC 842 on January 1, 2022, differences arose starting in the fiscal year ended December 31, 2022. All contracts classified as operating leases according to U.S. GAAP should be classified as financial leases under IFRS.

(d) Due to the difference between carrying amount of Russian entity under IAS 36, where impairment was recognized, and the carrying amount under ASC 360, where no impairment was recognized. Initial difference was recorded in the fiscal year ended December 31, 2022. As on December 2023, the difference decreased to $32.3 million due to foreign exchange gain on translation of initially recorded value. The difference was recognized in Other Comprehensive Income for the year ended December 31, 2023.

30. EMPLOYEES

As of December 31, 2023 and 2022, the average number of staff employed and related costs for the Company was as follows:

	2023		2022	
(Amounts in thousands)	Average Employees	Staffing Cost	Average Employees	Staffing Cost
Office employees	1,989	$ 105,920	2,226	$ 82,381
Manufacturing employees	5,634	174,312	5,539	169,302
Total consolidated	7,623	$ 280,231	7,765	$ 251,683

31. AUDIT FEES

The following table shows the aggregate fees billed to the Company for professional services provided by Deloitte Audit S.à r.l. and other member firms (“Deloitte”), as well as other audit firms for the years ended:

(Amounts in thousands)	December 31, 2023	December 31, 2022
Statutory audits	$ 1,613	$ 1,225
Other audit – assurance services	747	367
Other audit – non-assurance services	-	396
Tax services	544	157
Other departments	94	210
Out of pocket	-	19
Total audit fees	$ 2,999	$ 2,374

32. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 12, 2024, which is the date the Consolidated Financial Statements were available to be issued.

On January 3, 2024, CPG, a related party that directly or indirectly owns 100% of the equity of CPSA and CPUS, has acceded as a co-issuer to the outstanding (i) $400 million 3.125% aggregate principal amount of bonds due 2025, (ii) €600 million 2.375% aggregate principal amount of bonds due 2027, and (iii) $800 million 3.875% aggregate principal amount of bonds due 2029 originally issued by CPSA and CPUS. Each of CPSA and CPUS will remain co-issuers of the bonds (see Note 14). In line with these changes, certain conforming amendments to the indentures governing the bonds have been made, including amending the reporting requirements to now provide bondholders with a more streamlined and traditional single set of consolidated financial statements at the CPG level that includes the financial performance of all entities in the bonds' restricted group.

In January 2024, CPSA signed a new loan agreement with the related party CPUS for the amount of $100 million. The loan matures on December 31, 2026. As of the date of financial statement issuance, the amount transferred to CPUS was $25 million.

In February 2024, CPSA received the consent of Polish anti-monopoly authority (UOKiK) for the sale of CP Glass operations (i.e. plant located in Orzesze) in Poland to BA GLASS. On April 2, 2024, CPSA finalized the sale of glass business assets in Poland to BA, for a purchase price of €146.9 million ($156.7 million). The result, using the net assets of the glass business as of February 29, 2023, is an estimated pre-tax gain of $38.9 million. These estimates are subject to working capital adjustments and other customary closing adjustments under the terms of the agreement.

On February 20, 2024, the first instance Provincial Administrative Court has issued a verdict rejecting the complaint of CPSA in relation to the reconsideration of WHT case for years 2014 through 2017 (see Note 9). CPSA intends to submit a cassation complaint against it after the ruling with written reasoning is received.

SIGNATURES

Board of Managers

Peter F. Giorgi	Anthony Braesch	Jean-François Bouchoms

Luxembourg, April 12, 2024

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Société à responsabilité limitée

Annual Accounts

For the Financial Year Ended December 31, 2021

Registered office:
15, rue du Fort Bourbon
L-1249 Luxembourg
Luxembourg Trade and Companies Register number: B 179 277
Share capital: USD 6,718,000.00

GIORGI INTERNATIONAL HOLDINGS S.à r.l.
Société à responsabilité limitée

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GIORGI INTERNATIONAL HOLDINGS S.à r.l.
Société à responsabilité limitée

Balance Sheet

(expressed in USD)

	Notes	31/12/2021	31/12/2020
ASSETS			
Financial assets	3		
Shares in affiliated undertakings		672,523,240.75	672,523,240.75
		672,523,240.75	672,523,240.75
CURRENT ASSETS			
Cash at bank and in hand		95,792.29	346,680.86
Prepayments		81.26	6,460.03
TOTAL ASSETS		**672,619,114.30**	**672,876,381.64**
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	4		
Subscribed capital		6,718,000.00	6,718,000.00
Share premium account		386,086,742.00	386,086,742.00
Revaluation reserves		-	933,991.21
Legal reserve		671,800.00	671,800.00
Profit or loss brought forward		279,357,390.20	278,910,570.39
Profit or loss for the financial year		(313,123.33)	(487,171.40)
		672,520,808.87	672,833,932.20
LIABILITIES			
Creditors	5		
Trade creditors			
becoming due and payable within one year		96,694.74	42,067.57
Others creditors			
Tax authorities		191.18	-
Social security authorities		353.98	381.87
Other creditors			
becoming due and payable within one year		1,065.53	-
		98,305.43	42,449.44
TOTAL CAPITAL, RESERVES AND LIABILITIES		**672,619,114.30**	**672,876,381.64**

The accompanying notes on pages 3-10 are an integral part of these annual accounts.

