Annual Report 2021

Gerresheimer at a Glance

Product overview

We manufacture more than 17 bn products annually.

Syringes	~ 500m
Plasticbottles	~ 5.5bn
Medical Devices	> 500m
Cosmetics	~ 1bn
Vials	~ 3.5bn
Ampoules	~ 2bn
Cartridges	~ 1bn
Glassbottles	~ 3.5bn

Financial year 2021

47
locations
(in 16 countries)

36
manufacturing locations/
plants worldwide

over 10,000
employees
from 74 nations

+7.6%
revenue growth
(core business, currency-adjusted)

EUR 324.2m
adj. EBITDA
(core business, currency-adjusted)

+11.2%
adj. EPS
(currency-adjusted)

About us

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

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

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

Contents

Combined Management Report

Fundamental Information about the Group

Preliminary Remarks

This management report combines the management report of the Gerresheimer Group and the management report of Gerresheimer AG. The information provided in the following relates to the Gerresheimer Group, unless otherwise stated. Information on the performance of Gerresheimer AG is provided in the section “Business Performance of Gerresheimer AG (HGB).”

Business Activity

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

The Group consists of Gerresheimer AG — the parent company, a publicly listed stock corporation under German law with its registered office in Duesseldorf (Germany) — together with the direct and indirect subsidiaries and associates under its management. As of November 30, 2021, the Group had approximately 10,000 employees. The Gerresheimer Group’s locations are shown in the list of shareholdings, which forms part of the Notes to the Consolidated Financial Statements.

Divisions

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

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

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

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

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

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

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

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

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

Advanced Technologies is our center and hub of innovation for intelligent devices. This division develops smart drug delivery systems for pharma and biotech companies. Its portfolio currently comprises patented micro pumps, which are used to self-administer medication for Parkinson’s disease or heart failure, for example. In addition to ongoing evaluation of further projects for the development of smart products, a platform for smart inhalation measurement systems is currently under development.

Strategy and Objectives

Megatrends

A total of nine healthcare and pharmaceutical megatrends will drive growth opportunities in our markets over the next few years. We firmly believe that demand for system solutions and platforms in the pharma, biotech, and cosmetics industries is fueling a new megatrend, and that the cosmetic and healthcare industries will continue to converge. In our opinion, these trends will be more intense and distinctive than developments in the generics market and urban growth in emerging markets.

Rise in chronic diseases and aging population

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

Better healthcare provision in emerging markets

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

Rising costs in healthcare and stricter regulatory requirements

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

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

More biotech drugs and biosimilars

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

Vaccinations a growing trend

The outbreak of Covid-19 and efforts to combat the global pandemic have highlighted the importance of vaccinations and boosted public awareness. Vaccinations against Covid-19 and potential variants of the virus will be a top priority in the future, along with vaccinations against many other diseases.

Self-medication and personalized medication

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

System solutions and platforms

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

Well-being: Where cosmetics and health converge

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

Sustainability

Sustainability is becoming a key topic in many industries and parts of our lives — and the healthcare sector, as well as the manufacturing and packaging of medicinal drugs and of cosmetic products, is no exception. The sustainable production of primary packaging and drug delivery devices with minimum consumption of energy and materials, the use of recycled inputs, and the whole product life cycle approach are important factors. Innovative, sustainable concepts offer significant growth opportunities in this context.

Vision, mission, and values

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

Our vision

Leading in health and well-being delivery solutions

Our mission

Innovate and deliver for a better life every day

Our values

Teamwork

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

Responsibility

We act as entrepreneurs and deliver on our commitments.

Integrity

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

Bold Innovation

We believe that innovations drive our future success.

Excellence

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

Profitable, sustainable growth

formula G, our continuous strategy process, was launched in 2019. Its strategic goal is to transform Gerresheimer into a growth company as innovation leader and solution provider. Profitable, sustainable growth is the financial goal. We have set ambitious medium- and long-term targets as part of the formula G strategy process.

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

- Growth
- Innovation
- Excellence
- Leadership
- Sustainability

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

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

Financial Performance System

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

Key financial performance indicator

Revenues

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

Adjusted EBITDA and adjusted EBITDA margin

We measure our profitability on the basis of adjusted EBITDA and the adjusted EBITDA margin. The margin is defined as the ratio of adjusted EBITDA to revenues. Adjusted EBITDA is calculated as the sum of income before income taxes, the financial result, depreciation/amortization and impairment losses of fair value adjustments less capitalized cost items, depreciation/amortization, impairment losses, restructuring expenses, and exceptional income and expenses. Exceptional income and expenses may include termination benefits for the Management Board, costs incurred for restructuring and reorganization, refinancing, and legal disputes, the outcomes of tax audits, and costs relating to the Covid-19 pandemic. Given the ongoing global pandemic and the significant rise in inflation, adjusted EBITDA is the most important key financial performance indicator for the financial year 2022. The adjusted EBITDA margin remains a key financial performance indicator in the medium term.

Adjusted earnings per share

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

Other financial performance indicators

We also monitor a number of other financial performance indicators to keep track of our business, including net working capital, cash-effective capital expenditure, adjusted EBITDA leverage, free cash flow before M&A activities, and return on capital employed.

Net working capital

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

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

Cash-effective capital expenditure

Capital expenditure is a key success factor for profitable growth. We use the ratio of cash-effective capital expenditure in property, plant and equipment and intangible assets to revenues as a benchmark. Discounted cash flow analysis and payback periods are the main criteria for our decisions on capital expenditure. Expansion and rationalization projects are expected to achieve a minimum rate of return after tax of 15%, with a payback period of no more than four years.

Adjusted EBITDA leverage

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

Free cash flow before M&A activities

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

It is calculated as follows:

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

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

Return on capital employed

We use Gx ROCE (return on capital employed) as our key measure of capital efficiency and to manage resource allocation efficiently. Gx ROCE is calculated as the ratio of adjusted EBITA to average capital employed. Capital employed is calculated as equity plus interest-bearing debt less cash and cash equivalents. The average is calculated on the basis of the values as of the reporting date of the current and the prior reporting periods.

Non-financial performance indicators

Alongside the indicators used to monitor the financial development of the business, non-financial performance indicators are also instrumental to our business success. Our sustainability, readiness to innovate, problem-solving expertise, and, in particular, our ability to attract and retain highly qualified staff are of key importance from a Group perspective. No non-financial performance indicators were used to manage the Group in the financial year 2021. Non-financial performance indicators will continue to grow in importance over financial years to come.

Report on the Economic Position

Economic Environment

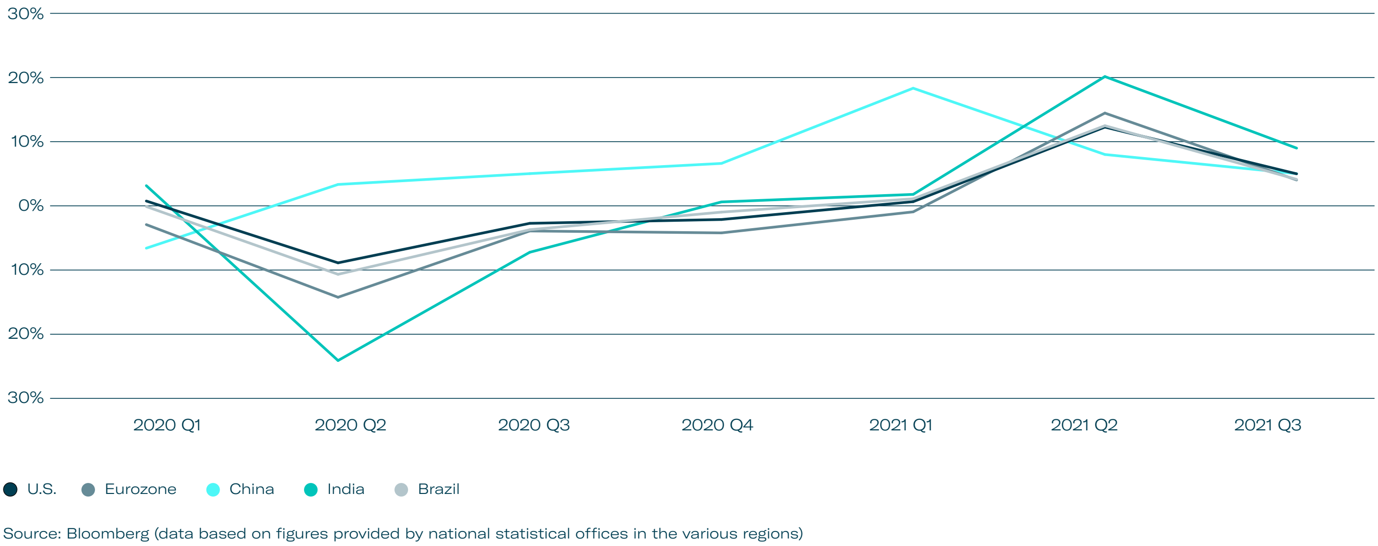
In the financial year 2020, the performance of the Gerresheimer Group's largest sales regions was shaped to a tremendous extent by the impact of the Covid-19 pandemic on the economy, particularly from the second quarter of the year on. In Europe, the United States, and emerging markets such as Brazil and India, gross domestic product bottomed out at the end of June 2020, while China suffered its sharpest decline already in the first quarter of 2020. Economic performance in these regions has been recovering ever since and returned to a course for growth in the first quarter of 2021. China's economy has been growing again since the second quarter of 2020. These trends have so far continued.

Based on the positive trend observed over the first nine months of the year, the experts from the International Monetary Fund (IMF) expect a significant year-on-year rise in global economic performance of 5.9% in the financial year 2021 (as of October 2021). This would be the sharpest increase in more than two decades. As a result, global economic performance in 2021 is likely to exceed the pre-pandemic 2019 level by 2.6%. In 2020, economic performance declined by 3.1%, predominantly as a result of the Covid-19 pandemic.

Industrialized economies and emerging and developing markets have been driving the recovery in equal measure. In 2021, industrialized economies are expected to increase their economic performance by 5.2% over the prior year, while growth in emerging and developing markets is likely to be higher at 6.4%.

Development of quarterly gross domestic product in key sales regions

Change year on year



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

IMF – World Economic Outlook (as of October 2021)

GDP growth vs. prior year in %	2020	2021	2022
World	**-3.1**	**5.9**	**4.9**
Developed economies	**-4.5**	**5.2**	**4.5**
U.S.	**-3.4**	**6.0**	**5.2**
Eurozone	**-6.3**	**5.0**	**4.3**
Germany	-4.6	3.1	4.6
France	-8.0	6.3	3.9
Italy	-8.9	5.8	4.2
Spain	-10.8	5.7	6.4
Japan	-4.6	2.4	3.2
United Kingdom	-9.8	6.8	5.0
Canada	-5.3	5.7	4.9
Emerging and developing markets	**-2.1**	**6.4**	**5.1**
China	2.3	8.0	5.6
India[1]	-7.3	9.5	8.5
Mexico	-8.3	6.2	4.0
Brazil	-4.1	5.2	1.5

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

Industry Trends

The global pharma market saw a volume-based decline of 2.7% year on year in 2021, according to IQVIA (as of October 2021). For the period from 2016 to 2021, IQVIA calculated an average annual growth rate of 1.0% on a like-for-like basis. In terms of regional development, the pharma market contracted year on year by 6.4% in Europe and 8.3% in North America, but grew by 1.0% in Asia. This equates to an average annual growth rate over the last five years of -0.5% for Europe, -2.4% for North America, and +2.0% for Asia. Emerging markets achieved a growth rate of -1.8%, outperforming the -3.8% in growth generated by industrialized economies on average. In 2019, that growth had stood at 3.2% in emerging markets and -2.2% in industrialized economies.

In the generics subsegment, global business volume fell by 1.5% in 2021, putting the average annual growth rate at 2.5% for the period from 2016 to 2021. In regional terms, average annual growth over the past five years came to 1.3% in Europe, 1.1% in North America, and 4.3% in Asia. Over the past five years, the generics subsegment has seen average annual growth of 4.2% in emerging markets, whereas developed markets were only able to achieve average annual volume growth of 2.0%. One of the structural growth trends within the pharma industry is the development of biological drugs, known as biologics. These drugs have increasingly gained importance over the past few years, as shown by their development in the financial year 2021. In the United States, the FDA approved 13% more biologics between December 2020 and November 2021 than it did in the same period in the prior year, while the number of approvals for non-biological drugs more than halved. The United States is the most important biologics market, accounting for some two-thirds of global revenues.

The cosmetics packaging market generated significant recovery in the financial year 2021. In the prior year, cyclical demand was still impacted by the Covid-19 pandemic, with parts of the market seeing a double-digit contraction. According to our internal analysis, the cosmetics market served by Gerresheimer generated low double-digit growth in the first nine months of 2021, only falling just short of pre-pandemic levels. This recovery was mainly driven by demand for fragrances, which saw considerably stronger development than the rest of the market. The trend toward high-quality packaging solutions continues unabated.

Development on Currency Markets

Effects from translation into the reporting currency, the euro, were particularly notable for Gerresheimer in the financial year 2021 in relation to the U.S. dollar, which proved less volatile against the euro than in the prior year. The U.S. dollar gained ground on the euro over the course of the financial year 2021, increasing in value by 5% as of the reporting date. The euro exchange rate against the U.S. dollar stood at 1.14 at the end of the financial year. However, in terms of the annual average exchange rate, the U.S. dollar was down 5% on the prior-year figure in the financial year 2021. This was due to the significant loss in value of the U.S. dollar compared to the euro following the outbreak of the Covid-19 pandemic in 2020.

Energy and Commodity Market Trends

Commodities and energy account for a significant share of the costs of manufacturing our glass and plastic products. Most commodity costs in the Plastics & Devices Division are incurred through the procurement of plastic precursors, while energy costs are the most significant cost item in the Primary Packaging Glass Division. Manufacturing glass requires energy-intensive combustion and melting processes in high-temperature furnaces. Commodity and energy prices rose sharply in the financial year 2021, especially in Europe, where the cost of electricity and gas skyrocketed. Electricity spot prices have almost tripled compared to the prior year, while gas spot prices have increased more than fourfold. Gerresheimer generally hedges against rising energy prices.

We are reliant on intermediary products such as polyethylene, polypropylene, and polystyrene in the manufacture of plastic products. The prices of these products largely depend on oil price trends. Resins, which are an important part of our business, rose in price significantly in the financial year 2021 by as much as 30% to 110%. Higher purchase prices for plastic precursors were largely absorbed by price escalation clauses and price increases in the sale of finished products.

In the manufacture of our high-quality glass pharmaceutical primary packaging, we predominantly use quartz sand and soda lime, as well as a variety of additives in small quantities. These base products were freely available in the financial year 2021 and able to be procured from a variety of suppliers. Most prices remained relatively stable in the financial year 2021.

In our glass tubes business, tubes made from borosilicate glass are an important intermediary product in the manufacture of prefillable syringes, injection vials, ampoules, and cartridges. We source these tubes from various manufacturers under long-term supply agreements. Prices were stable here in the financial year 2021.

Results of Operations

Revenues and adjusted EBITDA

The Gerresheimer Group generated revenues of EUR 1,498.0m in the financial year 2021, compared to EUR 1,418.8m in the prior year. In organic terms — in other words, excluding exchange rate effects — revenues climbed by 7.4% to EUR 1,496.6m. The exchange rate effects resulted mainly from the change in the value of the U.S. dollar against the euro. Organic growth in the core business came to 7.6%.

Adjusted EBITDA for the Gerresheimer Group was EUR 306.3m in the financial year 2021 (prior year: EUR 310.1m). As a percentage of revenues, the adjusted EBITDA margin came to 20.4% (prior year: 21.9%). The adjusted EBITDA margin in our core business stood at 21.4% (prior year: 22.9%). The organic adjusted EBITDA margin, which excludes exchange rate effects, amounted to 20.7% for the Group (prior year: 21.8%) and 21.7% in core business (prior year: 22.9%).

Performance of the individual divisions is presented below.

Plastics & Devices

			Change in %	
In EUR m	**2021**	2020	Actual	Organic
Revenues[1]	806.0	771.6	4.5	6.6
Adjusted EBITDA	204.0	212.5	-4.0	-1.2
Adjusted EBITDA margin in %	25.3	27.5	-220 bps	-200 bps

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

Revenues in the Plastics & Devices Division amounted to EUR 806.0m, an increase of 4.5% compared to the prior year. In organic terms, revenues climbed by 6.6%. Demand for inhalers and business involving plastic packaging and syringes all developed positively compared to the prior year.

Adjusted EBITDA was down in this division year on year in absolute terms, but remained on par with the prior year organically. This was due to a change in the product mix and, in particular, price increases in the sourcing of resins. Our strong market position and price escalation clauses in customer agreements enable us to pass on price increases to our customers after a certain period of time. Passing on these costs has a positive impact on our revenues, but does not increase adjusted EBITDA and dilutes the margin.

Primary Packaging Glass

In EUR m	2021	2020	Change in % Actual	Change in % Organic
Revenues[1]	690.6	644.1	7.2	8.7
Adjusted EBITDA	142.6	137.3	3.8	6.3
Adjusted EBITDA margin in %	20.6	21.3	-70 bps	-50 bps

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

The Primary Packaging Glass Division increased its revenues by 7.2%, with organic growth standing at 8.7%. The pharma and cosmetics business performed particularly well compared to the prior year. Pharma business benefited first and foremost from the rise in demand for our high-value solutions and biological solutions. Demand in cosmetics business recovered markedly after the considerable decline in the prior year, with revenues now standing above the level they were at in 2019, before the outbreak of the pandemic.

Adjusted EBITDA improved by 3.8% to EUR 142.6m. Organic adjusted EBITDA rose by 6.3%, despite the adverse impact of increasing energy and CO_2 credit costs. Procurement price increases are set to be largely compensated for by appropriate price adjustments in the coming quarters.

Advanced Technologies

In EUR m	2021	2020	Change in % Actual	Change in % Organic
Revenues[1]	8.0	9.5	-15.9	-15.9
Adjusted EBITDA	-14.7	-14.5	–	–
Adjusted EBITDA margin in %	–	–	–	–

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

In the Advanced Technologies Division, revenues from business involving micro-pump systems used to treat Parkinson's disease increased significantly compared to the prior year. Nevertheless, revenues were still down slightly on the prior year overall. This was due to the revenues recognized in the fourth quarter of the financial year 2020 in relation to projects in prior years that were canceled by customers. No such circumstances applied in the reporting year.

The development of adjusted EBITDA was primarily due to the continuation of the development projects as planned.

Reconciliation of revenues by division to Group revenues

In EUR m	2021	2020	Change in % Actual	Change in % Organic
Divisions[1]				
Plastics & Devices	806.0	771.6	4.5	6.6
Primary Packaging Glass	690.6	644.1	7.2	8.7
Core business	**1,496.6**	**1,415.7**	**5.7**	**7.6**
Advanced Technologies	8.0	9.5	-15.9	-15.9
Corporate functions/ consolidation	-6.6	-6.4	–	–
Revenues	**1,498.0**	**1,418.8**	**5.6**	**7.4**

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

Revenues by region

Gerresheimer generates the vast majority of its revenues abroad. The share of revenues generated outside Germany totaled 80.8%, compared to 77.6% in the prior year. The table below details the regional distribution of revenues.

In EUR m	2021	2020	Change in %
Regions			
Germany	288.1	317.9	-9.4
Other Europe	560.5	525.2	6.7
North America	417.1	376.6	10.8
Emerging markets	194.6	163.4	19.1
Other regions	37.7	35.7	5.7
Revenues	**1,498.0**	**1,418.8**	**5.6**

In the financial year 2021, Gerresheimer specified its own definition of emerging markets as those emerging markets where it generates the most revenues: Brazil, China, India, and Mexico. The prior-year figures have been adjusted accordingly.

Reconciliation of adjusted EBITDA to net income

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

In EUR m	2021	2020	Change
Adusted EBITDA Plastics & Devices	204.0	212.5	-8.5
Adjusted EBITDA Primary Packaging Glass	142.6	137.3	5.3
Adjusted EBITDA Corporate functions/consolidation	-25.6	-25.2	-0.4
Adjusted EBITDA core business	**321.0**	**324.6**	**-3.6**
Adjusted EBITDA Advanced Technologies	-14.7	-14.5	-0.2
Adjusted EBITDA Group	**306.3**	**310.1**	**-3.8**
Depreciation/amortization and impairment losses	-103.9	-112.5	8.6
Amortization and impairment losses of fair value adjustments	-36.1	-32.8	-3.3
Exceptional income and expenses	-18.9	-8.3	-10.6
Operating income	**147.4**	**156.5**	**-9.1**
Financial result	-19.6	-21.3	1.7
Income taxes	-40.6	-45.3	4.7
Net income	**87.2**	**89.9**	**-2.7**
Amortization and impairment losses of fair value adjustments	36.1	32.8	3.3
Exceptional income and expenses	18.9	8.3	10.6
Exceptional expenses on financial result	0.2	1.1	-0.9
Tax effects	-9.3	-8.4	-0.9
Adjusted net income	**133.1**	**123.7**	**9.4**
Non-controlling interests	3.4	1.3	2.1
Adjusted net income attributable to shareholders of Gerresheimer AG	**129.7**	**122.4**	**7.3**
Adjusted earnings per share attributable to shareholders of Gerresheimer AG in euros	**4.13**	**3.90**	**0.23**

Amortization and impairment losses for fair value adjustments related to the subsequent measurement of the intangible assets identified in connection with the acquisitions made in the period 2007 to 2018. In the financial year 2021, fair value adjustments were decreased by depreciation and amortization.

Exceptional income and expenses of EUR 18.9m in total had a negative impact on net income in the reporting year and primarily comprised the following one-off items:

In EUR m	2021	2020	Change
Costs in connection with the Covid-19 pandemic	9.5	6.2	3.3
Reorganization of divisions	4.5	1.0	3.5
Construction of new plants	4.2	3.8	0.4
Other income and expenses	0.7	-2.7	3.4
Exceptional income and expenses	**18.9**	**8.3**	**10.6**

Income and expenses relating to the Covid-19 pandemic mainly included a range of measures to maintain supply and production capacity, compliance with health and safety concepts, and one-off payments to employees.

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

Expenses for new plants primarily encompassed expenses relating to measures in the Republic of North Macedonia.

The change in other income and expenses was mainly due to the income recognized in the prior year of EUR 7.8m resulting from the sale of land and buildings in Kuessnacht (Switzerland) in the prior year. There were no such circumstances in the financial year 2021.

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

Analysis of the Consolidated Income Statement

In EUR m	2021	2020	Change
Revenues	1,498.0	1,418.8	79.2
Cost of sales	-1,055.8	-981.2	-74.6
Gross profit on sales	**442.2**	**437.6**	**4.6**
Selling and general administrative expenses	-286.9	-275.5	-11.4
Research and development expenses	-10.0	-7.7	-2.3
Other operating income and expenses	2.1	2.1	–
Operating income	**147.4**	**156.5**	**-9.1**
Financial result	-19.6	-21.3	1.7
Income taxes	-40.6	-45.3	4.7
Net income	**87.2**	**89.9**	**-2.7**
Attributable to shareholders of Gerresheimer AG	83.8	88.6	-4.8
Earnings per share in euros	2.67	2.82	-0.15
Adjusted earnings per share in euros	**4.13**	**3.90**	**0.23**

Revenues were EUR 79.2m higher than the prior-year value, but cost of sales increased by a slightly greater margin. This was primarily due to higher procurement prices for plastics and energy, as well as personnel expenses. Cost of sales came to 70.5% of revenues in the financial year 2021, up from 69.2% in the prior year.

The increase in selling and general administrative expenses was mainly a result of a sales-related increase in freight and packaging materials. The personnel expenses included in selling and general administrative expenses were on par with the prior year. The rise in research and development expenses was predominantly due to the planned further development of a micropump to treat heart disease. Other income and expenses remained at the prior-year level. In the financial year 2021, other income stood at EUR 30.0m, down on the prior-year figure of EUR 35.0m.

The main reasons for the overall decline in income was higher insurance reimbursements in the prior year, as well as lower one-off income offset against greater profit from the sale of property, plant and equipment. The EUR 5.2m decline in other operating expenses to EUR 27.8m was primarily the result of the extensive allowances for receivables recognized in the prior year and expenses from contract adjustment in relation to the termination of projects, which were not incurred to a similar extent in the reporting period.

The overall improvement in the financial result was predominantly due to exchange rate effects from hedging transactions and a decline in interest expenses on pension provisions. Interest expenses from promissory loans and the revolving credit facility nearly offset these effects.

The tax expense presented under income taxes came to EUR 40.6m (prior year: EUR 45.3m). The comparatively high tax expense in the prior year was mainly due to impairment losses for foreign subsidiaries' loss carryforwards with finite carryforward periods and to tax expense incurred on the sale of land in connection with the closure of the Kuessnacht (Switzerland) location. There were no such circumstances in the reporting period.

Net income amounted to EUR 87.2m, down from EUR 89.9m in the prior year, due to the developments described above. The share of net income attributable to the shareholders of Gerresheimer AG decreased by EUR 4.8m.

Research and development

Research and development expenses came to EUR 10.0m in the financial year 2021, increasing from EUR 7.7m in the prior year. Additions to capitalized development costs amounted to EUR 16.6m in the financial year 2021, compared to EUR 21.3m in the financial year 2020. Capitalized development costs were amortized with an amount of EUR 2.1m in the reporting period.

Additions to capitalized development costs largely came as a result of projects in the Advanced Technologies Division in the financial year 2021, namely the planned further development of a micro pump for the treatment of heart disease. Non-cash components also accounted for a substantial proportion of the capitalized development costs. Research and development activities are only carried out by Gerresheimer AG's subsidiaries and are closely geared to customer needs. As a result, they are often performed in close collaboration with customers. In some cases, staff from pharmaceuticals companies work with us at our competence centers.

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

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

Net Assets Position

Analysis of the Consolidated Balance Sheet

In EUR m	**Nov. 30, 2021**	Nov. 30, 2020	Change
Assets			
Intangible assets	1,288.8	1,274.4	14.4
Property, plant and equipment as well as investment property	905.3	766.7	138.6
Investment accounted for using the equity method	0.1	0.3	-0.2
Other assets	19.8	11.0	8.8
Deferred tax assets	6.3	12.8	-6.5
Non-current assets	**2,220.3**	**2,065.2**	**155.1**
Inventories	238.3	190.0	48.3
Trade receivables and contract assets	231.9	229.6	2.3
Other assets	72.9	43.8	29.1
Cash and cash equivalents	114.1	88.0	26.1
Current assets	**657.2**	**551.4**	**105.8**
Total assets	**2,877.5**	**2,616.6**	**260.9**
Equity and liabilities			
Equity	**1,002.2**	**899.7**	**102.5**
Provisions	145.3	165.2	-19.9
Financial debt	695.3	837.8	-142.5
Other liabilities	20.2	4.5	15.7
Deferred tax liabilities	128.7	131.4	-2.7
Non-current liabilities	**989.5**	**1,138.9**	**-149.4**
Provisions	45.6	53.0	-7.4
Financial debt	443.9	211.4	232.5
Trade payables and contract liabilities	295.2	219.1	76.1
Other liabilities	101.1	94.5	6.6
Current liabilities	**885.8**	**578.0**	**307.8**
Totaly equity and liabilities	**2,877.5**	**2,616.6**	**260.9**

Total assets increased by EUR 260.9m compared to November 30, 2020, to stand at EUR 2,877.5m.

Intangible assets of EUR 1,288.8m primarily include goodwill of EUR 656.2m (prior year: EUR 642.3m), as well as customer relationships, brand names, technologies, and similar assets of EUR 543.1m (prior year: EUR 568.6m). The changes in these items compared to the prior year are a result of amortization and currency translation.

Property, plant and equipment, including investment property, rose by EUR 138.6m to EUR 905.3m and comprised right-of-use assets with a net carrying amount of EUR 66.5m (prior year: EUR 37.5m) as of November 30, 2021. Advance payments made and assets under construction constitute a significant item under property, plant and equipment. They amounted to EUR 207.7m in total, up from EUR 192.8m in the prior year. This capital expenditure was mainly invested in modernization and capacity expansion at our locations in Germany and the United States. The plant in the Republic of North Macedonia was completed in the first half of the financial year 2021.

The increase in other non-current assets was largely due to the development of the market values of derivative financial instruments with hedging relationships. Cash flow hedges were arranged for the first time in the financial year 2021 to further hedge future cash flows against energy price risks. The market value of these commodity derivatives stood at EUR 7.4m as of the reporting date.

The increase in inventories was mainly due to the deliberate stockpiling of raw materials, consumables, and supplies, as well as finished goods, to maintain supply capacity. Changes in trade receivables and payables, including current and non-current contract assets and liabilities, also resulted in a significant decline in net working capital compared to the prior year. All in all, net working capital amounted to EUR 172.8m, down EUR 25.1m on the prior year (EUR 197.9m). As of the reporting date, net working capital as a percentage of revenues amounted to 11.5% (prior year: 14.0%).

Other current assets increased predominantly as a result of approved subsidies for capacity expansion, which will serve as funding for new production facilities.

The change in the Gerresheimer Group's equity includes a variety of effects, some of them contradictory. Net income of EUR 87.2m had a positive effect, as did the remeasurement of defined benefit obligation pension plans and the effects of currency translation accounted for in equity. This was partly offset by the dividend payment made in the financial year 2021. In total, equity rose significantly compared to the prior year. The equity ratio, which expresses equity as a percentage of total assets, stood at 34.8% (prior year: 34.4%).

Alongside promissory loans, financial debt primarily included the revolving credit facility, liabilities to banks, and lease liabilities. New promissory loans with a nominal volume of EUR 150.0m in total were issued in November 2021. The funds will be used in part to settle the tranches from previous promissory loan transactions that fall due in the financial year 2022. Lease liabilities were also up compared to the prior year. All in all, these changes resulted in financial debt increasing from EUR 90.0m in the prior year to EUR 1,139.2m in the financial year 2021.

The fall in current provisions was mainly the result of the reclassification of obligations from taxes, sales bonuses, rebates, and discounts as current liabilities in the reporting year and the change in provisions due to operating business.

Other current liabilities primarily concern liabilities to employees, other tax liabilities, and social security.

Financial Position

Principles and objectives of financial management

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

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

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

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

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

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

Capital structure

The capital structure of the Gerresheimer Group was as follows as of November 30, 2021:

In % of total assets	**Nov. 30, 2021**	Nov. 30, 2020
Non-current assets	77.2	78.9
Current assets	22.8	21.1
Equity	34.8	34.4
Financial debt	39.6	40.1
Other non-current liabilities	10.2	11.5
Other current liabilities	15.4	14.0

Financial debt and credit facilities

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

In EUR m	**Nov. 30, 2021**	Nov. 30, 2020	Change
Promissory loans – November 2015 (nominal)	235.5	235.5	–
Promissory loans – September 2017 (nominal)	250.0	250.0	–
Promissory loans – November 2020 (nominal)	325.0	325.0	–
Promissory loans – November 2021 (nominal)	150.0	–	150.0
Revolving credit facility	70.0	162.6	-92.6
Local credit facilities and used overdraft facilities	39.5	36.5	3.0
Lease liabilities as well as liabilities from factoring and installment purchases	69.2	39.6	29.6
Financial debt	**1,139.2**	**1,049.2**	**90.0**
Cash and cash equivalents	114.1	88.0	26.1
Net financial debt	**1,025.1**	**961.2**	**63.9**

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

New promissory loans with a nominal volume of EUR 150.0m in total were issued in November 2021. The tranches of EUR 75.0m each fall due in 2024 and 2026 and are largely subject to a fixed interest rate. The funds will be used in part to settle the tranches from previous promissory loan transactions that fall due in the financial year 2022. All promissory loans issues as of the reporting date were denominated in euros.

As of November 30, 2021, the Gerresheimer Group had at its disposal syndicated facilities in the form of a revolving credit facility plus ancillary credit facilities with a total volume of EUR 476.0m for general financing purposes, EUR 404.9m of which remained undrawn. The revolving credit facility reaches maturity in the financial year 2026. The mandatory standard financial covenant to which the revolving credit facility is subject is adjusted EBITDA leverage on the basis of the credit line agreement in force at the time. The adjusted EBITDA leverage stood at 3.2x (prior year: 3.0x) as of the reporting date.

Our subsidiaries are also financed by local credit facilities, including overdraft facilities, in an amount equivalent to EUR 39.5m. The credit facilities and overdraft facilities were largely valued in Polish zloty and Brazilian real as of the reporting date.

Additional information on financial debt is provided in Note (28) of the Notes to the Consolidated Financial Statements.

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

Cash flows

The following table shows the development of financial resources:

In EUR m	2021	2020	Change
Financial resources at the beginning of the period	**58.4**	**51.1**	**7.3**
Cash flow from operating activities	212.1	222.2	-10.1
Cash flow from investing activities	-197.0	-157.0	-40.0
Cash flow from financing activities	8.0	-52.2	60.2
Effect of exchange rate changes on financial resources	2.1	-5.7	7.8
Changes in financial resources	**25.2**	**7.3**	**17.9**
Financial resources at the end of the period	**83.6**	**58.4**	**25.2**

Cash flow from operating activities

Cash inflow from operating activities was down slightly on the prior-year level. Active working capital management had a strong and positive effect on cash flow. The year-on-year rise in the net cost of paid and received income taxes and the development of other provisions caused by operating business had the opposite effect.

Cash flow from investing activities

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

Capital expenditure

In EUR m	2021	2020	Change
Plastics & Devices	83.5	73.2	10.3
Primary Packaging Glass	109.5	83.4	26.1
Advanced Technologies	9.5	13.5	-4.0
Corporate functions	4.0	4.0	–
Cash-effective capital expenditure	**206.5**	**174.1**	**32.4**

Capital expenditure in the Plastics & Devices Division was particularly focused on expanding manufacturing capacities for pharmaceutical products and medical devices at the location in Pfreimd (Germany), expanding syringe capacity, and completing our plants in the Republic of North Macedonia and Brazil. The plant in Skopje manufactures medical plastic systems for the pharma industry and medical equipment industry.

Capital expenditure in the Primary Packaging Glass Division related mainly to the furnace expansion at the locations in Lohr (Germany), Momignies (Belgium), and Kosamba (India). We also invested in expanding global manufacturing capacity for injection vials.

Capital expenditure in the Advanced Technologies Division declined year on year. Nevertheless, there was continued capital expenditure for development projects next to the expansion of the existing medical devices portfolio with the acquisition of rights to a new generation of cartridge-based autoinjector.

Financial commitments in connection with future capital expenditure amounted to EUR 69.7m at the end of the financial year.

Free cash flow

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

In EUR m	2021	2020
Cash flow from operating activities	**212.1**	**222.2**
Net capital expenditure (before M&A activities)	-197.0	-157.0
Free cash flow before M&A activities	**15.1**	**65.2**

Cash flow from financing activities

The Group generated cash inflow from financing activities compared to the prior year. This was mainly due to the raising of promissory loans in November 2021 and the significantly lower cash outflow from the partial repayment of the revolving credit facility compared to the prior year, as well as the promissory loans falling due.

The overdraft facilities, which form part of financial resources, stood at EUR 30.5m at the end of the period (prior year: EUR 29.6m).

Overall Assessment of the Economic Position

Gerresheimer navigated the challenging financial year 2021 well. In spite of the ongoing global pandemic and the significant rise in inflation, the Gerresheimer Group was able to meet its high expectations regarding business development.

After a solid start to the financial year 2021, Gerresheimer continued on its successful growth path throughout the remainder of the year. This positive development was driven in particular by our biologics solutions and high-value solutions. Our strategic realignment as an innovative provider of biotech, pharma, and beauty solutions is proving effective. In organic terms — in other words, excluding exchange rate effects — revenues climbed by 7.4% to EUR 1,496.6m. The exchange rate effects resulted mainly from the change in the value of the U.S. dollar against the euro. In our core business, organic growth stood at 7.6% and was at the upper end of our expectations.

Organic adjusted EBITDA in core business stood at EUR 324.2m in the financial year 2021, up from EUR 318.6m in the prior year. As a percentage of organic revenues in core business, the organic adjusted EBITDA margin came to 21.7% (prior year: 22.9%). In particular, the sharp rise in the price of raw materials and energy over the last few months of the financial year 2021, which in some cases can only be compensated for through suitable price adjustments in future quarters, had a short-term adverse impact on the margin.

Performance in the Advanced Technologies Division was largely shaped by the continuation as planned of development projects and the sale of micropump systems to treat Parkinson's disease. The existing portfolio was reasonably expanded with the acquisitions of rights to a new generation of autoinjector. Autoinjectors will continue to be developed to market maturity over the next few years. Revenues and adjusted EBITDA were on par with the prior year, as expected.

Adjusted net income climbed by EUR 9.4m to EUR 133.1m in the financial year 2021. Earnings per share adjusted for foreign exchange rate effects attributable to Gerresheimer shareholders increased by 11.2% to EUR 4.27 per share (prior year: EUR 3.84 per share). This key financial performance indicator developed in line with our expectations.

Free cash flow before M&A activities amounted to EUR 15.1m as of the reporting date. As a result of the growth-based capital expenditure program, free cash flow before M&A activities was EUR 50.1m lower than in the prior year.

Gerresheimer has a solid liquidity base with cash and cash equivalents and available credit facilities totaling EUR 519.0m (as of November 30, 2021). Adjusted EBITDA leverage, which is the ratio of net financial debt to adjusted EBITDA and an important key financial performance indicator for our capital structure, stood at 3.2x (prior year: 3.0x) and was in line with our expectations for the financial year 2021.