Profit and Loss Account
(expressed in USD)

	Notes	From 01/01/2021 to 31/12/2021	From 01/01/2020 to 31/12/2020
Raw materials and consumables and other external expenses		**(226,004.74)**	**(397,102.72)**
Raw Materials and consumables		(407.03)	(442.22)
Other external expenses	6	(225,597.71)	(396,660.50)
Staff costs		**(19,769.89)**	**(19,199.81)**
Other operating expenses		**(60,205.18)**	**(55,246.10)**
Other interest receivable and similar income	7	**1,737.71**	**1,627.82**
other interest and similar income		1,737.71	1,627.82
Interest payable and similar expenses	8	**(3,028.41)**	**(11,841.42)**
other interest and similar expenses		(3,028.41)	(11,841.42)
Tax on profit or loss	9	-	-
Profit or loss after taxation		**(307,270.51)**	**(481,762.23)**
Other taxes not shown under items above	9	**(5,852.82)**	**(5,409.17)**
Profit or loss for the financial year		**(313,123.33)**	**(487,171.40)**

Notes to the Annual Accounts
(expressed in USD)

Note 1 – General Information

Giorgi International Holdings S.à r.l., hereinafter the "Company", was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B179277.

The financial year of the Company starts on January 1 and ends on December 31 of each year.

The Company may:

- Carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as the financing of group companies. In general, it may take any measures and carry out any operations, which it deems useful in the accomplishment and development of its purpose;
- Establish, manage, develop and dispose of a portfolio of securities and patents of whatever origin; it may also acquire securities and patents, by way of sale, transfer, exchange or otherwise; and it may also grant to or for the benefit of subsidiaries and/or affiliates of the Company any assistance, loan, advance or guarantee;
- Take any measure and carry out any operation, including, without limitation, commercial, financial, personal and real estate transactions which it may deem necessary or useful for the accomplishment and development of its objects;
- Borrow from subsidiaries and/or affiliates and/or any other person or entity in any form and proceed to the private issue of bonds and debentures.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended by the law of December 10, 2010 (the "Law"), determined and applied by the managers of the Company (the Board of Managers").

Use of Estimates

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the

assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates (continued)

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value of Financial Instruments

The main valuation rules applied by the Company are the following:

Financial Assets

Shares in affiliated undertakings are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Foreign currency translation

The Company maintains its accounting records in Dollar (USD) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("LuxGaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only.

Notes to the Annual Accounts
(expressed in USD)

Note 2 – Summary of Significant Accounting Policies (continued)

Foreign currency translation(continued)

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Creditors

Creditors are stated as their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Note 3 – Financial Assets

The movements on the "Shares in affiliated undertakings" caption during the year ended December 31, 2021 are as follows:

	Affiliated undertaking's shares	**Total**
Gross book value - opening balance	**672,523,240.75**	**672,523,240.75**
Additions for the year	-	
Disposals for the year	-	-
Transfers for the year	-	-
Gross book value - closing balance	**672,523,240.75**	**672,523,240.75**
Value adjustments - opening balance	**-**	**-**
Allocations for the year	-	-
Reversals for the year	-	-
Transfers for the year	-	-
Value adjustments - closing balance	**-**	**-**
Net book value - closing balance	**672,523,240.75**	**672,523,240.75**
Net book value - opening balance	672,523,240.75	672,523,240.75

(expressed in USD)

Note 3 – Financial Assets (continued)

Affiliated undertakings are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date*	Results for the last year*	Net book value 2021	Net book value 2020
Can-Pack S.A.	Poland	100%	31/12/2021	1,777,179.00	311,759,000.00	672,523,240.75	672,523,240.75
Total						**672,523,240.75**	**672,523,240.75**

*The figures are based on the consolidated annual accounts as of and for the year ended December 31, 2021.

At the end of 2021, the Board of Managers estimated that the financial asset, Can-Pack S.A., does not present any permanent loss in value.

Note 4 – Capital and Reserves

Subscribed Capital

The share capital of the Company amounts to USD 6,718,000.00 and is divided into 6,718,000 shares fully paid up with a nominal value of USD 1.00 each. The Company has not repurchased any of its own shares.

The movements on the "Subscribed capital" caption during the year ended December 31, 2021 are as follows:

	Share capital USD	Number of shares
Opening balance	**6,718,000.00**	**6,718,000**
Subscriptions for the year	-	-
Redemptions for the year	-	-
Closing balance	**6,718,000.00**	**6,718,000**

Share Premium Account

The movements on the "Share premium account" caption during the year are as follows:

	Share premium
Opening balance	**386,086,742.00**
Additions for the year	-
Reductions for the year	-
Closing balance	**386,086,742.00**

(expressed in USD)

Note 4 – Capital and Reserves (continued)

Reserves and Profit/Loss

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the reserves and profit/loss items are as follows:

	Legal reserve		Other reserves	Results brought forward		Profit or loss for the year
At the beginning of the year	**671,800.00**		**933,991.21**	**278,910,570.39**		**(487,171.40)**
Allocation of the prior year's result:						
Adjustment of the revaluation reserves*						
Allocation to results brought forward	-		(933,991.21)	446,819.81		487,171.40
Profit or loss for the year	-		-	-		(313,123.33)
At the end of the year	**671,800.00**	-	**0.00**	**279,357,390.20**	-	**313,123.33**

* The revaluation reserves are due to the conversion of PLN to USD.

Note 5 – Creditors

This caption is detailed as follows:

	2021	2020
Becoming due and payable within one year:		
Trade creditors	96,694.74	42,067.57
Other creditors	1,065.53	-
Social security authorities	353.98	381.87
Tax accruals	191.18	-
Total	**98,305.43**	**42,449.44**

Notes to the Annual Accounts
(expressed in USD)

Note 6 – Other External Expenses

Other external expenses are mainly composed of accounting, tax, and audit fees.

	2021	2020
Other External Expenses		
Audit fees	98,365.46	167,216.51
Legal fees	41,285.44	139,635.88
Buildings	36,402.63	35,100.30
Accounting and auditing fees	34,580.68	34,803.98
Tax consulting fees	8,374.70	9,280.25
Bank account charges	4,199.01	3,602.95
Telephone & other telecommun. costs	1,241.97	1,257.21
Administration fees	706.82	802.14
Contribut. to professional organisations	415.52	4,569.68
Insurance fees	25.48	104.46
Other fees	0.00	287.14
Total	**225,597.71**	**396,660.50**

Note 7 – Other Interest Receivable and Similar Income

This caption is detailed as follows:

	2021	2020
Other interest and similar income		
Foreign exchange gains	1,737.71	1,627.82
Total	**1,737.71**	**1,627.82**

(expressed in USD)

Note 8 – Interest Payable and Similar Expenses

This caption is detailed as follows:

	2021	2020
Other interest and similar expenses		
Foreign exchange losses	3,028.41	11,841.42

Note 9 – Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

	2021	2020
Other taxes not shown under items above		
Net Wealth Tax	5,852.82	5,409.17
Total	**5,852.82**	**5,409.17**

Note 10 – Off Balance Sheet Commitments and Contingencies

Losses are recognized when it is probable that an obligation will occur, and an amount can be reasonably estimated. Accordingly, the CANPACK S.A. has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. CANPACK S.A. is having disputes with former members of the Management Board in relation to the termination of these individuals during 2013. The total amount claimed by the former members of the Management Board was $26.8 million (PLN 109 million) and $31.2 million (PLN 117.2 million) as of December 31, 2021, and 2020, respectively. According to the best estimate of the Management Board $20.9 million (PLN 84.7 million) and $22.7 million (PLN 85.4 million) was accrued as of December 31, 2021, and December 31, 2020, respectively. The difference of $5.9 million (PLN 24.3 million) and $8.5 million (PLN 31.8 million) as of December 31, 2021 and 2020, respectively, is an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $9.2 million (PLN 37.5 million) and $8.7 million (PLN 32.6 million) as of December 31, 2021 and 2020, respectively. All of these accruals are presented under “Accrued expenses and other liabilities” on Combined Balance Sheets and under “Accrued employee related benefits” of CANPACK S.A.

Note 10 – Off Balance Sheet Commitments and Contingencies(continued)

In February 2021, a customer claimed that cans supplied by CANPACK Netherlands, a subsidiary of CANPACK S.A., and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. CANPACK Netherlands' customer alleges that the cans were defective. As this matter has proceeded, the damages currently alleged by the end customer have increased to include multiple warehouse locations and are now a total of approximately $34.3 million. Extensive investigations to date indicate that the cause of the leakage is due to multiple factors only some of which were in CANPACK Netherlands' control, and that CANPACK Netherlands has both legal and equitable defenses to liability as well as to certain categories of the damages alleged. This matter remains under investigation. CANPACK Netherlands has recorded an accrual for its estimated responsibility for this matter, which is an amount significantly lower than the amount currently alleged, but which amount CANPACK Netherlands currently believes is reasonable. The amount of this accrual will be adjusted as appropriate as more information becomes available.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $7.6 million and $6 million as of December 31, 2021 and 2020, respectively. CANPACK S.A. has disclosed such matters as contingent liabilities, but has not recorded a liability as of December 31, 2021 and 2020.

Note 11 – Subsequent Events

The outbreak of the novel coronavirus ("COVID-19") and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, may impact Company's business in a number of ways.

This may include an adverse effect from reduced global economic activity and resulting demand for customer products and, therefore, the products Can-Pack S.A manufactures, as well as the ability to operate business, including potential disruptions to Company's supply chain and workforce.

The circumstances of the current COVID-19 outbreak are changing rapidly, and at this time the Company is unable to reasonably estimate the full impact of the COVID-19 outbreak on its financial results.