At the Annual General Meeting, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.25 per share (prior year: EUR 1.25 per share) be paid, corresponding to a total dividend payment of EUR 39.3m. In relation to adjusted net income attributable to the shareholders of Gerresheimer AG, the distribution ratio stands at 30.3%.

Details of target achievement in the reporting year are included in the following section, "Forecast-Actual Comparison." Additional information on the performance of the Group and the individual divisions in the financial year 2021 can be found in the disclosures on the net assets position, financial position, and results of operations. Details on the outlook for the financial year 2022 and opportunities and risks can be found in the sections entitled "Forecast Report" and "Opportunities and Risks."

The multi-year overview in the section "Additional Information" lists the key financial performance indicators for the development of the Gerresheimer Group over the past five years.

Forecast-Actual Comparison

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

Key financial performance indicator	Basis currency-adjusted	Forecast 2021 currency-adjusted	Attainment of Forecast 2021 currency-adjusted	Change
Revenues in core business	EUR 1,390.1m	Growth in the mid single-digit percentage range	EUR 1,495.2m	+7.6%
Adjusted EBITDA in core business	EUR 318.6m	Growth in the mid single-digit percentage range	EUR 324.2m	+1.8%
Adjusted EBITDA margin in core business	–	Between 22% and 23%	21.7%	–
Adjusted earnings per share in euros	3.84 euros	Increase by at least 10%	4.27 euros	+11.2%

Business Performance of Gerresheimer AG (HGB)

The business performance of Gerresheimer AG is fundamentally subject to the same risks and opportunities as that of the Gerresheimer Group. Due to the level of integration with the subsidiaries and the significance of Gerresheimer AG within the Gerresheimer Group, the outlook for the Gerresheimer Group is largely consistent with that of Gerresheimer AG. As a result, the aforementioned information about the net assets position, financial position, and results of operations of the Group largely also applies to Gerresheimer AG. The results of operations of Gerresheimer AG are predominantly determined by the results of its subsidiaries. Net income from the operating earnings transferred from the subsidiaries is the most significant key financial performance indicator for Gerresheimer AG. Given the effects of the ongoing global pandemic and the significant rise in inflation, we are satisfied overall with the business performance of Gerresheimer AG and the earnings contributions from the subsidiaries in the financial year 2021.

Gerresheimer AG Results of Operations

Analysis of the income statement of Gerresheimer AG

In EUR m	2021	2020	Change
Revenues	8.2	4.8	3.4
Expenses of purchased services	-1.9	–	-1.9
Personnel expenses	-20.2	-21.1	0.9
Depreciation and amortization	-1.6	-1.6	–
Other operating income and expenses	-7.7	-8.7	1.0
Result from profit and loss transfer agreements	112.1	120.6	-8.5
Net interest result	-1.1	-0.5	-0.6
Income taxes	-12.9	-7.7	-5.2
Net income	**74.9**	**85.8**	**-10.9**
Retained earnings carried forward	136.3	89.7	46.6
Retained earnings	**211.2**	**175.5**	**35.7**

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

Expenses for purchased services solely concern key account management services.

The decline in personnel expenses was mainly due to the fall in remuneration and bonus obligations to employees.

The slight improvement in the balance of other income and expenses, which remains negative, was largely the result of an increase in income from intercompany charges and the reversal of provisions that are no longer required. This was offset primarily by a rise in expenses for IT services and insurance policies.

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

Net interest expense mainly consists of income from loans to affiliated companies and interest expenses from promissory loans.

The change in income taxes was mainly due to tax risks. Deferred taxes were not recognized after the Group exercised the option of a surplus of deferred tax assets over deferred tax liabilities.

Net Assets Position and Financial Position of Gerresheimer AG

Analysis of the Gerresheimer AG balance sheet

In EUR m	Nov. 30, 2021	Nov. 30, 2020	Change
Assets			
Intangible assets and property, plant and equipment	4.3	4.8	-0.5
Financial assets	1,286.2	1,286.2	–
Receivables and other assets	467.3	321.9	145.4
Prepaid expenses	1.5	1.1	0.4
Total assets	**1,759.3**	**1,614.0**	**145.3**
Equity and liabilities			
Equity	**768.3**	**732.7**	**35.6**
Provisions	28.4	21.8	6.6
Liabilities to banks	961.4	858.1	103.3
Other liabilities	1.2	1.4	-0.2
Total equity and liabilities	**1,759.3**	**1,614.0**	**145.3**

Gerresheimer AG reported total assets of EUR 1,759.3m as of November 30, 2021, compared to EUR 1,614.0m a year earlier. The increase was mainly due to higher receivables from affiliated companies under cash-pooling and higher liabilities to banks.

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

Receivables and other assets mainly included receivables from affiliated companies under cash-pooling and profit and loss transfer agreements. Compared to the prior year, receivables from cash-pooling rose significantly from EUR 197.4m to EUR 347.9m, whereas receivables from profit and loss transfer agreements were down on the prior-year figure due to the general business development.

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

The change in equity was primarily due to the net income in the financial year 2021 and the dividend payment for 2020. The equity ratio stood at 43.7% as of November 30, 2021 (prior year: 45.4%).

The increase in liabilities to banks was predominantly the result of the promissory loans of EUR 150.0m that were issued in November 2021. The funds will be used in part to settle the tranches from previous promissory loan transactions that fall due in the financial year 2022.

Gerresheimer AG Forecast

The earnings prospects of Gerresheimer AG depend to a substantial extent on the performance of its subsidiaries' business activities. In the financial year 2021, we had expected income from profit and loss transfer agreements with our subsidiaries to be comparable with the financial year 2020. This expectation was met. For the financial year 2022, we once again anticipate income from profit and loss transfer agreements with our subsidiaries that is comparable with the financial year 2021.

Corporate Responsibility and Sustainability at Gerresheimer

Non-financial Group Declaration pursuant to § 315b HGB

The Non-financial Group Declaration is part of our Separate Non-financial Report, which is available on the Gerresheimer AG website at www.gerresheimer.com/en/company/investor-relations/reports in accordance with § 315b (3) German Commercial Code (Handelsgesetzbuch, HGB).

Compensation Report

The Compensation Report presents the main principles of the Management Board and Supervisory Board remuneration system. It also reports on remuneration granted to and received by the members of the Management Board in the financial year 2021 and remuneration for the members of the Supervisory Board of Gerresheimer AG. The remuneration system resolved by the Supervisory Board for the financial year 2022 onwards was approved by the Annual General Meeting on June 9, 2021, by a majority of 90.4%. The new remuneration system takes additional non-financial performance indicators into account in the calculation of performance-based remuneration. The following disclosures refer to the remuneration system for the financial year 2021.

Remuneration for Members of the Management Board

Principles, structure, and components

Overall remuneration for members of the Management Board is made up of non-performance-based and performance-based components, with the former comprising a basic salary and fringe benefits. Performance-based components are composed of short- and long-term variable remuneration together with long-term share-based variable remuneration. Pension benefits include both non-performance-based and performance-based components. The Supervisory Board is responsible for defining the remuneration structure. The individual components are explained in further detail below.

Non-performance-based remuneration

Basic salary

Each member of the Management Board receives a fixed basic salary paid in twelve equal monthly installments.

Fringe benefits

Members of the Management Board receive various non-cash fringe benefits, which mainly include premiums for group accident insurance and disability insurance and a company car. Members of the Management Board also have directors and officers insurance, which includes a deductible in accordance with § 93 (2) Sentence 3 German Stock Corporation Act (Aktiengesetz, AktG).

Performance-based remuneration

Short-term variable remuneration (STI, short-term incentive)

Short-term variable remuneration (STI, short-term incentive) is tied to attainment of annual targets agreed in each member's contract of employment. Those targets are derived from the corporate planning approved by the Supervisory Board. The targets refer to differently weighted key financial performance indicators in the Gerresheimer Group's financial performance system: Revenues, adjusted EBITDA, and net working capital. The net working capital target component is calculated as average net working capital as a percentage of revenues. If all targets are met, short-term variable remuneration amounts to 50% of the basic salary. Short-term variable remuneration is limited to 70% of the individual basic salary and is paid out in the subsequent year following the approval of the Consolidated Financial Statements by the Supervisory Board.

Long-term variable remuneration (LTI, long-term incentive)

Long-term variable remuneration (LTI, long-term incentive) consists of a rolling bonus system that is tied to the attainment of specific targets over a three-year period. The key financial performance indicators relevant to target attainment are organic revenue growth and return on capital employed (Gx ROCE).

For long-term variable remuneration, the relevant key financial performance indicators are set each year for the next three years based on corporate planning. If all targets are met, long-term variable remuneration amounts to 40% of the individual basic salary. Capped at 55% of the individual basic salary, the long-term variable remuneration is paid out three years after the base year.

Long-term share-based variable remuneration (phantom stocks)

The members of the Management Board are granted entitlements to phantom stocks as an additional long-term remuneration component. Phantom stocks entitlements are the right to receive a cash payment that can be claimed within two years of the end of a five-year vesting period, subject to the performance of virtual Gerresheimer stock as defined in the target.

The entitlements are granted for each year of Management Board service. Phantom stocks entitlements are issued and granted around one month after the Annual General Meeting for the prior financial year. The issue price of the annual entitlement (annual tranche) is determined on the basis of the closing price of the Gerresheimer stock. The valuation of the entitlements in the years until they are exercised is based on a recognized option pricing model (binomial model). Further disclosures on the valuation assumptions are provided in the Notes to the Consolidated Financial Statements.

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

Pension benefits

In place of a company pension, active members of the Management Board receive a pension contribution in the form of an annual cash amount to be used at their free disposal for their private pension provision. Said cash amount comprises a basic and a supplementary pension contribution. The basic pension contribution is 20% of the basic salary. The supplementary pension contribution is 20% of the variable remuneration (STI) for the financial year.

Benefits at the end of a Management Board contract

Termination benefits

Termination benefits in the event of premature termination of a Management Board member's contract other than for cause are capped. Severance payments, including fringe benefits, in the event of premature termination of a Management Board member's contract other than for cause are therefore capped to a maximum of two years' remuneration and do not compensate more than the remaining term of the contract. The cap on termination benefits is determined with reference to total remuneration.

Change of control

In the event of a change of control, Management Board members have a special one-time right to terminate their contracts with six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained — or, were it not for gross negligence, would have gained — knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of nine months or more. If the special right of termination is exercised by the members of the Management Board, the Company is obliged to pay the member termination benefits amounting to three times the member's annual remuneration, less payments made during the notice period. Annual remuneration is defined as compensation for the full financial year, including short-term and long-term variable remuneration, but excluding long-term, share-based, variable remuneration. The terms and conditions concerning changes of control will change effective as of financial year 2022.

Management Board remuneration in the financial year

The total remuneration of active members of the Management Board of Gerresheimer AG in the financial year 2021 and the breakdown by individual components is shown in the following table:

In EUR k	2021	2020
Basic salary	2,341	2,224
Fringe benefits	17	29
Total non-performance-based remuneration	**2,358**	**2,253**
Short-term-incentive	820	822
Long-term-inventive	189	–
Phantom Stocks (proportionally earned entitlements)	886	1,506
Total performance-based remuneration	**1,895**	**2,328**
Pension expenses	610	543
Total remuneration	**4,863**	**5,124**

The tables below show individual remuneration, minimum and maximum amounts, and remuneration actually paid out and received for the individual members of the Management Board:

Dietmar Siemssen
CEO

	Benefits granted				Benefits paid	
In EUR k	**2021**	2021 min.	2021 max.	2020	**2021**	2020
Basic salary	1,050	1,050	1,050	950	1,050	950
Fringe benefits	10	10	10	10	10	10
Total non-performance-based remuneration	**1,060**	**1,060**	**1,060**	**960**	**1,060**	**960**
Short-term-incentive	537	–	735	475	352	418
Long-term-inventive 2018	–	–	–	–	32	–
Long-term-inventive 2020	–	–	–	380	–	–
Long-term-inventive 2021	404	–	578	–	–	–
Phantom Stocks	–	–	–	–	–	–
Total performance-based remuneration	**941**	**–**	**1,313**	**855**	**384**	**418**
Pension expenses	315	210	357	190	262	274
Total remuneration	**2,316**	**1,270**	**2,730**	**2,005**	**1,706**	**1,652**

Dr. Lukas Burkhardt
Primary Packaging Glass

	Benefits granted				Benefits paid	
In EUR k	**2021**	2021 min.	2021 max.	2020	**2021**	2020
Basic salary	640	640	640	634	640	634
Fringe benefits	–	–	–	14	–	14
Total non-performance-based remuneration	**640**	**640**	**640**	**648**	**640**	**648**
Short-term-incentive	327	–	448	317	233	251
Long-term-inventive 2018	–	–	–	–	157	–
Long-term-inventive 2020	–	–	–	254	–	–
Long-term-inventive 2021	243	–	352	–	–	–
Phantom Stocks	–	–	–	–	–	–
Total performance-based remuneration	**570**	**–**	**800**	**571**	**390**	**251**
Pension expenses	192	128	218	127	173	164
Total remuneration	**1,402**	**768**	**1,658**	**1,346**	**1,203**	**1,063**

Dr. Bernd Metzner
CFO

	Benefits granted				Benefits paid	
In EUR k	**2021**	2021 min.	2021 max.	2020	**2021**	2020
Basic salary	651	651	651	640	651	640
Fringe benefits	7	7	7	5	7	5
Total non-performance-based remuneration	**658**	**658**	**658**	**645**	**658**	**645**
Short-term-incentive	333	–	456	320	235	153
Long-term-inventive 2020	–	–	–	256	–	–
Long-term-inventive 2021	147	–	358	–	–	–
Phantom Stocks	–	–	–	–	–	–
Total performance-based remuneration	**480**	**–**	**814**	**576**	**235**	**153**
Pension expenses	195	130	221	128	175	105
Total remuneration	**1,333**	**788**	**1,693**	**1,349**	**1,068**	**903**

The fair values of each annual tranche of the phantom stocks entitlements and the expense recognized pro rata in profit or loss changed as follows for the individual active members of the Management Board:

In EUR k	Portion of total expenses 2021	2020	Fair Value 2021	2020
Dietmar Siemssen	317	516	1,726	1,804
Dr. Lukas Burkhardt	384	709	1,520	2,951
Dr. Bernd Metzner	185	281	1,129	1,547

No payments were made in the reporting year for the 2018 to 2021 annual tranches of phantom stocks entitlements, as the corresponding vesting periods had not yet ended.

Remuneration of former Management Board members

The total remuneration of former members of the Management Board amounted to EUR 1,353k in the financial year 2021 (prior year: EUR 2,201k). Provisions for pension obligations to former members of the Management Board came to EUR 28,437k as of the balance sheet date (prior year: EUR 29,722k). The fair value of the phantom stocks entitlements of former Management Board members totaled EUR 2,305k as of the end of the financial year 2021 (prior year: EUR 3,800k), and the expense recognized pro rata in the income statement for the phantom stocks entitlements was EUR 0k (prior year: EUR 1,537k).

Other

The Company did not grant any advances or loans to members or former members of the Management Board. Likewise, no contingent liabilities were assumed on behalf of these individuals.

Remuneration for Members of the Supervisory Board

Supervisory Board remuneration is governed by § 14 of Gerresheimer AG's Articles of Association. In addition to reimbursement of expenses and an attendance allowance of EUR 2k per meeting day, each member of the Supervisory Board receives fixed annual remuneration of EUR 70k. The fixed annual remuneration of the chairperson of the Supervisory Board is EUR 175k and that of the deputy chairperson is EUR 105k. Members of the Supervisory Board also receive fixed remuneration for chairing or serving on committees, which is also set out in § 14 of the Articles of Association of Gerresheimer AG.

Supervisory Board remuneration in the financial year 2021 was distributed among individual members as follows:

In EUR	Fixed remuneration	Additional remuneration for committee work	Attendance fees	Total	Prior year
Dr. Axel Herberg, Chairman	175,000	100,000	34,000	309,000	255,000
Francesco Grioli, Deputy Chairman	105,000	40,000	28,000	173,000	165,000
Andrea Abt	70,000	20,000	16,000	106,000	106,000
Heike Arndt	70,000	–	6,000	76,000	78,000
Dr. Karin Dorrepaal	70,000	–	8,000	78,000	78,000
Franz Hartinger	70,000	–	8,000	78,000	78,000
Dr. Peter Noé	70,000	20,000	14,000	104,000	78,000
Markus Rocholz	70,000	40,000	28,000	138,000	130,000
Paul Schilling	70,000	–	8,000	78,000	78,000
Katja Schnitzler	70,000	20,000	16,000	106,000	106,000
Theodor Stuth	70,000	40,000	16,000	126,000	126,000
Udo J. Vetter	70,000	40,000	26,000	136,000	102,000
Total remuneration	**980,000**	**320,000**	**208,000**	**1,508,000**	**1,380,000**

Three members of the Supervisory Board received an additional total of EUR 15k in the reporting year (prior year: EUR 15k) for supervisory board mandates at subsidiaries of Gerresheimer AG.

Members of the Supervisory Board did not receive any further remuneration or benefits in the reporting year for services they provided personally, such as consulting and referral services.

No loans or advances were granted to members of the Supervisory Board, nor were contingent liabilities assumed in their favor.

Takeover-related Disclosures

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

Structure of subscribed capital

The subscribed capital (capital stock) of Gerresheimer AG totaled EUR 31.4m as of November 30, 2021. It is divided into 31.4m ordinary no-par-value bearer shares with a nominal share in capital stock of EUR 1.00 each. The Company's capital stock is fully paid in.

Restrictions on voting rights or on the transfer of securities

As of the reporting date, there were no restrictions on voting rights or on the transfer of Gerresheimer AG stock by law, under the Articles of Association, or otherwise to the knowledge of the Management Board. All no-par-value shares in Gerresheimer AG issued as of November 30, 2021, are fully transferable, carry full voting rights, and grant the holder one vote at the Annual General Meeting.

Shareholdings exceeding 10% of voting rights

As before, the only direct or indirect shareholdings in the Company's capital stock exceeding 10% of voting rights of which we had been notified were those of NN Group N.V., Amsterdam (Netherlands).

Shares carrying special rights with regard to control

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

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

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

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

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

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

Authority of the Management Board to issue or buy back shares

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

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

- to exclude fractional amounts from the subscription rights;
- to the extent necessary to grant holders of conversion rights or warrants or parties under obligation to exercise conversion rights or warrants attached to bonds issued or yet to be issued by the Company or a Group company a subscription right to new shares to the same extent as they would be entitled to as shareholders after exercise of the warrant or conversion right or fulfillment of the obligation to exercise the warrant or conversion right;
- in the event of capital increases for non-cash consideration in

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

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

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

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

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

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

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

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

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

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

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

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

Compensation agreements in the event of a takeover bid

In the event of a change of control, Management Board members have a special one-time right to terminate their contracts with six months' notice effective as of the end of the month and to resign as of the end of the notice period. The special right of termination applies solely within three months of the point in time at which the Management Board member gained — or, were it not for gross negligence, would have gained — knowledge of the change of control. The special right of termination only applies if, at the date notice is given, the contract has a remaining term of nine months or more. If the special right of termination is exercised by the members of the Management Board, the Company is obliged to pay the member termination benefits amounting to three times the member's annual remuneration, less payments made during the notice period. Annual remuneration is defined as compensation for the full financial year, including short-term and long-term variable remuneration, but excluding long-term, share-based, variable remuneration. The terms and conditions concerning changes of control will change effective as of financial year 2022.