In the year ended December 31, 2021 the outbreak of COVID-19 did not have a material impact on Annual Accounts of the Company.

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Société à responsabilité limitée

Annual Accounts

For the Financial Year Ended December 31, 2022

Registered office:
15, rue du Fort Bourbon
L-1249 Luxembourg
Luxembourg Trade and Companies Register number: B 179 277
Share capital: USD 6,718,000.00

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GIORGI INTERNATIONAL HOLDINGS S.à r.l.
Société à responsabilité limitée

Profit and loss account for the financial year ended December 31, 2022
(expressed in USD)

	Notes	31/12/2022	31/12/2021
ASSETS	**Notes**		
Financial assets	**3**		
Shares in affiliated undertakings		672,523,240.75	672,523,240.75
		672,523,240.75	672,523,240.75
CURRENT ASSETS			
Cash at bank and in hand		215,732.58	95,792.29
Prepayments		-	81.26
TOTAL ASSETS		**672,738,973.33**	**672,619,114.30**
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	**4**		
Subscribed capital		6,718,000.00	6,718,000.00
Share premium account		386,436,742.00	386,086,742.00
Legal reserve		671,800.00	671,800.00
Profit or loss brought forward		279,044,266.87	279,357,390.20
Profit or loss for the financial year		(283,581.20)	(313,123.33)
		672,587,227.67	672,520,808.87
LIABILITIES			
Creditors	**5**		
Trade creditors			
becoming due and payable within one year		150,208.99	96,694.74
Others creditors			
Tax authorities		185.58	191.18
Social security authorities		316.77	353.98
Other creditors			
becoming due and payable within one year		1,034.32	1,065.53
		151,745.66	98,305.43
TOTAL CAPITAL, RESERVES AND LIABILITIES		**672,738,973.33**	**672,619,114.30**

Profit and loss account for the financial year ended December 31, 2022
(expressed in USD)

	Notes	From 01/01/2022 to 31/12/2022	From 01/01/2021 to 31/12/2021
Raw materials and consumables and other external expenses		**(202,238.85)**	**(226,004.74)**
Raw Materials and consumables		(366.51)	(407.03)
Other external expenses	**6**	(201,872.34)	(225,597.71)
Staff costs		**(18,281.44)**	**(19,769.89)**
Other operating expenses		**(53,915.76)**	**(60,205.18)**
Other interest receivable and similar income	**7**	**1,741.21**	**1,737.71**
other interest and similar income		1,741.21	1,737.71
Interest payable and similar expenses	**8**	**(5,409.80)**	**(3,028.41)**
other interest and similar expenses		(5,409.80)	(3,028.41)
Tax on profit or loss	**9**	**-**	**-**
Profit or loss after taxation		**(278,104.64)**	**(307,270.51)**
Other taxes not shown under items above	**9**	**(5,476.56)**	**(5,852.82)**
Profit or loss for the financial year		**(283,581.20)**	**(313,123.33)**

Notes to the Annual Accounts
(expressed in USD)

Note 1 – General Information

Giorgi International Holdings S.à r.l., hereinafter the "Company", was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited duration. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B179277.

The financial year of the Company starts on January 1 and ends on December 31 of each year.

The Company may:

- Carry out all transactions pertaining directly or indirectly to the acquisition of shareholdings in any company or firm or other entity in any form whatsoever, and the administration, management, control and development of those shareholdings;
- Establish, manage, develop and dispose of a portfolio of securities and patents of whatever origin; it may also acquire securities and patents, by way of investment, subscription, underwriting or option, and realize them by way of sale, transfer, exchange or otherwise; and it may also grant to or for the benefit of subsidiaries and/or affiliates of the Company any assistance, loan, advance or guarantee;
- Take any measure and carry out any operation, including, without limitation, commercial, financial, personal and real estate transactions which it may deem necessary or useful for the accomplishment and development of its objects;
- Borrow from subsidiaries and/or affiliates and/or any other person or entity in any form and proceed to the private issue of bonds and debentures.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended amongst others by the law of December 10, 2010 (the "Law"), determined and applied by the managers of the Company (the Board of Managers").

Use of Estimates

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates (continued)

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value of Financial Instruments

The main valuation rules applied by the Company are the following:

Financial Assets

Shares in affiliated undertakings are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Foreign currency translation

The Company maintains its accounting records in Dollar (USD) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the “historical exchange rate”).

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg (“LuxGaap”), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both 4ealized and 4ealized4d exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when 4ealized only.

Notes to the Annual Accounts
(expressed in USD)

Note 2 – Summary of Significant Accounting Policies (continued)

Foreign currency translation(continued)

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

Creditors

Creditors are stated as their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Note 3 – Financial Assets

The movements on the "Shares in affiliated undertakings" caption during the year ended December 31, 2022 are as follows:

	Affiliated undertaking's shares	**Total**
Gross book value - opening balance	**672,523,240.75**	**672,523,240.75**
Additions for the year	-	
Disposals for the year	-	-
Transfers for the year	-	-
Gross book value - closing balance	**672,523,240.75**	**672,523,240.75**
Value adjustments - opening balance	**-**	**-**
Allocations for the year	-	-
Reversals for the year	-	-
Transfers for the year	-	-
Value adjustments - closing balance	**-**	**-**
Net book value - closing balance	**672,523,240.75**	**672,523,240.75**
Net book value - opening balance	672,523,240.75	672,523,240.75

(expressed in USD)

Note 3 – Financial Assets (continued)

Affiliated undertakings are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date*	Results for the last year*	Net book value 2022	Net book value 2021
Can-Pack S.A.	Poland	100%	31/12/2022	1,893,592,000.00	231,099,000.00	672,523,240.75	672,523,240.75
Total						**672,523,240.75**	**672,523,240.75**

*The figures are based on the consolidated annual accounts as of and for the year ended December 31, 2022.

At the end of 2022, the Board of Managers estimated that the financial asset, Can-Pack S.A., does not present any permanent loss in value.

Note 4 – Capital and Reserves

Subscribed Capital

The share capital of the Company amounts to USD 6,718,000.00 and is divided into 6,718,000 shares fully paid up with a nominal value of USD 1.00 each. The Company has not repurchased any of its own shares.

The movements on the "Subscribed capital" caption during the year ended December 31,2022 are as follows:

	Share capital USD	Number of shares
Opening balance	**6,718,000.00**	**6,718,000**
Subscriptions for the year	-	-
Redemptions for the year	-	-
Closing balance	**6,718,000.00**	**6,718,000**

(expressed in USD)

Note 4 – Capital and Reserves (continued)

Share Premium Account

The movements on the "Share premium account" caption during the year are as follows:

	Share premium
Opening balance	**386,086,742.00**
Additions for the year*	350,000.00
Reductions for the year	-
Closing balance	**386,436,742.00**

*On January 19,2022, the sole shareholder of the Company has decided to contribute an amount of USD 350,000 by way of contribution in cash without the issuance of new shares.

Reserves and Profit/Loss

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the reserves and profit/loss items are as follows:

	Legal reserve	Results brought forward	Profit or loss for the year
At the beginning of the year	**671,800.00**	**279,357,390.20**	**(313,123.33)**
Allocation of the prior year's result:			
Allocation to results brought forward	-	(313,123.33)	313,123.33
Profit or loss for the year	-	-	(283,581.20)
At the end of the year	**671,800.00**	**279,044,266.87**	**(283,581.20)**

(expressed in USD)

Note 5 – Creditors

This caption is detailed as follows:

	2022	2021
Becoming due and payable within one year:		
Trade creditors	150,208.99	96,694.74
Other creditors	1,034.32	1,065.53
Social security authorities	316.77	353.98
Tax accruals	185.58	191.18
Total	**151,745.66**	**98,305.43**

Note 6 – Other External Expenses

Other external expenses are mainly composed of accounting, tax, and audit fees.

	2022	2021
Other External Expenses		
Audit fees	102,538.37	98,365.46
Legal fees	30,681.57	41,285.44
Buildings	30,115.74	36,402.63
Accounting fees	24,879.49	34,580.68
Tax consulting fees	5,652.98	8,374.70
Bank account charges	4,999.00	4,199.01
Telephone & other telecommun. costs	1,059.55	1,241.97
Administration fees	1,064.66	706.82
Contribut. to professional organisations	351.47	415.52
Insurance fees	76.50	25.48
Service fees	85.54	-
Other fees	367.47	-
Total	**201,872.34**	**225,597.71**

(expressed in USD)

Note 7 – Other Interest Receivable and Similar Income

This caption is detailed as follows:

	2022	2021
Other interest and similar income		
Foreign exchange gains	1,741.21	1,737.71
Total	**1,741.21**	**1,737.71**

Note 8 – Interest Payable and Similar Expenses

This caption is detailed as follows:

	2022	2021
Other interest and similar expenses		
Foreign exchange losses	5,409.80	3,028.41
Total	**5,409.80**	**3,028.41**

Note 9 – Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

	2022	2021
Other taxes not shown under items above		
Net Wealth Tax	5,476.56	5,852.82
Total	**5,476.56**	**5,852.82**

Note 10 – Off Balance Sheet Commitments and Contingencies

Can-Pack S.A. (see note 3)

Losses are recognized when it is probable that an obligation will occur and an amount can be reasonably estimated. Accordingly, the Company has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. CANPACK S.A. is having disputes with former members of the Management Board in relation to the termination of these individuals from the Company during 2013. The total amount claimed by the former members of the Management Board was $24.8 million (PLN 109 million) and $26.8 million (PLN 109 million) as of December 31, 2022 and 2021, respectively. According to the best estimate of the Management Board $19.2 million (PLN 84.7 million) and $20.9 million (PLN 84.7 million) was accrued as of December 31, 2022 and December 31, 2021, respectively. The difference of $5.5 million (PLN 24.3 million) and $5.9 million (PLN 24.3 million) as of December 31, 2022 and 2021, respectively, is an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $10.6 million (PLN 46.7 million) and $9.2 million (PLN 37.5 million) as of December 31, 2022 and 2021, respectively. All of these accruals are presented under "Accrued expenses and other liabilities" on Consolidated Balance Sheets and under "Accrued employee related benefits".