Corporate Governance Statement

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

Declaration of Compliance with the German Corporate Governance Code

The Management Board and Supervisory Board of Gerresheimer AG adopted the following Declaration of Compliance pursuant to § 161 AktG on September 2, 2021.

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

Since the submission of the most recent Declaration of Compliance on September 3, 2020 Gerresheimer AG has complied with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on December 16, 2019, with the exception such recommendations cited and explained in said Declaration of Compliance. We point out the following:

Since the Supervisory Board resolution on February 17, 2021 for a new remuneration system for the members of the Management Board which was approved by the Annual General Meeting on June 9, 2021, the Company has complied with all recommendations for Management Board remuneration.

Gerresheimer AG will continue to comply with all recommendations of the 'Government Commission on the German Corporate Governance Code' as amended on December 16, 2019 with the following exception:

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

The Declarations of Compliance issued in the past five years are also available on our website.

Information on Corporate Governance Practices

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

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

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

Composition and Procedures of the Management Board

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

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

Composition and Procedures of the Supervisory Board and its Committees

Supervisory Board

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

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

Management Board against the needs of the Group's business activities. The Supervisory Board is required to work together with the Management Board to ensure long-term succession planning.

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

The period of office of the current Supervisory Board members started at the end of the Annual General Meeting on April 26, 2017, and runs to the end of the Annual General Meeting at which a resolution is adopted on the formal approval of the actions of the members of the Supervisory Board for the financial year 2021.

Detailed information on the work of the Supervisory Board in the financial year 2021 is provided in the Report of the Supervisory Board. The individual members of the Supervisory Board and their mandates are listed in the section entitled "Members of the Supervisory Board and positions held by Supervisory Board members." This information is also published at www.gerresheimer.com/en/company/management and includes the resumes of the members of the Supervisory Board. Remuneration of Supervisory Board members is set out in the Compensation Report.

Supervisory Board committees

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

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

As of November 30, 2021, the Presiding Committee comprising the following members: Dr. Axel Herberg (Chairman), Francesco Grioli, Markus Rocholz, and Udo J. Vetter.

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

As of November 30, 2021, the Audit Committee comprised the following members: Theodor Stuth (Chairman), Andrea Abt, Francesco Grioli, Dr. Axel Herberg, Markus Rocholz, and Katja Schnitzler.

The **Nomination Committee** nominates suitable candidates for the Supervisory Board to propose at the Annual General Meeting for election as shareholder representatives to the Supervisory Board. It also prepares the decision of shareholder representative Supervisory Board members regarding the assessment of independence from the Company and from the Management Board with respect to each shareholder representative.

As of November 30, 2021, the Nomination Committee comprised the following members: Dr. Axel Herberg (Chairman), Dr. Peter Noé, and Udo J. Vetter.

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

As of November 30, 2021, the Mediation Committee comprised the following members: Dr. Axel Herberg (Chairman), Dr. Karin Dorrepaal, Francesco Grioli, and Franz Hartinger.

Self-assessment by the Supervisory Board

The Supervisory Board regularly assesses the effectiveness with which the Supervisory Board as a whole and its committees perform their responsibilities. Alongside qualitative criteria, the Supervisory Board assesses in particular the Supervisory Board's procedures and the flow of information between the committees and the full Supervisory Board, as well as the timely provision of sufficient information for the Supervisory Board and its committees. The Supervisory Board carried out its most recent self-assessment in October 2019.

Conflicts of Interest

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

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

Directors' Dealings

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

Shareholders and the Annual General Meeting

The shareholders of Gerresheimer AG exercise their rights at the Company's Annual General Meeting. At the Annual General Meeting, shareholders regularly resolve on profit appropriation, formal approval of the actions of the Management Board and Supervisory Board, and the appointment of the auditor. In addition, the Annual General Meeting resolves on amendments to the Articles of Association and measures involving changes in capital, which are implemented by the Management Board. The shareholders may exercise their voting rights at the Annual General Meeting themselves or arrange for them to be exercised through a proxy of their choice or a Company-designated proxy who is bound by instructions. They may also make use of postal voting. Due to the special circumstances surrounding the Covid-19 pandemic, the Annual General Meeting on June 9, 2021, was held entirely in virtual form without the physical presence of shareholders or their proxies.

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

Accounting and Auditing

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

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

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

By law, the Supervisory Board of Gerresheimer AG must comprise at least 30% men and at least 30% women. As of November 30, 2021, the Supervisory Board is composed of four women and eight men, which equates to 33.3% female membership and meets the minimum legal requirements for women in executive positions.

The Supervisory Board set a target in April 2017 that the Management Board would include one woman, to be complied with by April 26, 2022. The Second Act on Equal Participation of Men and Women in Executive Positions has also applied since August 12, 2021. This law stipulates that management boards of listed companies and companies with equal employee representation that consist of more than three members must include one female member. This requirement does not apply to Gerresheimer AG, as the Management Board only has three members at the present time.

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

Diversity Policy for the Management Board and Long-term Succession

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

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

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

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

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

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

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

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

The current composition of the Supervisory Board is consistent with the above objectives and the profile of skills and experience.

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

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

Applying the above criteria, all shareholder representatives on the Supervisory Board determined that the six current shareholder representatives on the Supervisory Board — Dr. Axel Herberg, Andrea Abt, Dr. Karin Dorrepaal, Dr. Peter Noé, Theodor Stuth, and Udo J. Vetter — are independent of the Company and of the Management Board. Theodor Stuth and Udo J. Vetter have been members of the Supervisory Board for more than twelve years, which is an indicator of a lack of independence under the German Corporate Governance Code (GCGC). However, the shareholder representatives believe that Mr. Stuth and Mr. Vetter are to be considered independent in accordance with the GCGC. During their membership on the Supervisory Board for a period of more than twelve years, neither Mr. Stuth nor Mr. Vetter have shown any indications of any resulting conflict of interest or a lack of dedication to their Supervisory Board positions. In fact, the Company actively benefits from their experience and expertise, as well as the level of commitment shown by the two long-serving Supervisory Board members.

Opportunities and Risks

Uniform Group-wide Management of Opportunities and Risks

As a globally operating company, we are regularly confronted with developments and events that can have either a positive or a negative effect on our net assets position, financial position, and results of operations. It is only our willingness to enter into entrepreneurial risks that enables us to seize opportunities. As a result, we consciously enter into risks up to a defined risk tolerance level if they offer a balanced opportunity-risk profile.

We fundamentally address risk management and opportunity management as separate topics. Our risk management system identifies, assesses, and documents risks and supports the monitoring of these risks. Opportunities, on the other hand, are identified and communicated as an integral part of regular communications between the subsidiaries and Group Controlling at Gerresheimer AG in its capacity as holding company.

The core element of the risk management system is identifying and mitigating operational risks by means of the monitoring, planning, management, and control systems that are in place at the Group companies and at the management holding company. In our risk management strategy, we aim to identify risks as early as possible, to assess them, to prevent or mitigate potential adverse effects by taking suitable actions, and, where applicable, to transfer identified risks to third parties. Not even a risk management system can provide an absolute guarantee of risk avoidance, but it does help to us to limit them and, as a consequence, attain our business targets.

Responsibility for establishing and effectively maintaining the risk management system lies with the Management Board and Supervisory Board of Gerresheimer AG. The legal representatives of our operating companies and the management of key head office functions are involved in monitoring, promptly identifying, analyzing, managing, and communicating risks for the current and subsequent financial year as part of a rolling process. We have drawn up guidelines on risk reporting for our subsidiaries and key head office functions. We also continuously fine-tune our risk management system and adapt it to current developments and conditions.

The Management Board of Gerresheimer AG has established a Risk Committee to coordinate risk management throughout the Group and foster an integrated risk management philosophy. The Risk Committee is chaired by the CFO and also comprises the heads of Group Controlling, Group Internal Audit, Legal & Compliance, Group Accounting, Group Treasury, Global Risk Management & Insurance, and Group EHS, CSR, OPEX. Its primary remit is to scrutinize risks in the risk report and further improve and monitor methods and tools in the risk management system. The Risk Committee meets twice per year in line with the schedule of risk reporting to the Management Board and Supervisory Board, as well as on an ad hoc basis in relation to specific events or projects.

The main elements of the Group-wide risk management system are as follows:

› Uniform, periodic risk reporting to head office by subsidiaries;
› Regular risk assessment in key central departments;
› Risk segmentation into corporate-strategy, external and industry-specific, operational, and financial risks;
› Quantification of risks in terms of potential financial impact and probability;
› Recording of effects on profit or loss by business unit;
› Mitigation and risk reduction by loss prevention and risk transfer.

Identified risks are not included in risk reporting if they are already included in operational and strategic plans, in our forecast, or in monthly, quarterly, or annual financial statements. This ensures that no risks are counted double in Gerresheimer AG's risk management system. Risks are similarly excluded where no further assessment is needed to determine that the probability of occurrence is effectively nil (such as the risk of disastrous earthquakes in Germany). Risk reporting covers risks, but not opportunities.

The Gerresheimer Group applies a number of risk management principles, which stipulate zero risk tolerance for breaches of official regulations and laws, or the Company's compliance requirements, as well as for defective products and product quality shortfalls.

The Internal Audit department is a process-independent element of our risk management system that appraises the effectiveness and proper functioning of the early warning system at regular intervals. External auditors also assess the early warning system as part of the audit of the annual financial statements and report their findings to the Management Board and Supervisory Board.

Accounting-related Internal Control System

Gerresheimer's Consolidated Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) as adopted by the European Union and with the supplementary requirements applicable under § 315e (1) HGB. The Annual Financial Statements of Gerresheimer AG are prepared in accordance with the provisions of the German Commercial Code and the German Stock Corporation Act.

The overriding objective of our internal control and risk management system in relation to the financial reporting process is to ensure compliance in financial reporting. Establishing and effectively maintaining adequate internal controls over financial reporting is the responsibility of the Management Board and Supervisory Board of Gerresheimer AG, which assess the adequacy and effectiveness of the control system at the end of each financial year.

We prepare the Consolidated Financial Statements in multiple stages using a recognized consolidation system. The audited, pre-Consolidated Financial Statements of the subgroup and the audited or reviewed single-entity financial statements of the other subsidiaries are combined to produce the Consolidated Financial Statements of Gerresheimer AG. Gerresheimer AG is responsible for the uniform Group-wide chart of accounts, for carrying out central consolidation adjustments, and for scheduling and organizing the financial statements preparation process.

Uniform guidelines on accounting in accordance with IFRS are in place for the subsidiaries included in the Consolidated Financial Statements, encompassing the applicable accounting and measurement policies in accordance with IFRS and a description of general consolidation processes. This guideline is continuously updated to reflect changes to the IFRS and are available on the Gerresheimer intranet to all employees at subsidiaries. There is also a binding time schedule for preparing the annual financial statements.

In the process of preparing the annual financial statements, the balance sheet, income statement, and statement of comprehensive income are entered into the system along with information relevant to the cash flow statement, the statement of changes in equity, the notes to the financial statements, and the management report. Effective system maintenance is provided centrally by Group Accounting. Manual data completeness and accuracy checks are carried out by the operating companies and head office, in addition to automated checks. The professional aptitude of employees involved in the financial reporting process is examined during the selection process, after which they receive regular training. The principle of dual control applies as a rule. Other control mechanisms are forecast-actual comparisons as well as analyses of the content of and changes in individual items. Accounting ensures that information concerning the divisions is reported by the relevant departments and incorporated into the Consolidated Financial Statements. Internal Audit reviews the effectiveness of the controls implemented at the subsidiaries and head office to ensure compliance with financial reporting guidelines.

We prepare the Annual Financial Statements of Gerresheimer AG using SAP software. Day-to-day accounting and the preparation of the Annual Financial Statements is divided up into multiple functional sub-processes. All sub-processes include either automated or manual controls. The organizational arrangements ensure that all business transactions are recorded in full and in a timely and accurate manner and are processed and documented within the appropriate time frame. The same applies to the process of preparing the annual financial statements. The relevant data from Gerresheimer AG's single-entity financial statements is transferred into the consolidation system and adjusted as necessary to comply with IFRS.

The Supervisory Board is also involved in the control system through its Audit Committee. In particular, the Audit Committee oversees the financial reporting process, the effectiveness of the control, risk management, and internal audit systems, and the audit of the financial statements. The Audit Committee is also responsible for reviewing the documents on which the Annual and Consolidated Financial Statements of Gerresheimer AG are based and discussing the Annual and Consolidated Financial Statements and the Combined Management Report with the Management Board and the auditor.

Opportunities of Future Developments

The Gerresheimer Group has a wide range of opportunities open to it thanks to its extensive, global business activities. Those opportunities are primarily driven by the megatrends described in the section entitled "Strategy and Objectives," which provide many opportunities for profitable, sustainable growth. We invested in a wide variety of growth and capacity expansion projects in the financial year 2021 and will continue to do so in 2022. Many of our innovative products are already established in the market, and others will follow. Our strong innovation pipeline is based on our technical development centers and small-batch production for medical plastic systems and syringes, our glass and innovation centers, and the innovative strength of our Advanced Technologies Division.

Risks of Future Developments

The Gerresheimer Group is exposed to a wide range of risks due to its extensive, global business activities. To the extent that the criteria for accounting recognition are met, appropriate provisions have been made for all identifiable risks.

The following sections describe risks that could affect the Gerresheimer Group's net assets position, financial position, and results of operations. The probability of occurrence of these risks is assessed according to the following criteria:

› Improbable = Probability of occurrence less than 10%
› Possible = Probability of occurrence between 10% and 50%

Risks with a probability of occurrence of more than 50% are recognized and taken into account in planning where possible.

The potential financial implications of these risks are assessed by the following criteria:

› Moderate = Net loss of up to EUR 10m
› Significant = Net loss of more than EUR 10m

The net loss relates to the potential loss in the event of a risk materializing, taking into account the effects of risk mitigation measures.

Overview of Risks and their Financial Implications

	Probability	Possible Implications
Business strategy risks		
Risks from acquisition	possible	significant
Risks from product launches	possible	significant
External and industry-specific risks		
Customer market risks	possible	moderate
Macroeconomics risks	possible	significant
Risks of change in the regulatory environment	possible	moderate
Risks from the future development of state healtcare systems	possible	significant
Tax risks	improbable	moderate
Operational risks		
Production risks	improbable	significant
Product liability risks	possible	moderate
Risks from energy and raw material prices	possible	moderate
Human resources risks	possible	moderate
IT risks	possible	moderate
Legal risks	possible	moderate
Financial risks		
Currency and interest rate risk	improbable	moderate
Credit risk	improbable	significant
Liquidity risk	improbable	moderate

Existing risks are discussed in detail in the following.

Business Strategy Risks

Risks from acquisition

Potential impacts:

Acquisitions are an integral part of our growth strategy. Corporate acquisitions harbor the risk of not all material risks being identified as part of the due diligence process. Despite careful due diligence, changes in circumstances can mean that initial targets are not met in whole or in part. In light of the dynamic developments — especially in the Advanced Technologies Division, which acts as an innovation driver — we assess the probability of occurrence as possible.

Countermeasures:

Functional departments and, where applicable, outside specialists are involved during due diligence from an early stage to ensure close scrutiny of acquisition projects. The process as a whole is managed by our Corporate Mergers & Acquisitions department in collaboration with the divisions. We aim to identify risks as early as possible by closely and continuously monitoring the market and competition, and to mitigate or minimize them by taking suitable countermeasures.

Risks from product launches

Potential impacts:

The development of innovative products and their market launch — in close consultation with our customers — is a key component of our growth strategy. In the context of our management responsibility, we are fully aware that this approach entails risks as well as opportunities. Despite our best efforts, we cannot guarantee that all developments will reach fruition and that new products will be commercially successful.

Countermeasures:

On the basis of comprehensive market analyses and contracts with customers, we ensure that the opportunities arising from a successful product launch are maximized and potential risks minimized.

External and Industry-specific Risks

Customer market risks

Potential impacts:

Business-cycle risks relating to macroeconomic developments can restrict our market prospects, posing a risk for our sales activities. Demand could also develop negatively due to conscious purchasing restraint on the part of our customers. The inability of the market to fully absorb additional supply volumes could initially increase competitive pressure for an interim period. Furthermore, competitors could try, within the scope of existing capacity, to gain additional or regain lost market share by increasing supply. A fall in demand could also lead to increasing competitive pressure. Significant changes in capacity and capacity utilization, increases in supply by individual competitors within the scope of existing capacity, and longer-run reductions in demand could have a substantial impact on pricing and/or on sales opportunities.

Countermeasures:

To improve competitiveness, we are working to further improve our cost structure and organizational structure and to expand our product portfolio, among other things. We watch the market and make targeted efforts to seize opportunities. In the event of sustained changes, we apply measures such as focusing capacity utilization on high-productivity production locations.

Macroeconomic risks

Potential impacts:

The performance of the global economy has a decisive effect on the Gerresheimer Group's growth. The Covid-19 pandemic triggered a global recession in 2020. However, growth resumed in 2021. In its forecast (as of October 2021), the IMF expects global economic output to increase by 5.9% year on year. A slowdown in global economic growth therefore represents a risk for the Gerresheimer Group's revenue and earnings performance.

Countermeasures:

We meet this risk by constantly monitoring global economic trends. In the event of any change, we apply measures such as focusing capacity utilization on high-productivity production locations. The Gerresheimer Group also has in place a pandemic crisis plan, enabling us to respond swiftly at any time to any developments so as to ensure business continuity at our production locations. Such efforts are managed by the global Covid-19 crisis team and local crisis teams at the production locations.

Risks of change in the regulatory environment

Potential impacts:

Regulatory requirements tend to increase in quantity and scope from year to year. While delivering major benefits to patients, this presents major challenges for everyone in the market. Especially in European industrialized countries and the U.S., policy makers attach great importance to proof of significant therapeutic added value before new drugs are approved. For this reason, the relevant authorities usually carry out a detailed cost-benefit analysis before any new drug can be released onto the market. This creates risk with regard to the timing and volume of new drug launches and corresponding risk to sales of our primary packaging. Furthermore, rising quality expectations among our customers can create a need for increased capital expenditure.

Countermeasures:

We address these risks by working continuously on our own quality requirements. In addition, we verify our customers' sales forecasts by way of our own analysis. As a result of our continuous quality improvement measures, we assess the financial impact as moderate.