In February 2021, a customer claimed that cans supplied by CANPACK Netherlands, a subsidiary of CANPACK S.A., and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. Extensive investigations indicated that the cause of the leakage was due to multiple factors only some of which were in CANPACK Netherlands' control . During 2022, CANPACK Netherlands settled the claim with the customer for a confidential amount. Following that settlement CANPACK Netherlands received from its product insurer partial reimbursement of the amount paid to the customer (which amount is also confidential), resulting in a net cost to CANPACK Netherlands of approximately $1.0 million inclusive of related legal and other cost and expenses.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $8.4 million and $7.6 million as of December 31, 2022 and 2021, respectively. The Company has disclosed such matters as contingent liabilities, but has not recorded a liability as of December 31, 2022 and 2021.

Note 11 – Subsequent Events

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022.

The situation, together with growing turmoil from fluctuations in commodity prices and foreign exchange rates, and the potential to adversely impact global economies, has driven a sharp increase in volatility across markets. The Board of Managers regards these events as non-adjusting events after the reporting period.

Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board of Managers of the Company continues to monitor the evolving situation and its impact on the financial position of the Company.

GIORGI INTERNATIONAL HOLDINGS S.à r.l.

Société à responsabilité limitée

Annual Accounts

For the Financial Year Ended December 31, 2023

Registered office:
15, rue du Fort Bourbon
L-1249 Luxembourg
Luxembourg Trade and Companies Register number: B 179 277
Share capital: USD 6,718,000.00

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GIORGI INTERNATIONAL HOLDINGS S.à r.l.
Société à responsabilité limitée

Balance Sheet as at December 31, 2023
(expressed in USD)

	Notes	31/12/2023	31/12/2022
ASSETS			
Financial assets	**3**		
Shares in affiliated undertakings		672,523,240.75	672,523,240.75
		672,523,240.75	672,523,240.75
CURRENT ASSETS			
Cash at bank and in hand		58,321.92	215,732.58
Prepayments		2,492.58	-
TOTAL ASSETS		**672,584,055.25**	**672,738,973.33**
CAPITAL, RESERVES AND LIABILITIES			
CAPITAL AND RESERVES	**4**		
Subscribed capital		6,718,000.00	6,718,000.00
Share premium account		386,686,742.00	386,436,742.00
Legal reserve		671,800.00	671,800.00
Profit or loss brought forward		278,760,685.87	279,044,266.87
Profit or loss for the financial year		(373,650.06)	(283,581.20)
		672,463,577.61	672,587,227.67
LIABILITIES			
Creditors	**5**		
Trade creditors			
becoming due and payable within one year		119,727.93	150,208.99
Others creditors			
Tax authorities		-	185.58
Social security authorities		749.71	316.77
Other creditors			
becoming due and payable within one year		-	1,034.32
		120,477.64	151,745.66
TOTAL CAPITAL, RESERVES AND LIABILITIES		**672,584,055.25**	**672,738,973.33**

GIORGI INTERNATIONAL HOLDINGS S.à r.l.
Société à responsabilité limitée

Profit and loss account for the financial year ended December 31, 2023
(expressed in USD)

	Notes	From 01/01/2023 to 31/12/2023	From 01/01/2022 to 31/12/2022
Raw materials and consumables and other external expenses		**(289,327.49)**	**(202,238.85)**
Raw Materials and consumables		(726.73)	(366.51)
Other external expenses	6	(288,600.76)	(201,872.34)
Staff costs		**(19,946.73)**	**(18,28144)**
Other operating expenses		**(53,927.54)**	**(53,915.76)**
Other interest receivable and similar income	7	**819.99**	**1,741.21**
other interest and similar income		819.99	1,741.21
Interest payable and similar expenses	8	**(6,113.57)**	**(5,409.80)**
other interest and similar expenses		(6,113.57)	(5,409.80)
Tax on profit or loss	9	**-**	**-**
Profit or loss after taxation		**(368,495.34)**	**(278,104.64)**
Other taxes not shown under items above	9	**(5,154.72)**	**(5,476.56)**
Profit or loss for the financial year		**(373,650.06)**	**(283,581.20)**

Note 1 – General Information

Giorgi International Holdings S.à r.l., hereinafter the "Company", was incorporated on July 25, 2013 as a "société à responsabilité limitée" for an unlimited period. The Company is organised under the laws of Luxembourg, in particular the law of August 10, 1915 on commercial companies, as amended.

The registered office of the Company is established in Luxembourg City and is registered at the Trade and Companies register in Luxembourg under the number B179277.

The financial year of the Company starts on January 1 and ends on December 31 of each year.

The Company may:

- Carry out all transactions pertaining directly or indirectly to the acquisition of participating interests as well as the financing of group companies. In general, it may take any measures and carry out any operations, which it deems useful in the accomplishment and development of its purpose;
- Establish, manage, develop and dispose of a portfolio of securities and patents of whatever origin; it may also acquire securities and patents, by way of sale, transfer, exchange or otherwise; and it may also grant to or for the benefit of subsidiaries and/or affiliates of the Company any assistance, loan, advance or guarantee;
- Take any measure and carry out any operation, including, without limitation, commercial, financial, personal and real estate transactions which it may deem necessary or useful for the accomplishment and development of its objects;
- Borrow from subsidiaries and/or affiliates and/or any other person or entity in any form and proceed to the private issue of bonds and debentures.

The Company also prepares consolidated financial statements, which are published according to the provisions of the law.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

These annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of December 19, 2002, as amended by the law of December 10, 2010 (the "Law"), determined and applied by the managers of the Company (the Board of Managers").

Use of Estimates

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the

assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

Use of Estimates (continued)

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value of Financial Instruments

The main valuation rules applied by the Company are the following:

Financial Assets

Shares in affiliated undertakings are valued respectively at purchase price and nominal value (loans and claims) including the expenses incidental thereto.

In the case of durable depreciation in value according to the opinion of the Board of Managers, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which they were made have ceased to apply.

Foreign currency translation

The Company maintains its accounting records in Dollar (USD) and the balance sheet and the profit and loss accounts are expressed in this currency.

Transactions expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction.

Formation expenses and long term non-monetary assets expressed in currencies other than USD are translated into USD at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain converted using the exchange rate at the time of the transaction (the "historical exchange rate").

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

In accordance with prudence principles found within generally accepted accounting principles in Luxembourg ("LuxGaap"), other assets are translated separately, at the lower of the value converted using the historical exchange rate and the value converted using the exchange rate at the balance sheet date. Conversely, other liabilities are translated separately, at the higher of the value converted using the historical exchange rate and the exchange rate at the balance sheet date. Consequently, both realised and unrealised exchange losses are recorded in the profit and loss account while exchange gains are recorded in the profit and loss account when realised only. Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account while the net unrealised gains are not recognised.

(expressed in USD)

Creditors

Creditors are stated as their nominal value. Where the amount repayable on account is greater than the amount received, the difference is shown in the profit and loss account when the debt is issued.

Current tax provisions

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the tax assessments have not yet been received are recorded under the caption "Tax authorities". The advance payments are shown in the assets of the balance sheet under the caption "Other debtors", if applicable.

Note 3 – Financial Assets

The movements on the "Shares in affiliated undertakings" caption during the year ended December 31, 2023 are as follows:

	Affiliated undertaking's shares	**Total**
Gross book value - opening balance	**672,523,240.75**	**672,523,240.75**
Additions for the year	-	
Disposals for the year	-	-
Transfers for the year	-	-
Gross book value - closing balance	**672,523,240.75**	**672,523,240.75**
Value adjustments - opening balance	**-**	**-**
Allocations for the year	-	-
Reversals for the year	-	-
Transfers for the year	-	-
Value adjustments - closing balance	**-**	**-**
Net book value - closing balance	**672,523,240.75**	**672,523,240.75**
Net book value - opening balance	672,523,240.75	672,523,240.75

(expressed in USD)

Note 3 – Financial Assets (continued)

Affiliated undertakings are as follows:

Undertaking's name	Registered office	Percentage of holding	Last balance sheet date	Net equity at the last balance sheet date*	Results for the last year*	Net book value 2023	Net book value 2022
Can-Pack S.A.	Poland	100%	31/12/2023	1,893,592,000.00	231,099,000.00	672,523,240.75	672,523,240.75
Total						**672,523,240.75**	**672,523,240.75**

*The figures are based on the consolidated annual accounts as of and for the year ended December 31, 2023. At the end of 2023, the Board of Managers estimated that the financial asset, Can-Pack S.A., does not present any permanent loss in value.

Note 4 – Capital and Reserves

Subscribed Capital

The share capital of the Company amounts to USD 6,718,000.00 and is divided into 6,718,000 shares fully paid up with a nominal value of USD 1.00 each. The Company has not repurchased any of its own shares.

The movements on the "Subscribed capital" caption during the year ended December 31,2023 are as follows:

	Share capital USD	Number of shares
Opening balance	**6,718,000.00**	**6,718,000**
Subscriptions for the year	-	-
Redemptions for the year	-	-
Closing balance	**6,718,000.00**	**6,718,000**

(expressed in USD)

Note 4 – Capital and Reserves (continued)

Share Premium Account

The movements on the "Share premium account" caption during the year are as follows:

	Share premium
Opening balance	**386,436,742.00**
Additions for the year*	250,000.00
Reductions for the year	-
Closing balance	**386,686,742.00**

*On March 10, 2023 the sole shareholder of the Company has decided to contribute an amount of USD 250,000 by way of contribution in cash without the issuance of new shares.