Risks from the future development of state healthcare systems

Potential impacts:

In the financial year 2021, Gerresheimer generated the majority of its revenues through the pharma and healthcare industry. Governments and health insurance funds in Europe and the U.S. have endeavored in recent years to curb the increase in healthcare costs, which has led to increased price pressure on the pharma industry. The need for cost control has intensified in the pharma industry due to limited patent protection and the constant rise in product development costs. This trend may lead to increasing price pressure on our products, even though pharmaceutical primary packaging generally accounts for only a small percentage of the total price a consumer pays for medication. The inability to offset the price pressure through cost reductions or enhanced efficiency could have a significant negative impact on our net assets position, financial position, and results of operations.

Countermeasures:

The early identification of such developments as they emerge and active portfolio management are therefore important elements of corporate management. The Gerresheimer Group's international and multi-market presence also means that it is better positioned to make up for cyclic fluctuations in individual markets and countries than other companies lacking such a global profile.

Tax risks

Potential impacts:

Due to the globalization of its business, the Gerresheimer Group must take into account a wide variety of international and country-specific rules laid down by tax authorities. Tax risks can arise from failing to fully comply with tax rules or due to differences in the tax treatment of specific matters and transactions. In particular, tax audits and any resulting audit findings affecting interest and additional tax payments may have a negative impact on the Group. Due to timely tax audits and the results of these in the past, we consider the probability of material findings to be low. We therefore assess the probability of occurrence as improbable.

Countermeasures:

Tax risks are regularly and systematically examined and assessed. Any resulting risk mitigation measures are agreed upon between Gerresheimer AG's Group Tax department and its subsidiaries. In addition, Group-wide tax compliance guidelines help to effectively support tax compliance management, the goal of which is to achieve systematic compliance with statutory requirements and obligations, as well as internal Group tax guidelines.

Operational Risks

Our definition of operational risks includes operating, human resources, and safety risks. Such risks are mitigated by taking out adequate insurance coverage and by placing stringent requirements on production, project, and quality management.

Production risks

Potential impacts:

Unfavorable circumstances and developments can lead to business interruptions and damage at our plants. Alongside the cost of damage repair, the main risk is of a business interruption leading to production downtime and thus jeopardizing the fulfillment of our contractual obligations to customers. Based on our track record of losses, the loss frequency for our business is very low, while the potential financial impact is high.

Countermeasures:

To counter the risk of unplanned, longer-run production plant stoppages or downtime, the Gerresheimer Group has established ongoing plant inspections and preventive maintenance. We also continuously modernize our existing production equipment and invest in new, more modern plant and machinery. The Gerresheimer Group uses insurance policies to guard against the financial impact of potential damage and the associated production downtime, as well as any liability risk. By transferring risk to insurers in this way, we ensure that the financial impact is limited to the agreed deductible. The financial implications for the Group are therefore assessed as moderate. We currently insure possible own loss or damage at replacement value under all-risk property and other insurance policies. An all-risk business interruption policy — which, like the all-risk property policy, is subject to appropriate deductibles — currently protects us against potential loss of earnings in the event of business interruption at our plants. The scope and substance of these insurance policies are continually reviewed and modified as needed by our Global Risk Management & Insurance department. As a result of insurance market developments, there is no guarantee that Gerresheimer will continue being able to obtain adequate insurance coverage at the current terms and conditions in the future. We therefore rate the potential financial impact to be significant.

Product liability risks

Potential impacts:

Despite internal measures to ensure product quality and safety, the Gerresheimer Group cannot rule out the possibility of loss or damage for customers and consumers from the use of the packaging products and systems it manufactures. More exacting customer requirements that increasingly focus on achieving zero defect tolerance pose special challenges for quality assurance. Potential product liability risks are illustrated by the following examples: Supplying defective products to customers could result in damage to production facilities or even cause business interruption for said customers. For us, this could also mean loss of reputation for the Gerresheimer Group. In combination with the medicines and ingredients sold by its pharma, biotech, healthcare, and cosmetics industry customers, faulty products produced by the Gerresheimer Group could additionally pose a health hazard to consumers. It cannot be ruled out that the Group might lose customers as a result of any such event. Gerresheimer could also be exposed to related liability claims, such as claims for damages from customers or product liability claims from consumers. Any product liability claims made against Gerresheimer, especially in class action lawsuits in the U.S., could be substantial. There is also the risk of the Group potentially having to bear considerable costs for recalls. As these examples show, negative impacts on the Gerresheimer Group's net assets position, financial position, and results of operations cannot be ruled out.

Countermeasures:

To avoid product liability claims, the Gerresheimer Group takes extensive quality assurance measures. The quality assurance and defect resolution process applied to our products is subject to continuous improvement and refinement. In addition, product liability and recall cost insurance fully covers any claims and liability risks incurred, meaning that risk is largely transferred and the potential financial impact is assessed as moderate.

Energy and raw material prices

Potential impacts:

Our energy requirements are consistently high, due in particular to the energy-intensive combustion and melting processes in our high-temperature furnaces. A significant rise in energy prices may have an impact on the Gerresheimer Group's results of operations.

Another significant portion of production costs relates to raw materials for the manufacture of glass and plastic. We are reliant on intermediary products such as polyethylene, polypropylene, and polystyrene in the manufacture of plastic products. The prices of these products largely depend on oil price trends.

Countermeasures:
Our measures to reduce these risks are hedging, productivity gains, and price escalation clauses, as well as price increases. In Germany, we also make use of the special compensation rule for electricity-intensive companies under § 64 Renewable Energy Act (Gesetz für den Ausbau erneuerbarer Energien). Overall, we assess the financial impact as moderate.

Human resources risks

Potential impacts:
The technical expertise and individual commitment of our employees are crucial to the successful implementation of our growth-driven corporate strategy. Training, recruiting, and securing the long-term loyalty of sufficient numbers of qualified personnel will remain extremely important for our Company in the future. Failure to do so could have a considerable impact on our business success. Demographic change and the resulting potential skills shortage also pose human resources risks in the medium to long term.

Countermeasures:
We counter these risks by positioning ourselves worldwide as an attractive employer. Elements in this include competitive pay, occupation-specific and technical training and continuing education, structured succession planning (talent management), and individualized efforts to foster young talents. As a global corporation, we also pursue diversity-oriented personnel policies and employ target-group-specific personnel marketing.

IT risks

Potential impacts:
The use of computer-aided business processes and IT systems for internal and external communications is on the rise. Major disruption to such systems, or even their failure, could cause data loss and obstruct business processes. IT risks consequently relate to a complete failure of the Gerresheimer ERP system and therefore the risk of no longer being able to maintain the system-driven management of the Group's business processes. There is also a risk that the central directory service could crash or go offline, taking with it all Windows users at the Company. A failure of the wide area networks (WAN) would also be critical, as these are used to transfer data between all Gerresheimer locations.

Countermeasures:
IT systems are standardized, harmonized, reviewed, and improved Group-wide to ensure that our business processes function smoothly at all times. Minimum sectoral IT standards such as backups, redundant data links, and distributed data centers help to minimize downtime risk. In the course of instituting measures for the European Union's General Data Protection Regulation, technical and organizational minimum standards have also been established for all locations. To mitigate the risk of directory failure, the systems are designed to cover all locations and thus incorporate multiple redundancy. In order to reduce logical errors in the central WAN, services are overlaid with a software-defined network.

Our IT governance and IT compliance functions ensure that statutory, internal, and contractual requirements are met and implemented.

Legal risks

Potential impacts:
As an international enterprise, the Gerresheimer Group must comply with differing laws in different jurisdictions. This can result in a wide range of risks relating to contract, competition, environmental, trademark, and patent law.

Countermeasures:
We limit such risks through legal appraisals by our internal legal departments and by consulting external specialists on national law in the jurisdictions concerned.

We have established a global compliance management system to ensure compliance with laws and regulations worldwide, especially in the areas of corruption prevention, antitrust law, and capital market law. All board members, as well as employees of Gerresheimer AG and of all subsidiaries, must abide by our compliance guidelines. Adherence to the law and conformity with the corporate guidelines under the Gerresheimer Compliance Program are of paramount importance to Gerresheimer AG and its affiliated companies.

We have no knowledge of risks from legal disputes that could have a significant impact on the Gerresheimer Group's net assets position, financial position, and results of operations.

Financial Risks

We are exposed to financial risks in our operating activities. The responsible Group Treasury department centrally monitors the financial risks facing the Group by means of Group-wide financial risk management. The Group manages identified risk exposures by using appropriate hedging strategies on the basis of clearly defined guidelines.

Currency and interest rate risk

Potential impacts:
As a company headquartered in Germany, our Group and reporting currency is the euro. Because we conduct a significant share of our business outside of the eurozone, exchange rate fluctuations may have an impact on unadjusted income. The increased

volatility of exchange rates in recent years has augmented the related opportunities and risks. We are additionally exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing.

Countermeasures:
We limit exchange rate risks in operating activities by using forward exchange contracts. The Group uses derivative financial instruments exclusively to hedge risk in connection with commercial transactions. We contain interest rate risk by entering into interest rate swaps where necessary.

Credit risk

Potential impacts:
The risk of default on primary and derivative financial instruments results from the risk of counterparties being potentially unable to meet their contractual payment and fulfillment obligations.

Countermeasures:
Through our credit and receivables management function, as well as the operating companies' sales functions, we monitor credit risks resulting from the Group's trade relationships. We subject our customers to internal credit checks on an ongoing basis in order to avoid losses on receivables. Receivables from customers lacking a top credit rating are insured where appropriate insurance coverage is available. To avoid credit risks from financial instruments, such instruments are only entered into with parties having top credit ratings.

Liquidity risk

Potential impacts:
There is the risk of not being able to meet existing or future payment obligations due to insufficient availability of funds.

Countermeasures:
The Group's liquidity situation is monitored and managed on the basis of multi-year financial planning and monthly liquidity planning. The Group's Investment Committee, which meets on a quarterly basis, is one of the tools used to monitor liquidity. To safeguard its liquidity, the Gerresheimer Group has access to a revolving credit facility and multiple long-term promissory loans.

Additional information on the financial risks and their management is provided in the Notes to the Consolidated Financial Statements.

Sustainability Risks

Information on the sustainability risks to be reported in accordance with § 289b et seq. HGB is provided in the Separate Non-financial Report in the section entitled "Sustainability Risks."

Overall Assessment of the Group's Risk Situation

The Gerresheimer Group has a wide range of opportunities open to it thanks to its extensive, global business activities (see "Megatrends" in the "Strategy and Objectives" section). We are active in global growth markets with our core business of manufacturing pharmaceutical primary packaging, drug delivery devices, and packaging for cosmetics. The growing demand for vaccines — especially against the backdrop of the Covid-19 pandemic — and for self-medication, as well as the increasing importance of biologics, will continue boosting the market for injectable drugs. With its global footprint and broad product portfolio, Gerresheimer is well positioned in attractive niche markets.

The basis for the Management Board's assessment of the overall risk situation is provided by our risk management system. The risk reporting process collates all risks reported by subsidiaries and head office functions. Risk reporting to the Management Board and the Supervisory Board follows a regular cycle.

Despite the continuing Covid-19 pandemic, there was no significant change in the Gerresheimer Group's risks in the financial year 2021 compared to the prior year. Based on our overall risk assessment, there are currently no risks that raise doubt about the ability of the Gerresheimer Group or Gerresheimer AG to continue as a going concern or that could have a material effect on its net assets position, financial position, and results of operations.

The revolving credit facility is subject to a financial covenant in line with prevailing market practices (see "Financial debt and credit facilities" in the section entitled "Financial Position"). As in prior years, the stipulated financial covenant pursuant to the credit line agreement in force was complied with in the financial year 2021. Based on our multiple-year budget, we project that this financial covenant will continue to be met in the future.

Forecast Report

Group Strategic Objectives

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

Development of the Economic Environment

For 2022, the IMF expects a dynamic continuation of the global economic recovery and forecasts global economic growth of 4.9% (as of October 2021), placing the rise in global gross domestic product (GDP) at just under the prior year's rate of 5.9%.

Regional trends vary, however. While the IMF experts predict that industrialized nations will grow by 4.5% in 2022, emerging and developing markets are likely to see a more marked rise once again, culminating in growth of 5.1%. As a result, GDP in emerging and developing markets in 2022 will exceed the figure seen in 2019 — the year before the Covid-19 pandemic — by a good ten percentage points. By contrast, industrialized nations are expected to fall short of the 2019 figure by roughly five percentage points in 2022.

Among industrialized nations, the U.S. is expected to be one of the fastest-growing regions. For the U.S., the IMF forecasts growth of 5.2% for 2022, compared with a rise of 6.0% in the prior year, allowing the country to continue its dynamic economic recovery.

The eurozone is expected to see weaker economic recovery than the U.S. According to the experts, its growth should total 4.3%. By contrast, German GDP growth, at 4.6%, is likely to outpace European growth by a slight margin. The scenario would be a reversal of the situation in 2021, when German GDP growth fell significantly short of Europe as a whole to stand at 3.0%. In 2022, both German and European GDP will exceed the figure last seen in 2019, thereby rising back above its pre-crisis level for the first time.

As in the prior year, India is likely to report the strongest economic growth of any emerging or developing market, a segment that plays an important role for Gerresheimer. For 2022, the IMF's experts expect substantial GDP growth of 8.5% in India on the heels of a remarkable 9.5% in the prior year. According to the experts, China should see growth of 5.6% following 8.0% one year earlier. Despite the weaker momentum, China was the only major economy to post positive GDP growth in 2020, the first year of the Covid-19 pandemic. Brazil is likely to once again see the weakest economic growth of any major emerging or developing market, with an anticipated increase of merely 1.5% being forecast for the region in 2022.

Industry Trends

One of the structural growth trends within the pharma industry is the development of biological drugs, known as biologics. Such drugs have increasingly gained importance over the past few years, and the trend is expected to continue in the years ahead. More and more, focus is shifting away from chemical, small-molecule drugs toward the development and production of complex large-molecule biologicals. Using biological drugs paves the way for new therapies, such as treating cancer or autoimmune illnesses. As a result, they are also gaining further importance for hard-to-treat diseases like Crohn's disease and rheumatoid arthritis. The drugs in question are mostly administered subcutaneously, which means injected under the skin. IQVIA's experts are optimistic, anticipating significant growth for subcutaneously administered drugs. The expected annual growth rates (over the period from 2019 to 2024) for syringes and glass vials for biologics stand at 13% and 10%, respectively.

Overall, the global market for biologics is still relatively small compared to the pharma market as a whole. For 2019, IQVIA calculated the global market volume for biologics at approximately 350bn U.S. dollars. By contrast, the global pharma market is worth over 1.1tn U.S. dollars.

The market for biosimilars — a subcategory of biologics — likewise shows highly dynamic growth. A biosimilar is a product modeled to mimic a biopharmaceutical. Biosimilars are a focus of increasing attention in healthcare. As patents for leading biologics expire, the volume of the biosimilars pipeline is growing substantially. While IQVIA estimated that the global market volume still stood at just over 1bn U.S. dollars in 2015, calculations by the consultancy firm McKinsey place the market at a much higher 15bn U.S. dollars as of 2020. McKinsey expects the market to grow fourfold to approximately 60bn U.S. dollars by 2030. Despite the dynamic growth, however, the global biosimilars market is still relatively small compared to the global market for biologics as a whole.

Expected Results of Operations

Our overarching Group objective is to become the leading global partner for enabling solutions that improve health and well-being. To achieve that goal, we plan to continue growing profitably and expanding our global presence.

We expect to generate revenue growth in the **Plastics & Devices Division** in the financial year 2022. Our drug delivery devices — which primarily comprise autoinjectors, inhalers, insulin pens, and prefillable syringes — remain the main revenue and growth driver in this segment. Overall, our business in this division is firmly on track for growth thanks to clear, intact megatrends and new major orders. It will continue to grow accordingly in the coming financial year, especially in business involving inhalers, autoinjectors, and syringes. Products and solutions for biotech-based drugs in particular play an increasingly important role in this context. This importance is also reflected in the capital expenditure aimed at developing a global syringe production network at locations such as Queretaro (Mexico), Skopje (Republic of North Macedonia), and Danyang (China). A further focus of capital expenditure relates to a major contract for the production of insulin pens in Horsovsky Tyn (Czech Republic).

Revenues from our plastic pharmaceutical primary packaging products are expected to continue performing well in the financial year 2022. We have special expectations for revenue growth in the emerging markets of Brazil, India, and China. In the U.S., we are investing in the diversification of the product portfolio.

For our **Primary Packaging Glass Division**, we forecast revenue growth for our glass packaging products, such as injection vials and pharma jars, as well as perfume flacons and cream jars. In the financial year 2022, we will continue to invest in automation and in expanding our global capacity and product portfolio. We plan to place a particular focus on superior-quality products — a fast-growing segment also known as high-value solutions. Furnace expansion is scheduled at one European plant in 2022 to increase capacity in the Moulded Glass Business Unit. In the Tubular Glass Business Unit, we are investing in capacity expansion for the production of high-quality and prefillable injection vials. We expect revenue growth in all regions with products for both the pharma and the cosmetics industry.

The **Advanced Technologies Division** will continue its systematic development in the financial year 2022 as the Gerresheimer Group's innovation and digitalization hub. In parallel, the division will continue to advance market penetration with the already available micro pump for self-treatment of Parkinson's disease. Regarding our project for the development of a micro pump for the treatment of heart disease, we continue supporting our partner in the approval process. We are also cooperating with a U.S. biotech company to develop a new pump for the treatment of rare diseases. In addition, we are developing micro-pump technology for the delivery of large-molecule biological drugs, pursuing a project to create a platform for precise and intelligent inhalation measurement, and working with a strategic partner to develop a first proprietary autoinjectors.

We continue weighing potential acquisitions and collaborations with universities, other business partners, and customers on a continuous basis in order to further enhance Gerresheimer's positioning as the solutions provider for the pharma and healthcare industry.

Expected Financial Position and Liquidity

The Gerresheimer Group had EUR 114.1m in cash and cash equivalents as of November 30, 2021 (prior year: EUR 88.0m). Of the revolving credit facility — plus ancillary credit facilities — with a total volume of EUR 476.0m (prior year: EUR 476.0m), EUR 406.0m was available to us in undrawn amounts as of the reporting date (prior year: EUR 312.0m). This puts us in a sound financial position.

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

In EUR m for the financial years	Promissory loans (nominal value)
2022	305.5
2023	163.0
2024	184.0
2025	187.5
2026	75.0
after 2026	45.5
Total	**960.5**

The revolving credit facility reaches maturity in the financial year 2026.

Overall Assessment of the Forecast Report

Our Company is excellently positioned to benefit from global megatrends and grow sustainably in the financial years ahead. We have a sound financial base, long-range financing, and a clear-cut growth strategy. The transformation of Gerresheimer into a high-growth company that is an innovation leader and provider of solutions is bearing fruit. The goal in all activities is profitable and sustainable growth. We will continue to globalize our Company and incorporate attractive technologies into our portfolio. Acquisitions subject to careful appraisal of opportunities and risks will continue to play an instrumental role alongside organic growth going forward that we plan to finance out of operating cash flow. We are very well positioned to act systematically on the opportunities potentially arising from innovations or a consolidation of our industry.

The Gerresheimer Group pursues a successful, clear-cut strategy geared to sustainable and profitable growth. Our expectations for the financial year 2022, in each case assuming constant exchange rates and excluding acquisitions and divestments, are set out below.

The most important currency after the euro continues to be the U.S. dollar, accounting for a share of just under 30% of revenues and just below 30% of adjusted EBITDA in the financial year 2022. As before, a rise or fall of the U.S. dollar against the euro by 1 cent will have a positive or negative impact of around EUR 4m on revenues and around EUR 1m on adjusted EBITDA.

Forecast for the financial year 2022

Revenues and adjusted EBITDA

We anticipate revenue growth in the high single-digit percentage range[1] for the Gerresheimer Group in the financial year 2022, as against the currency-adjusted comparative figure of EUR 1,495.6m[2] for the financial year 2021. For adjusted EBITDA, we expect growth in the high single-digit percentage range for the financial year 2022, versus a comparative adjusted EBITDA figure of EUR 307.1m[3] in the financial year 2021.

Adjusted earnings per share

We anticipate that currency-adjusted earnings per share attributable to the shareholders of Gerresheimer AG will increase by a high single-digit percentage figure in the financial year 2022 relative to the currency-adjusted equivalent figure for the financial year 2021 (EUR 4.18[4] per share).

[1] A high single-digit percentage range is the range between 7 and 9%.
[2] Based on the revenues for the financial year 2021 translated at the budgeted exchange rates for the financial year 2022.
[3] Based on adjusted EBITDA for the financial year 2021 translated at the budgeted exchange rates for the financial year 2022.
[4] Based on adjusted earnings per share for the financial year 2021 translated at the budgeted exchange rates for the financial year 2022.

Preliminary trend for subsequent years

Revenues and adjusted EBITDA margin

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

We anticipate a currency-adjusted adjusted EBITDA margin of between 23% and 25% for the Gerresheimer Group in the medium term. This improvement compared with the profitability seen in the financial year 2021 is to be achieved in particular through economies of scale, innovative products, an enhanced product mix, greater automation and digitalization of processes, and the marketing of developed projects in the Advanced Technologies Division.

Adjusted earnings per share

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

Return on capital employed and adjusted EBITDA leverage

We aim to achieve Gx ROCE of around 15% in the medium to long term, as well as a ratio of net financial debt to adjusted EBITDA (adjusted EBITDA leverage) of around 2.5x in the long term. The adjusted EBITDA leverage actually obtained may temporarily diverge from this figure, since acquisition and divestment activities, along with organic business opportunities, cannot be planned in detail.

Consolidated Financial Statements of Gerresheimer AG

for the Financial Year 2021

Consolidated Income Statement

for the financial year from December 1, 2020, to November 30, 2021

In EUR k	Notes	**2021**	2020
Revenues	(9)	1,498,007	1,418,786
Cost of sales		-1,055,779	-981,181
Gross profit on sales		**442,228**	**437,605**
Selling and general administrative expenses	(10)	-286,916	-275,474
Research and development expenses	(11)	-10,003	-7,656
Other operating income	(13)	29,959	35,029
Other operating expenses	(14)	-27,827	-33,043
Operating income		**147,441**	**156,461**
Interest income		1,326	1,455
Interest expenses		-20,702	-20,763
Other financial result		-200	-2,008
Financial result		**-19,576**	**-21,316**
Income before income taxes		**127,865**	**135,145**
Income taxes	(15)	-40,624	-45,264
Net income		**87,241**	**89,881**
Shareholders of Gerresheimer AG		83,788	88,559
Non-controlling interests		3,453	1,322
Basic and diluted earnings per share in euros	(16)	**2.67**	**2.82**

Consolidated Statement of Comprehensive Income

for the financial year from December 1, 2020, to November 30, 2021

In EUR k	Notes	**2021**	2020
Net income		**87,241**	**89,881**
Revaluation of defined benefit plans	(26)	10,381	-6,778
Revaluation of equity instruments		760	1,087
Income taxes	(15)	-2,477	2,221
Other comprehensive income that will not be reclassified subsequently to profit or loss		**8,664**	**-3,470**
Cash flow hedges – change in fair value		8,759	–
Currency translation		40,631	-89,012
Income taxes		-2,100	–
Other comprehensive income that will be reclassified to profit or loss when specific conditions are met		**47,290**	**-89,012**
Other comprehensive income		**55,954**	**-92,482**
Total comprehensive income		**143,195**	**-2,601**
Shareholders of Gerresheimer AG		138,142	-3,590
Non-controlling interests		5,053	989

Consolidated Balance Sheet

as of November 30, 2021

In EUR k	Notes	Nov. 30, 2021	Nov. 30, 2020
Assets			
Intangible assets	(17)	1,288,757	1,274,399
Property, plant and equipment	(18)	904,324	763,101
Investment property	(18)	974	3,601
Investment accounted for using the equity method	(19)	54	332
Income tax receivables		717	766
Other financial assets	(20)	18,071	8,342
Other non-financial assets	(21)	1,042	1,860
Deferred tax assets	(15)	6,348	12,805
Non-current assets		**2,220,287**	**2,065,206**
Inventories	(22)	238,270	189,982
Trade receivables	(23)	212,385	215,459
Contract assets	(24)	19,480	14,178
Income tax receivables		2,339	1,923
Other financial assets	(20)	19,766	13,899
Other non-financial assets	(21)	50,507	27,976
Cash and cash equivalents		114,051	87,950
Non-current assets held for sale and discontinued operations	(19)	383	–
Current assets		**657,181**	**551,367**
Total assets		**2,877,468**	**2,616,573**
Equity and liabilities			
Subscribed capital		31,400	31,400
Capital reserve		513,827	513,827
Accumulated other comprehensive income		-90,104	-135,150
Retained earnings		526,198	473,756
Shareholders of Gerresheimer AG		**981,321**	**883,833**
Non-controlling interests		20,884	15,831
Equity	**(25)**	**1,002,205**	**899,664**
Provisions for pensions and similar obligations	(26)	134,928	150,817
Other provisions	(27)	10,389	14,339
Financial debt	(28)	695,288	837,761
Trade payables		506	152
Contract liabilities	(24)	1,615	2,458
Other financial liabilities	(29)	80	90
Other non-financial liabilities	(30)	17,956	1,907
Deferred tax liabilities	(15)	128,720	131,380
Non-current liabilities		**989,482**	**1,138,904**
Provisions for pensions and similar obligations	(26)	12,462	12,382
Other provisions	(27)	33,165	40,590
Financial debt	(28)	443,909	211,416
Trade payables		284,253	211,619
Contract liabilities	(24)	10,982	7,454
Income tax liabilities		12,170	11,265
Other financial liabilities	(29)	2,172	1,074
Other non-financial liabilities	(30)	86,668	82,205
Current liabilities		**885,781**	**578,005**
Total equity and liabilities		**2,877,468**	**2,616,573**

Consolidated Statement of Changes in Equity

for the financial year from December 1, 2020, to November 30, 2021

			Accumulated other comprehensive income						
In EUR k	Subscribed capital	Capital reserve	Equity instruments	Cash flow hedge reserve	Currency translation reserve	Retained earnings	Equity attributable to shareholders of Gerresheimer AG	Non-controlling interests	**Equity**
As of December 1, 2019	**31,400**	**513,827**	**3,094**	**–**	**-50,657**	**427,439**	**925,103**	**16,454**	**941,557**
Net income	–	–	–	–	–	88,559	88,559	1,322	89,881
Other comprehensive income	–	–	1,087	–	-88,674	-4,562	-92,149	-333	-92,482
Total comprehensive income	**–**	**–**	**1,087**	**–**	**-88,674**	**83,997**	**-3,590**	**989**	**-2,601**
Dividend payments	–	–	–	–	–	-37,680	-37,680	-1,612	-39,292
As of December 1, 2020	**31,400**	**513,827**	**4,181**	**–**	**-139,331**	**473,756**	**883,833**	**15,831**	**899,664**
Net income	–	–	–	–	–	83,788	83,788	3,453	87,241
Other comprehensive income	–	–	760	6,659	39,031	7,904	54,354	1,600	55,954
Total comprehensive income	**–**	**–**	**760**	**6,659**	**39,031**	**91,692**	**138,142**	**5,053**	**143,195**
Dividend payments	–	–	–	–	–	-39,250	-39,250	–	-39,250
Cash flow hedges – reclassified to inventories	–	–	–	-1,404	–	–	-1,404	–	-1,404
As of November 30, 2021	**31,400**	**513,827**	**4,941**	**5,255**	**-100,300**	**526,198**	**981,321**	**20,884**	**1,002,205**

Consolidated Statement of Cash Flows

for the financial year from December 1, 2020, to November 30, 2021

In EUR k	Notes	2021	2020
Net income		87,241	89,881
Income taxes	(15)	40,624	45,264
Financial result		19,576	21,316
Amortization/depreciation/impairment losses		145,359	145,503
Result of associated companies and other investement income		-283	-238
Change in provisions		-13,167	114
Result of diposals of non-current assets/liabilities		-6,079	-8,975
Interests paid		-18,445	-18,842
Interests received		682	830
Income taxes paid		-47,552	-38,284
Income taxes received		2,342	8,017
Change in inventories		-44,846	-12,174
Change in trade receivables as well as contract assets		3,487	-9,812
Change in trade payables as well as contract liabilities		50,666	-4,154
Change in net working capital		9,307	-26,140
Other non-cash-effective items		-7,529	3,748
Cash flow from operating activities		**212,076**	**222,194**
Cash received from disposals of non-current assets		9,445	16,982
Cash paid for capital expenditure in intangible assets and property, plant and equipment		-203,626	-173,073
Cash paid for capital expenditure in fully consolidated companies as well as other equity investments		-2,855	-1,034
Cash received in connection with divestments, net of cash paid	(8)	–	93
Cash flow from investing activities		**-197,036**	**-157,032**
Dividend payments to third parties		-39,250	-39,312
Dividend payments from third parties		199	211
Raising of loans		311,478	499,496
Repayment of loans		-252,090	-501,627
Cash paid for leases and installment purchase liabilities		-17,313	-10,922
Other issues from financing activities		5,001	–
Cash flow from financing activities		**8,025**	**-52,154**
Changes in financial resources		**23,065**	**13,008**
Effect of exchange rate changes on financial resources		2,128	-5,719
Financial resources at the beginning of the period		58,394	51,105
Financial resources at the end of the period		**83,587**	**58,394**
Components of the financial resources			
Cash and cash equivalents		114,051	87,950
Overdraft facilities		-30,464	-29,556
Financial resources at the end of the period		**83,587**	**58,394**

Notes to the Consolidated Financial Statements

of Gerresheimer AG for the financial year from December 1, 2020, to November 30, 2021

Notes on Consolidation and Accounting

(1) Basis of Presentation

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

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

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

The Consolidated Financial Statements as of November 30, 2021, were prepared in accordance with the International Financial Reporting Standards (IFRSs) applicable as of the reporting date as issued by the International Accounting Standards Board (IASB) and adopted by the European Union as well as the regulations under commercial law as set forth in § 315e (1) German Commercial Code (Handelsgesetzbuch, HGB).

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

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

The Consolidated Financial Statements of Gerresheimer AG are published in German in the Federal Gazette (Bundesanzeiger) and on our website at www.gerresheimer.com.

(2) New Accounting Standards and Changes in Accounting Principles

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

- Framework: Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 16: Covid-19-Related Rent Concessions
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material

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

The IASB also published the following revised standards, which were adopted by the European Commission. They were not yet applicable in the financial year and were not applied earlier:

- Amendments to IFRS 3: Amendments to References to the Conceptual Framework in IFRS Standards, effective for financial years beginning on or after January 1, 2022
- Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9, effective for financial years beginning on or after January 1, 2021
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16: Interest Rate Benchmark Reform — Phase 2, effective for financial years beginning on or after January 1, 2021
- Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021, effective for financial years beginning on or after January 1, 2021
- IFRS 17: Insurance Contracts, effective for financial years beginning on or after January 1, 2023
- Amendments to IAS 16: Proceeds before Intended Use, effective for financial years beginning on or after January 1, 2022
- Amendments to IAS 37: Onerous Contracts — Cost of Fulfilling a Contract, effective for financial years beginning on or after January 1, 2022
- Annual Improvements to IFRS Standards 2018-2020 Cycle, effective for financial years beginning on or after January 1, 2022

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

At the start of the financial year, the useful lives of various technical equipment and machinery were changed from ten to twelve years on average due to new economic estimates. This extension of the useful lives reduced depreciation by around EUR 12.3m in the reporting period. The effect of the extension of the useful lives will be of a similar order in the next two financial years.

(3) Scope of Consolidation

a) Changes in the scope of consolidation and in non-controlling interests during the financial year 2021

i) Merger of Gerresheimer Spain S.L.U. and Gerresheimer Zaragoza S.A. as well as liquidation of Gerresheimer Valencia S.L.U.

With effective date December 1, 2020, Gerresheimer Zaragoza S.A., Epila (Spain) was merged with Gerresheimer Spain S.L.U., Epila (Spain). Gerresheimer Spain S.L.U. was then renamed Gerresheimer Zaragoza S.L.U., Epila (Spain). In addition, Gerresheimer Valencia S.L.U. in LIQ, Masalaves (Spain) was liquidated with effective date November 17, 2021.

ii) Establishment of Gerresheimer Italia S.r.l.

Gerresheimer Italia S.r.l., Milan (Italy), was established with effective date September 6, 2021. This sales company did not have any material effects on the net assets position, financial position, and results of operations or the cash flows of the Gerresheimer Group.

iii) Merger of Gerresheimer Hallenverwaltungs GmbH and absorption of Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Düsseldorf KG

With effective date December 1, 2020, Gerresheimer Hallenverwaltungs GmbH, Duesseldorf (Germany), merged with Gerresheimer Lohr GmbH, Lohr/Main (Germany). As a result of the merger, the limited partnership interest in Gerresheimer Hallenverwaltungs GmbH & Co. Objekt Düsseldorf KG, Duesseldorf (Germany), was contributed and therefore the latter company was absorbed into Gerresheimer Lohr GmbH with effective date November 10, 2021.

b) Changes in the scope of consolidation during the financial year 2020

i) Merger of Gerresheimer item GmbH

With effective date December 1, 2019, Gerresheimer item GmbH, Muenster (Germany), was merged with Gerresheimer Regensburg GmbH, Regensburg (Germany).

ii) Liquidation of Kimble Chase Holding LLC

With effective date February 29, 2020, Kimble Chase Holding LLC, Vineland (New Jersey, USA), was dissolved, as the company had ceased operations. The company made a distribution of USD 324k to Gerresheimer Glass Inc., Vineland (New Jersey, USA), and USD 311k to Chase Scientific Glass Inc., a subsidiary of Thermo Fisher Scientific Inc. Kimble Chase Holding LLC, Vineland (New Jersey, USA), was established during the sale process of the Life Science Research Division.

iii) Merger of DSTR S.L.U.

With effective date December 1, 2019, DSTR S.L.U., Epila (Spain), was merged with Gerresheimer Spain S.L.U., Epila (Spain).

iv) Acquisition of minority interest in Zaragoza S.A.

With effective date October 8, 2020, Gerresheimer AG indirectly acquired the shares in Gerresheimer Zaragoza S.A., Epila (Spain), still held by third parties for a purchase price of EUR 34k. The transaction has no further impact on assets, liabilities, and equity, as these have already been recognized in full in the consolidated balance sheet.

List of shareholdings of Gerresheimer AG as of November 30, 2021:

Company name and registed office	Capital share in %
Entities included in the consolidated financial statements	
Asia	
Gerresheimer Medical Plastic Systems Dongguan Co. Ltd., Wang Niu Dun Town, Dongguan City (China)	100.00
Gerresheimer Pharmaceutical Packaging Mumbai Private Ltd., Mumbai (India)	100.00
Gerresheimer Plastic Packaging (Changzhou) Co., Ltd., Changzhou City, Jiangsu (China)	100.00
Gerresheimer Singapore Pte. Ltd., Singapore (Singapore)	100.00
Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)	60.00
Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	60.00
Neutral Glass & Allied Industries Private Ltd., Mumbai (India)	100.00
Triveni Polymers Private Ltd., New Delhi (India)	100.00
Europe	
Gerresheimer Boleslawiec S.A., Boleslawiec (Poland)	100.00
Gerresheimer Bünde GmbH, Buende (Germany)[1]	100.00
Gerresheimer Chalon SAS, Chalon-sur-Saone (France)	100.00
Gerresheimer Denmark A/S, Vaerloese (Denmark)	100.00
Gerresheimer Essen GmbH, (Germany)[1]	100.00
GERRESHEIMER GLAS GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Group GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Holdings GmbH, Duesseldorf (Germany)[1]	100.00
Gerresheimer Horsovsky Tyn spol. s r.o., Horsovsky Tyn (Czech Republic)	100.00
Gerresheimer Italia S.r.l., Milan (Italy)	100.00
Gerresheimer Medical Systems Schweiz AG, Zug (Switzerland)	100.00
Gerresheimer Lohr GmbH, Lohr/Main (Germany)[1]	100.00
Gerresheimer Medical Plastic Systems GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Momignies S.A., Momignies (Belgium)	100.00
Gerresheimer Moulded Glass GmbH, Tettau (Germany)[1]	100.00
Gerresheimer Plastic Packaging SAS, Besancon (France)	100.00
Gerresheimer Regensburg GmbH, Regensburg (Germany)[1]	100.00
Gerresheimer Skopje DOOEL Ilinden, Ilinden (Republic North Macedonia)	100.00
Gerresheimer Tettau GmbH, Tettau (Germany)[1]	100.00
Gerresheimer Vaerloese A/S, Vaerloese (Denmark)	100.00
Gerresheimer Werkzeugbau Wackersdorf GmbH, Wackersdorf (Germany)[1]	100.00
Gerresheimer Wertheim GmbH, Wertheim (Germany)[1]	100.00
Gerresheimer Zaragoza S.L.U., Epila (Spain)	100.00
Sensile Medical AG, Olten (Switzerland)	99.89

Company name and registed office	Capital share in %
Americas	
Centor Inc., Perrysburg, OH (USA)	100.00
Centor Pharma Inc., Perrysburg, OH (USA)	100.00
Centor US Holding Inc., Perrysburg, OH (USA)	100.00
Gerresheimer Glass Inc., Vineland, NJ (USA)	100.00
Gerresheimer Mexico Holding LLC, Wilmington, DE (USA)	100.00
Gerresheimer MH Inc., Wilmington, DE (USA)	100.00
Gerresheimer Peachtree City (USA) L.P., Peachtree City, GA (USA)	100.00
Gerresheimer Peachtree City Inc., Peachtree City, GA (USA)	100.00
Gerresheimer Plasticos Sao Paulo Ltda., Embu (Brazil)	100.00
Gerresheimer Queretaro S.A., Queretaro (Mexico)	100.00
Gerresheimer Sistemas Plasticos Medicinais Sao Paulo Ltda., Indaiatuba (Brazil)	100.00
Associated companies	
PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic)	40.59
Non-consolidated companies[2]	
Corning Pharmaceutical Packaging LLC, Wilmington, DE (USA)	25.00
Gerresheimer respimetrix GmbH, Duesseldorf (Germany)	60.00
Gerresheimer Tooling LLC, Peachtree City, GA (USA)	30.00
Nouvelles Verreries de Momignies Inc., Larchmont, NY (USA)	100.00

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

The following tables provide condensed financial information for **subsidiaries with material non-controlling interests:**

	Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., Danyang, Jiangsu (China)		Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., Zhenjiang, Jiangsu (China)	
In EUR k	**Nov. 30, 2021**	Nov. 30, 2020	**Nov. 30, 2021**	Nov. 30, 2020
Proportion of ownership interests and voting rights held by non-controlling interests in %	40.0	40.0	40.0	40.0
Accumulated non-controlling interests	13,473	10,220	7,257	5,430
Current assets	23,146	17,862	13,951	12,760
Non-current assets	20,338	14,413	9,371	5,198
Current liabilities	9,990	7,546	4,887	4,187
Non-current liabilities	–	18	–	73

	2021	2020	**2021**	2020
Revenues	39,321	22,557	18,575	15,460
Earnings share of non-controlling interests	2,211	403	1,268	940
Cash flow from operating activities	6,605	2,949	3,724	4,053
Cash flow from investing activities	-6,364	-2,347	-1,447	-290
Cash flow from financing activities	-106	-84	-3,036	-3,472
Dividends paid to non-controlling interests[1)]	–	–	–	1,349

[1)] Dividends paid are converted at the respective transaction rate.