Reserves and Profit/Loss

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of its annual net profit until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Movements for the year on the reserves and profit/loss items are as follows:

	Legal reserve	Results brought forward	Profit or loss for the year
At the beginning of the year	**671,800.00**	**279,044,266.87**	**(283,581.20)**
Allocation of the prior year's result:			
Allocation to results brought forward	-	(283,581.20)	283,581.20
Profit or loss for the year	-	-	(373,650.06)
At the end of the year	**671,800.00**	**278,760,685.67**	**(373,650.06)**

Notes to the Annual Accounts
(expressed in USD)

Note 5 – Creditors

This caption is detailed as follows:

	2023	**2022**
Becoming due and payable within one year:		
Trade creditors	119,727.93	150,208.99
Other creditors	-	1,034.32
Social security authorities	749.71	316.77
Tax accruals	-	185.58
Total	**120,477.64**	**151,745.66**

Note 6 – Other External Expenses

Other external expenses are mainly composed of accounting, tax, and audit fees.

	2023	**2022**
Other External Expenses		
Audit fees	117,292.64	102,538.37
Legal fees	78,551.18	30,681.57
Buildings	37,660.16	30,115.74
Accounting fees	42,435.65	24,879.49
Tax consulting fees	7,132.59	5,652.98
Bank account charges	2,595.31	4,999.00
Telephone & other telecommun. costs	1,094.85	1,059.55
Administration fees	1,121.67	1,064.66
Contribut. to professional organisations	393.05	351.47
Insurance fees	184.43	76.50
Service fees	-	85.54
Other fees	139.23	367.47
Total	**288,600,76**	**201,872.34**

Notes to the Annual Accounts
(expressed in USD)

Note 7 – Other Interest Receivable and Similar Income

This caption is detailed as follows:

	2023	2022
Other interest and similar income		
Foreign exchange gains	819.99	1,741.21
Total	**819.99**	**1,741.21**

Note 8 – Interest Payable and Similar Expenses

This caption is detailed as follows:

	2023	2022
Other interest and similar expenses		
Foreign exchange losses	6,113.57	5,409.80
Total	**6,113.57**	**5,409.80**

Note 9 – Taxation

The Company is subject to the general tax regulation applicable to all Luxembourg commercial companies.

	2023	2022
Other taxes not shown under items above		
Net Wealth Tax	5,154.72	5,476.56
Total	**5,154.72**	**5,476.56**

Note 10 – Off Balance Sheet Commitments and Contingencies

CONTINGENT LIABILITIES

Losses are recognized when it is probable that an obligation will occur and an amount can be reasonably estimated. Accordingly, the Company has recognized a loss and recorded a related liability for the pending dispute with former members of the Management Board. CANPACK S.A. is having disputes with former members of the Management Board in relation to the termination of these individuals from the Company during 2013. The total amount claimed by the former members of the Management Board was $27.7 million (PLN 109 million) and $24.8 million (PLN 109 million) as of December 31, 2023 and 2022, respectively. According to the best estimate of the Management Board $21.5 million (PLN 84.7 million) and $19.2 million (PLN 84.7 million) was accrued as of December 31, 2023 and December 31, 2022, respectively. The difference of $6.2 million (PLN 24.3 million) and $5.5 million (PLN 24.3 million) as of December 31, 2023 and 2022, respectively, is an unrecognized contingent liability. In addition, the amount of accrued statutory interest and social security related to the claims is $14.4 million (PLN 56.9 million) and $10.6 million (PLN 46.7 million) as of December 31, 2023 and 2022, respectively. All of these accruals are presented under "Accrued expenses and other liabilities" on Consolidated Balance Sheets and under "Accrued employee related benefits".

In February 2021, a customer claimed that cans supplied by CANPACK Netherlands, a subsidiary of CANPACK S.A., and filled by that customer with beverages and then sold to the end customer leaked while in storage rendering the beverage product unsaleable. Extensive investigations indicated that the cause of the leakage was due to multiple factors only some of which were in CANPACK Netherlands' control. During 2022, CANPACK Netherlands settled the claim with the customer for a confidential amount. Following that settlement CANPACK Netherlands received from its product insurer partial reimbursement of the amount paid to the customer (which amount is also confidential), resulting in a net cost to CANPACK Netherlands of approximately $1.0 million inclusive of related legal and other cost and expenses.

There are other contingent liabilities related to various other inquiries and proceedings, which management determined to have a reasonable possibility of resulting in recognition of losses. The maximum amount of losses associated with these matters was $6.2 million and $8.4 million as of December 31, 2023 and 2022, respectively. The Company has disclosed such matters as contingent liabilities, but has not recorded a liability as of December 31, 2023 and 2022.

Note 11 – Subsequent Events

In February 2024, the Company received the consent of Polish anti-monopoly authority (UOKiK) for the sale of CP Glass operations (i.e. plant located in Orzesze) in Poland to BA GLASS. The Company and the buyer are proceeding with other customary closing requirements to finalize the planned transaction.

On April 2, 2024 the Company closed on the sale of CP Glass Operations (i.e. plant located in Orzesze) in Poland to BA GLASS, with a planned merger after.

No other matters or circumstances of importance other than those already described in the present notes to the accounts have arisen since the end of the financial year which could have significantly affected or might significantly affect the operations of the Company, the results of those operations or the affairs of the Company.