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

(4) Consolidation Principles

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

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

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

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

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

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

(5) Currency Translation

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

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

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

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

		Closing rate		Average rate	
1 Euro	Currency	**Nov. 30, 2021**	Nov. 30, 2020	**2021**	2020
Brazil	BRL	6.38	6.35	6.38	5.75
Switzerland	CHF	1.04	1.08	1.08	1.07
China	CNY	7.24	7.88	7.69	7.87
Czech Republic	CZK	25.53	26.19	25.80	26.36
India	INR	85.33	88.73	87.86	83.71
Poland	PLN	4.66	4.47	4.56	4.43
United States of America	USD	1.14	1.20	1.19	1.13

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

Intangible assets

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

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

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

Property, plant and equipment

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

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

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

Government grants

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

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

Investment property

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

Leases

Starting December 1, 2019, for all leases where it is the lessee, Gerresheimer normally recognizes a right-of-use asset for the leased property and a lease liability. Exceptions apply to short-term leases with a lease term of twelve months or less and for leases of low-value assets. Leased items with a maximum value of EUR 5,000 are defined as low-value assets.

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

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

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

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

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

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

Further information on leases is provided in Note (18).

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

Factoring

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

Impairment

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

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

Impairment losses on goodwill are recognized in other operating expenses, impairment losses and income from the reversal of impairment losses on assets, except for goodwill, are reported in the respective functional area expenses.

Inventories

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

Financial assets

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

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

Financial assets measured at amortized cost: Financial assets held in order to collect contractual cash flows that are solely payments of principal and interest. Interest income on such assets is measured using the effective interest method and accounted for in the financial result. All gains and losses from derecognition, from impairment losses, and from currency translation are recognized directly in the consolidated income statement.

At Gerresheimer, this category primarily comprises trade receivables that are not sold in the context of factoring agreements, cash and cash equivalents, contractual refund claims, other loans, and other individual items included in other financial assets.

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

Contrary to the general approach, the simplified impairment approach is applied for trade receivables and contract assets. Under this approach, impairment losses are always recognized in the amount of the lifetime expected credit losses. In order to determine the impairment loss, the Gerresheimer Group makes use, among other information, of internal and external customer ratings, default risks obtained from information service providers and past due information. Where no reliable information on default risk is available, lifetime expected credit losses are determined on the basis of the amounts past due as of the reporting date. The determination of impairment losses also takes into account the existence of credit insurance that covers part of trade receivables.

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

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

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

Other non-financial assets

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

Cash and cash equivalents

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

Non-current assets and disposal groups held for sale

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

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

Provisions for pensions and similar obligations

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

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

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

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

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

Other provisions

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

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

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

Long-term share-based payment (phantom stocks)

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

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

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

The valuation of the entitlements in the years until they are exercised is based on a recognized option pricing model (binomial model). The volatility of the target value is assumed as 30.9% p.a. (prior year: 23.2% p.a.) and the employee turnover rate as 3.6% p.a. (prior year: 3.6% p.a.). The yield on German government bonds of matching maturities is used as the risk-free interest rate.

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

Income taxes

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

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

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

Financial debt and other financial liabilities

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

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

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

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

Other non-financial liabilities

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

Revenue recognition

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

costs incurred to expected total contract costs (cost-to-cost method). To the extent that contract costs incurred plus recognized profits and less recognized losses exceed the consideration received from the customer, the excess is recognized as a contract asset. In the opposite case, the shortfall is recognized as a contract liability.

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

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

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

Cost of sales

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

Research and development

Research expenses are recognized directly as an expense.

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

Judgments and estimation uncertainty

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

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

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

Assessing the impairment of **goodwill** involves determining the value in use of the cash-generating unit to which it is allocated. Measuring the value in use requires an estimation of future cash flows for the cash-generating unit and of an appropriate discount rate for the present value calculation. If the future cash flows prove lower than management estimated, impairment may be required in the future. For further information, please see Note (17).

The amount of **pension and similar obligations** to employees significantly depends on assumptions about future developments. The defined benefit obligation is measured in accordance with actuarial methods based on assumptions regarding the discount rate, increases in salaries and pensions, and life expectancy.

These can differ considerably from actual developments because of variations in the market and economic environment. In addition, Gerresheimer provides subsidized healthcare for retired employees in the U.S. Should it become necessary to modify the assumptions relating to the aforementioned parameters, this may have an effect on the future amount of pension costs, equity, and provisions for pensions and similar obligations. For further information, please see Note (26).

The Gerresheimer Group operates in many different countries and is consequently subject to multiple different tax jurisdictions. If no group taxation regimes such as a consolidated tax group are used, **income tax** owed, tax receivables and payables, temporary differences, tax loss carryforwards, and the resulting deferred tax assets and liabilities must be determined separately for each taxable entity. Deferred tax assets are subject to significant estimation uncertainty. Deferred tax assets are recognized insofar as their realization within the planning horizon is more likely than not. Consequently, the realization of deferred tax assets depends in particular on the ability to generate sufficient taxable income for the applicable type of tax in the relevant tax jurisdiction in the future. When assessing the probability of the inflow of future economic benefits, various factors must be taken into account, such as corporate planning, restrictions on tax loss carryforwards, minimum taxation, and tax planning strategies. The amounts recognized for deferred tax assets may decrease if the estimates of budgeted taxable income have to be revised or if changes in tax law restrict the timescale of future tax benefits or the extent to which they can be realized. For further information, please see Note (15).

The fair value of **phantom stocks** is recognized pro rata temporis in personnel expenses and, at the same time, as a provision because there is an obligation to make a cash settlement. Fair values of phantom stocks are determined using a recognized option pricing model (binomial model). The fair value of each tranche is presented in Note (27). Any necessary changes in the assumptions relating to the aforementioned parameters may affect the future amount of expenses, equity, and provisions for obligations relating to phantom stocks.

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

(7) Financial Risk Management and Derivative Financial Instruments

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

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

Derivative financial instruments are used exclusively for hedging purposes.

Currency and interest rate risk

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

Credit risk

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

Approximately 22% of trade receivables were covered by credit insurance in the financial year 2021 (prior year: approximately 21%).

The risk concentration in relation to trade receivables and contract assets is considered to be low due to the worldwide activities of the Gerresheimer Group and its diversified group of customers.

Liquidity risk

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

Derivative financial instruments

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

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

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

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

Hedge accounting was applied in the financial year 2021 for the purpose of hedging product price risks from procurement transactions. If a hedge is used as a cash flow hedge, a distinction is made between an effective and ineffective portion of the fair value fluctuations. The effective portion of the fair value fluctuations is initially recognized directly in equity as accumulated other comprehensive income. It is reclassified when the underlying is recognized in profit or loss. The ineffective portion of the fair value fluctuations is accounted for directly in profit or loss. If the hedging transactions serve to hedge procurement risks, this item is presented under cost of sales.

For further information on derivative financial instruments, please see Note (33).

(8) Consolidated Statement of Cash Flows

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

In the prior year, the item "Cash received in connection with divestments, net of cash paid" reflects the liquidation of the investment Micro Center Central-Switzerland AG, Samen (Switzerland).

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

The change in liabilities from financing activities is as follows:

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

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

Notes to the Consolidated Income Statement

(9) Revenues

Revenues rose from EUR 1,418,786k in the financial year 2020 by 5.6% to EUR 1,498,007k in the financial year 2021.

Revenues mainly result from the sale of goods. Revenues from customer-specific construction contracts amounted to EUR 48,334k in the reporting year (prior year: EUR 51,156k).

For information on contract assets and liabilities, please see Note (24).

An analysis of revenues by division and region is provided in Note (34) Segment Reporting.

(10) Selling and General Administrative Expenses

Selling expenses comprise personnel and non-personnel expenses for the sales organizations and distribution of the products (including freight and commissions). In addition, selling expenses include depreciation, amortization, and impairment losses of EUR 30,938k (prior year: EUR 32,788k). Of the depreciation and amortization, EUR 28,518k (prior year: EUR 30,374k) relate to fair value adjustments less capitalized cost components from purchase price allocations.

General administrative expenses mainly comprise personnel and non-personnel expenses for administrative functions as well as depreciation and amortization amounting to EUR 8,871k (prior year: EUR 9,309k).

(11) Research and Development Expenses

Research expenses and non-capitalized development expenses primarily comprise personnel and material expenses. As research and development activities are of particular importance to the Gerresheimer Group, a change has been made in order to present a separate item in the reporting period. In the prior year, the corresponding expenses were included in the item "Other operating expenses." The prior-year figures have been adjusted accordingly.

(12) Personnel Expenses and Employees

Personnel expenses break down as follows:

In EUR k	2021	2020
Wages and salaries	373,472	365,153
Social security and other benefit costs	73,287	70,193
thereof pension costs	*4,513*	*4,562*
Personnel expenses	**446,759**	**435,346**

The average number of employees in the financial year 2021 is as follows:

	2021	2020
White-collar	2,525	2,422
Blue-collar	7,356	7,257
Apprentices	197	203
Average number of employees	**10,078**	**9,882**

(13) Other Operating Income

In EUR k	2021	2020
Income from disposal of intangible assets and property, plant and equipment	6,363	1,611
Income from refund claims against third parties	6,009	14,403
Income from the derecognition of liabilities	4,547	2,740
Income from the reversal of provisions	3,831	1,750
Exceptional income	2,605	8,165
Income from sale of scrap	985	877
Restructuring income	18	1,844
Other miscellaneous income	5,601	3,639
Other operating income	**29,959**	**35,029**

Income from disposal of intangible assets and property, plant and equipment mainly comprises income from the sale of property formerly held as investment property and of excess stocks of precious metals from the construction of a furnace in the Primary Packaging Glass Division.

Income from refund claims against third parties is mainly attributable to income from insurance reimbursements. These insurance reimbursements constitute refunds for employee insurance in the U.S. (EUR 2,591k) and refunds due to the fire at a warehouse of a German molded glass plant in the financial year 2020 (EUR 2,355k).

Other miscellaneous income includes income from investments accounted for using the equity method amounting to EUR 84k (prior year: EUR 30k).

Exceptional income in the prior year is mostly attributable to a book gain from the sale of a piece of land in Switzerland, which was reported as investment property in the consolidated balance sheet as of November 30, 2019. The remaining plant and machinery were also sold as part of this transaction.

(14) Other Operating Expenses

In EUR k	2021	2020
Exceptional expenses	21,545	17,440
Addition to bad debt allowances and loss from derecognition of receivables	1,708	2,205
Supervisory Board remuneration and expense reimbursement	1,527	1,411
Currency losses	586	1,304
Loss from disposal of intangible assets and property, plant and equipment	284	381
Contract adjustment in connection with the termination of projects	–	3,965
Restructuring expenses	–	891
Other miscellaneous expenses	2,177	5,446
Other operating expenses	**27,827**	**33,043**

The exceptional expenses are related with EUR 4,166k to costs for strategic and structural personnel adjustment due to automation and digitalization, as well as measures to improve efficiency in the Primary Packaging Glass Division. Expenses of EUR 9,623k in connection with the Covid-19 pandemic — mainly to ensure business continuity and supply capabilities, adherence to safety concepts, and the payment of incentives to employees — are also included here. In addition, exceptional expenses of EUR 4,348k were incurred in connection with the construction of our new plant in Skopje (Republic of North Macedonia).

(15) Income Taxes

In EUR k	2021	2020
Current income taxes	-45,395	-40,966
Deferred income taxes	4,771	-4,298
Income taxes	**-40,624**	**-45,264**

As in the prior year, income taxes in Germany were determined on the basis of a combined tax rate of 29.0%, comprising the 15.0% corporation tax rate, the 5.5% solidarity surcharge, and the 13.2% average trade tax rate. The income tax rates applied for foreign subsidiaries ranged from 0.0% to 34.0% (prior year: 0.0% to 34.0%). Some subsidiaries in China benefited from temporary tax privileges, with a resulting income tax rate of 10.0% or 15.0%. The subsidiary in the Republic of North Macedonia is exempt from income taxes for a period of ten years.

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

In EUR k	2021	2020
Income before income taxes	127,865	135,145
Expected tax expense: 29% (prior year: 29%)	**-37,081**	**-39,192**
Loss carryforwards without deferred tax assets	-2,707	-2,858
Different foreign tax rates	6,466	3,557
Non-deductible expenses	-3,299	-2,586
Tax-free income	937	-83
Effects from changes in tax rates	689	369
Change in value allowance for deferred tax assets	482	-4,652
Taxes from prior periods	-5,995	458
Other	-116	-277
Total differences	**-3,543**	**-6,072**
Income taxes	**-40,624**	**-45,264**
Tax rate	**31.8%**	**33.5%**

The tax rate in the financial year 2021 stood at 31.8% and fell by 1.7 percentage points compared to the tax rate of 33.5% in 2020. The higher tax rate in 2020 compared to 2021 resulted primarily from the valuation allowances on deferred tax assets on temporary loss carryforwards of a foreign subsidiary, as well as from the income tax burden on the company property sold as part of the closure of the Kuessnacht (Switzerland) location.

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

In EUR k	Nov. 30, 2021 Deferred tax assets	Nov. 30, 2021 Deferred tax liabilities	Nov. 30, 2020 Deferred tax assets	Nov. 30, 2020 Deferred tax liabilities
Non-current assets	5,780	173,855	3,537	168,345
Inventories	4,547	1,360	1,992	2,787
Receivables and other assets	981	4,758	1,235	1,229
Provisions for pensions	25,166	–	27,664	–
Other provisions	5,774	330	7,439	390
Payables and other liabilities	3,100	442	2,693	1,221
Loss carryforwards	13,025	–	10,837	–
Subtotal	**58,373**	**180,745**	**55,397**	**173,972**
Offset	-52,025	-52,025	-42,592	-42,592
Deferred taxes	**6,348**	**128,720**	**12,805**	**131,380**

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

The deferred income taxes, which are recognized in other comprehensive income, result in a decrease in equity of EUR 4,577k (prior year: increase in equity of EUR 2,221k). They are attributable in full to the remeasurement of defined benefit obligation pension plans and the change in the fair value of derivative financial instruments for the hedging of cash flows.

Deferred tax assets were not recognized for tax loss carryforwards in the amount of EUR 142,167k (prior year: EUR 102,686k) at Group companies of Gerresheimer AG, as these loss carryforwards are not expected to be used in the next five years. This amount includes corporate tax loss carryforwards of EUR 11k (prior year: EUR 11k) and trade tax loss carryforwards of EUR 9,181k (prior year: EUR 9,181k) at domestic subsidiaries. By contrast, deferred tax assets were recognized for previously impaired tax loss carryforwards of EUR 1,940k, as these loss carryforwards are expected to be used within the next financial year.

Despite losses in the current year and in the prior year, deferred tax assets of EUR 66k (prior year: EUR 1,208k) were recognized for tax loss carryforwards at foreign Group companies, as the companies concerned expect to generate future taxable profits. There is sufficient certainty that the tax loss carryforwards can be realized.

Temporary loss carryforwards in the amount of EUR 100,622k, which can be used in the period from 2022 to 2030 (prior year: EUR 84,841k, period from 2021 to 2030), relate exclusively to foreign companies.

Deferred tax liabilities for taxable temporary differences from investments in fully consolidated subsidiaries in the amount of EUR 47,990k (prior year: EUR 33,528k) were not recognized, as Gerresheimer AG is able to control the timing of the reversal of the temporary differences and the differences are unlikely to reverse in the foreseeable future.

(16) Earnings per Share

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

		2021	2020
Net income attributable to shareholders of Gerresheimer AG	in EUR k	83,788	88,559
Average number of issued ordinary shares	in thousand	31,400	31,400
Basic and diluted earnings per share	in euros	2.67	2.82

Notes to the Consolidated Balance Sheet

(17) Intangible Assets

Intangible assets break down as follows:

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

In EUR k	Goodwill	Customer relationship, brand names, technologies and similar assets	Development costs	Other	**Intangible assets**
Cost as of December 1, 2019	**681,022**	**1,080,678**	**36,751**	**52,249**	**1,850,700**
Currency translation	-29,848	-47,369	-213	-327	-77,757
Additions	–	–	21,312	6,279	27,591
Disposals	–	–	–	-736	-736
Reclassifications	–	–	–	92	92
As of November 30, 2020	**651,174**	**1,033,309**	**57,850**	**57,557**	**1,799,890**
Accumulated amortization and impairment losses as of December 1, 2019	**8,864**	**439,330**	**16,192**	**29,140**	**493,526**
Currency translation	–	-17,104	-17	-364	-17,485
Disposals	–	–	–	-455	-455
Amortization	–	42,467	1,731	4,223	48,421
Impairment losses	–	–	1,484	–	1,484
As of November 30, 2020	**8,864**	**464,693**	**19,390**	**32,544**	**525,491**
Net book value as of November 30, 2020	**642,310**	**568,616**	**38,460**	**25,013**	**1,274,399**

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

Amortization of and impairment losses on intangible assets in the amount of EUR 10,329k (prior year: EUR 3,051k) are contained in the cost of sales. Of that amount, EUR 7,541k (prior year: EUR 2,419k) are attributable to amortization of and impairment losses on fair value adjustments from purchase price allocations.

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

In EUR k	Nov. 30, 2021	Nov. 30, 2020
Plastics & Devices		
Plastic Packaging	79,679	79,738
Medical Systems	115,468	115,468
Centor	271,422	257,443
Primary Packaging Glass		
Converting	63,341	63,341
Moulded Glass	126,320	126,320
Goodwill	**656,230**	**642,310**

To assess the recoverability of goodwill, Gerresheimer has tested whether the recoverable amount of each of the cash-generating units covers at least the carrying amount of the net assets in each case. The recoverable amount is determined as the higher of value in use and the fair value less cost of disposal. Value in use — based on cash flow projections budgeted for the financial years 2022 to 2026 (prior year: 2021 to 2025) — is the main measure of value applied by Gerresheimer. Corporate planning considers factors in historical developments and current market expectations. As in the prior year, the growth rate used to extrapolate for subsequent years was 1.0%. Future cash flows are discounted using the weighted average cost of capital (WACC). Both the beta factor used to determine the cost of equity and borrowing costs were derived on the basis of a peer group.

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

	WACC before tax	
In %	Nov. 30, 2021	Nov. 30, 2020
Plastics & Devices		
Plastic Packaging	9.3	9.5
Medical Systems	6.8	7.0
Centor	7.5	7.0
Primary Packaging Glass		
Converting	6.1	7.2
Moulded Glass	6.1	6.6

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

For each cash-generating unit to which goodwill was allocated as of November 30, 2021, no reasonably anticipated change in the underlying assumptions employed to determine the value in use would cause the carrying amount of the cash-generating unit to exceed their net realizable value considerably.

The **brand names** capitalized as of November 30, 2021, break down as follows:

In EUR k	Nov. 30, 2021	Nov. 30, 2020
Plastic Packaging	15,347	15,152
thereof with indefinite useful life	*15,347*	*15,152*
Medical Systems	4,957	4,957
thereof with indefinite useful life	*4,957*	*4,957*
Centor	2,723	2,770
thereof with indefinite useful life	–	–
Sensile Medical	1,655	1,906
thereof with indefinite useful life	–	–
Brand names	**24,682**	**24,785**

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

Development costs in the amount of EUR 16,568k (prior year: EUR 21,312k) were capitalized. The capitalized development costs largely came as a result of projects in the Advanced Technologies Division, namely the planned further development of a micro pump for the treatment of heart disease.

The “other” item mainly relates to licenses, off-the-shelf software, and advance payments made on intangible assets. Licenses notably relate to an integrated passive syringe safety system and a new product portfolio of prefillable sterile injection vials (Gx® RTF vials), together with the related technological know-how. Technologies for the development and marketing of a new autoinjector were also acquired in the Advanced Technologies Division in the financial year.

(18) Property, Plant and Equipment and Investment Property

Property, plant and equipment and investment property break down as follows:

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

In EUR k	Land, land rights and buildings (used for operating purposes)	Plant and machinery	Other equipment	Advance payments made and assets under construction	**Property, plant and equipment**	**Investment property**
Cost as of December 1, 2019	**255,126**	**892,896**	**91,640**	**167,429**	**1,407,091**	**12,062**
First-time adoption effect IFRS 16	22,681	1,072	5,057	–	28,810	–
Currency translation	-9,528	-40,323	-2,176	-7,647	-59,674	–
Additions	3,980	39,724	13,158	115,014	171,876	–
Disposals	-122	-10,872	-6,474	-37	-17,505	-7,737
Reclassification	17,096	53,617	10,926	-81,790	-151	–
As of November 30, 2020	**289,233**	**936,114**	**112,131**	**192,969**	**1,530,447**	**4,325**
Accumulated depreciation and impairment losses as of December 1, 2019	**88,891**	**552,044**	**64,104**	**115**	**705,154**	**2,847**
Currency translation	-2,745	-23,896	-1,206	-5	-27,852	–
Disposals	-102	-9,629	-5,393	-21	-15,145	-2,205
Reclassification	-29	-4,906	4,852	–	-83	82
Depreciation	15,634	78,681	10,640	–	104,955	–
Impairment losses	–	129	87	101	317	–
As of November 30, 2020	**101,649**	**592,423**	**73,084**	**190**	**767,346**	**724**
Net book value as of November 30, 2020	**187,584**	**343,691**	**39,047**	**192,779**	**763,101**	**3,601**

Depreciation and impairment losses on property, plant and equipment of EUR 88,905k (prior year: EUR 96,609k) are contained in the cost of sales. Of the impairment losses, 0.3% (prior year: 0.0%) refer to the Primary Packaging Glass Division, and 99.7% (prior year: 100.0%) to the Plastics & Devices Division.

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

The investment property refers to non-operating property with a carrying amount of EUR 974k (prior year: EUR 3,601k) and a fair value of EUR 1,826k (prior year: EUR 8,213k). The fair value is determined from various sources of information, which include past sales, officially published indicative land values, and independent appraisals. The fair values of other non-operating land are the same as the carrying amounts.

Rental income from investment property amounted to EUR 0k in the financial year 2021 (prior year: EUR 28k). Expenses of EUR 0k were incurred in this context (prior year: EUR 21k).

Leases

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

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

In EUR k	Right-of-use-assets land, land rights and buildings (used for operating purposes)	Right-of-use-assets plant and machinery	Right-of-use-assets other equipment	Total
Carrying amount as of December 1, 2020	**18,530**	**8,267**	**10,660**	**37,457**
Currency translation	572	723	278	1,573
Additions	12,030	21,581	7,260	40,871
Disposals	303	–	154	457
Depreciation	6,058	2,014	4,848	12,920
Carrying amount as of November 30, 2021	**24,771**	**28,557**	**13,196**	**66,524**
Cost	36,621	31,669	20,611	88,901
Accumulated depreciation and impairment losses	11,850	3,112	7,415	22,377

Information on the maturities of the corresponding lease liabilities is included in Note (33) as part of the maturity analysis of the financial instruments.

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

In EUR k	2021	2020
Interest expense on lease liabilities	1,493	1,182
Expenses relating to short-term leases	1,466	2,152
Expenses relating to leases of low-value assets	1,959	796
Lease expenses	**4,918**	**4,130**

In the reporting period, the total cash outflows for leases, including the interest portion, amounted to EUR 17,897k (prior year: EUR 11,194k).

(19) Investments Accounted for Using the Equity Method

The following table presents a summary of aggregated financial information on the company PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic), which is accounted for using the equity method. The investment in Gerresheimer Tooling LLC, Peachtree City (Georgia, USA), which was accounted for using the equity method, was also presented in the prior year. As of November 30, 2021, the investment in the aforementioned company is reported in the consolidated balance sheet as an asset held for sale with a carrying amount of EUR 383k. At the present time, we expect the investment to have been sold within the next twelve months.

In EUR k	**Nov. 30, 2021**	Nov. 30, 2020
Assets	299	3,784
Equity	128	1,066
Liabilities	169	2,716
Revenues	472	3,636
Profit or loss	28	92

Investments accounted for using the equity method developed as follows:

In EUR k	**Investments accounted for using the equity method**
Carrying amount as of December 1, 2019	**332**
Currency translation	-27
Result from investments accounted for using the equity method	27
Carrying amount as of November 30, 2020	**332**
Carrying amount as of December 1, 2020	332
Currency translation	22
Result from investments accounted for using the equity method	83
Changes in non-current assets and disposal groups held for sale	-383
Carrying amount as of November 30, 2021	**54**

(20) Other Financial Assets

Other financial assets break down as follows:

	Nov. 30, 2021		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Derivative financial instruments	7,391	*37*	*7,354*
Investments	5,134	*–*	*5,134*
Investments in non-consolidated companies	2,368	*–*	*2,368*
Refund claims from third parties	7,163	*4,660*	*2,503*
Other miscellaneous financial assets	15,781	*15,069*	*712*
Other financial assets	**37,837**	***19,766***	***18,071***

	Nov. 30, 2020		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Derivative financial instruments	1,099	*1,099*	*–*
Investments	4,371	*–*	*4,371*
Investments in non-consolidated companies	776	*–*	*776*
Refund claims from third parties	6,955	*4,211*	*2,744*
Other miscellaneous financial assets	9,040	*8,589*	*451*
Other financial assets	**22,241**	***13,899***	***8,342***

The increase in derivative financial instruments year on year results mainly from the commodity derivatives purchased in the fourth quarter of 2021, which are designated within the scope of hedge accounting as hedging instruments.

At EUR 5,100k (prior year: EUR 4,338k), the investments primarily relate to the investment in Securetec Detektions-Systeme AG, Neubiberg (Germany), which is designated into the category “at fair value through other comprehensive income.”

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

The item “Other miscellaneous financial assets” primarily contains collateral from factoring, bills of exchange, and receivables for reimbursement agreements and other loans. As of November 30, 2021, the other loans contained a loan of EUR 277k (prior year: EUR 392k) to a former subsidiary that had been secured with pledges.

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

(21) Other Non-financial Assets

Other non-financial assets break down as follows:

	Nov. 30, 2021		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Other taxes	22,034	*21,852*	*182*
Prepaid assets	4,964	*4,565*	*399*
Other miscellaneous non-financial assets	24,551	*24,090*	*461*
Other non-financial assets	**51,549**	***50,507***	***1,042***

	Nov. 30, 2020		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Other taxes	17,829	*17,457*	*372*
Prepaid assets	5,693	*5,064*	*629*
Other miscellaneous non-financial assets	6,314	*5,455*	*859*
Other non-financial assets	**29,836**	***27,976***	***1,860***

In the financial year 2021, the remaining non-financial assets pertained to approved subsidies for capacity expansion, accrued financing fees, and advance payments made.

The subsidies recognized are linked to certain covenants — such as the point in time at which the capacity expansion is completed — that we are virtualy certain to fulfill.

(22) Inventories

Inventories break down as follows:

In EUR k	**Nov. 30, 2021**	Nov. 30, 2020
Raw materials, consumables and supplies	94,419	66,718
Work in progress	20,082	16,547
Finished goods and merchandise	120,948	103,296
Advance payments made	2,821	3,421
Inventories	**238,270**	**189,982**

Write-downs of inventories totaling EUR 8,475k (prior year: EUR 8,796k) were recognized as an expense in the financial year. The write-down is reversed when the circumstances that led to it no longer exist. Reversals of write-downs amounted to EUR 4,317k (prior year: EUR 863k) in the financial year. These are mainly attributable to the increase of the net realizable value of finished goods and merchandise written down in prior periods.

The cost of inventories of EUR 426,014k (prior year: EUR 397,263k) was recognized in cost of sales as an expense during the financial year 2021.

(23) Trade Receivables

Trade receivables break down as follows:

In EUR k	**Nov. 30, 2021**	Nov. 30, 2020
Gross carrying amount	217,105	219,387
Less loss allowances	-4,720	-3,928
Net book value	**212,385**	**215,459**
Receivables for which no individual allowances have been set up thereof		
not due	*181,220*	*189,088*
overdue up to 30 days	*14,236*	*13,162*
overdue 31 to 60 days	*5,877*	*6,870*
overdue 61 to 90 days	*4,453*	*2,353*
overdue 91 to 120 days	*1,982*	*1,964*
overdue more than 120 days	*5,207*	*4,496*
	212,975	**217,933**

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

The payment terms differ from customer to customer and are usually between 30 and 60 days. In some cases, there are agreements on discounts.

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

Loss allowances developed in the financial year 2021 as follows:

In EUR k	2021	2020
As of December 1	**3,928**	**2,568**
Additions	1,552	2,144
Utilizations	-701	-183
Reversals	-165	-330
Currency translation	106	-271
As of November 30	**4,720**	**3,928**

(24) Contract Assets and Contract Liabilities

The following table shows the contract assets and contract liabilities from contracts with customers:

In EUR k	Nov. 30, 2021	Nov. 30, 2020
Contract assets	19,480	14,178
Contract liabilities	12,597	9,912

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

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

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

In EUR k	2021	2020
As of December 1	**9,912**	**10,188**
Additions to contract liabilities	20,768	6,502
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period	2,236	5,737
Other	-15,847	-1,041
As of November 30	**12,597**	**9,912**

The performance obligations (unfulfilled or partially unfulfilled) in the amount of EUR 25,498k (prior year: EUR 27,209k), which are partly netted in the contract assets, have an original contract term of more than one year. Management expects that approximately 70% (prior year: 60%) of the transaction price allocated to the unfulfilled performance obligations at the end of the financial year 2021 will be recognized as revenues in the next reporting period. The remaining 30% (prior year: 40%) is expected to be recognized as revenues in subsequent financial years.

The other remaining performance obligations in the amount of EUR 10,742k (prior year: EUR 4,652k) relate to Gerresheimer's obligation to transfer goods or services to customers for whom advance payments have already been received. The Group assumes that approximately 85% (prior year: 50%) of the related revenues will be recognized within one year. The remaining 15% (prior year: 50%) is expected to be recognized as revenues in subsequent financial years.

(25) Equity

As of November 30, 2021, subscribed capital stood at EUR 31,400k, and the capital reserve amounted to EUR 513,827k, as they did on the balance sheet date in the prior year. The capital reserve contains share premiums from the IPO in 2007 and cash contributions from shareholders made in 2004 and 2007.

The number of shares issued at the reporting date is 31.4m no-par value shares, each with a nominal value of EUR 1.00. In the reporting year, a dividend of EUR 39,250k was paid out for the financial year 2020, corresponding to a dividend of EUR 1.25 per share.

Proposal for appropriation of retained earnings

At the Annual General Meeting on June 8, 2022, the Management Board and Supervisory Board of Gerresheimer AG will propose that a dividend of EUR 1.25 per share be paid for the financial year 2021 (prior year: EUR 1.25 per share), corresponding to a dividend payment of EUR 39,250k. Furthermore, it will be proposed that the residual retained earnings of the Company be carried forward to new account.

Authorized capital

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

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

(26) Provisions for Pensions and Similar Obligations

The Gerresheimer Group has pension plans in various countries. Of these, the pension plans in Germany and Switzerland, as well as the pension and health plans (health insurance for retired employees) in the U.S., account for 97.1% of the Gerresheimer Group's total provisions for pensions and similar obligations.

No new employees are accepted into the German defined benefit plans. The German plans are in the process of being wound down, with their pension obligations decreasing over time. Pension guarantees are generally based on an employee's length of service, pay, and position. Pension entitlements are thus acquired for each year of service according to salary. The pension guarantees for Management Board members who were appointed before February 10, 2015, which are designed as defined benefit plans, are generally financed through a pension fund or provident fund. Supplementary contributions have to be called in if the assets of the pension or provident fund are insufficient when payment of the pension starts.

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

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

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

Provisions for pensions developed as follows:

In EUR k	**2021**	2020
As of December 1	**163,199**	**166,236**
Utilizations	-10,293	-11,126
Additions	3,264	3,486
Impact of revaluation	-10,381	6,778
Currency translation	1,601	-2,175
As of November 30	**147,390**	**163,199**
thereof current	*12,462*	*12,382*

Of the provisions for pensions, EUR 117,266k (prior year: EUR 126,045k) relate to various pension plans and individual agreements entered into by German subsidiaries. The obligations entered into by foreign subsidiaries amount to EUR 30,124k (prior year: EUR 37,154k) and relate primarily to subsidiaries in the U.S. and Switzerland. The provision also includes the obligations of the U.S. subsidiaries to assume a portion of the medical expenses of retired employees.

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

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

	Domestic		International	
In %	**Nov. 30, 2021**	Nov. 30, 2020	**Nov. 30, 2021**	Nov. 30, 2020
Discount rate	0.89	0.57	0.30–7.60	0.10–6.27
Increase in salaries	3.25	3.25	0.50–6.62	0.50–6.63
Increase in pensions	1.75	1.50	–	–
Increase in medical costs	–	–	5.00	5.00

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

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

In EUR k	**2021**	2020
As of December 1	**221,219**	**224,517**
Current service cost	1,829	1,956
Interest expense	1,924	2,437
Employee contributions	718	736
Benefit payments	-14,079	-14,524
Actuarial gains/losses	-7,118	10,120
Financial assumptions	*-3,644*	*12,419*
Demographic assumptions	*-2,234*	*-1,073*
Experience assumptions	*-1,240*	*-1,226*
Past service cost	-100	-445
Administration costs	243	353
Currency translation and other changes	3,674	-3,931
As of November 30	**208,310**	**221,219**

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

In EUR k	**2021**	2020
As of December 1	**58,020**	**58,281**
Interest income on plan assets	632	815
Actual return on plan assets, excluding interest income on plan assets	3,263	3,342
Employee contributions	718	736
Employer contributions	966	1,555
Benefit payments	-4,752	-4,953
Currency translation and other changes	2,073	-1,756
As of November 30	**60,920**	**58,020**

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

	Domestic		International	
In EUR k	**Nov. 30, 2021**	Nov. 30, 2020	**Nov. 30, 2021**	Nov. 30, 2020
Plan assets with quoted market price	5,626	5,261	49,117	46,273
Shares (held directly)	*1,980*	*451*	*18,652*	*17,651*
Fixed-interest securities	*1,664*	*4,778*	*20,099*	*19,213*
Liquidity	*1,982*	*32*	*865*	*760*
Real estate	–	–	*5,804*	*5,459*
Other	–	–	*3,697*	*3,190*
Plan assets with non-quoted market price	6,104	6,415	73	71
Insurance contracts	*6,036*	*6,344*	*73*	*71*
Other	*68*	*71*	–	–
Plan assets	**11,730**	**11,676**	**49,190**	**46,344**

The expected contributions to plan assets in the next financial year are estimated at EUR 1,675k.

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

In EUR k	Defined benefit obligation (DBO)	Fair value plan assets
Germany	128,996	11,730
USA	46,343	25,697
Schwitzerland	28,457	23,218
Other	4,514	275
As of November 30, 2021	**208,310**	**60,920**

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

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

In EUR k	2021	2020
Current service cost	*1,829*	*1,956*
Past service cost	*-100*	*-445*
Service cost	**1,729**	**1,511**
Interest expense	*1,924*	*2,437*
Interest income on plan assets	*-632*	*-815*
Net interest expense	**1,292**	**1,622**
Administration costs	**243**	**353**
Pension expenses	**3,264**	**3,486**
thereof expense for pension benefits for which there are reimbursement rights	*30*	*35*

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

For one pension obligation in Germany, there is a contractual refund claim for pension payments against a third party. This refund claim does not conform to the definition of plan assets and therefore cannot be accounted for in the pension obligations. The refund claim for pension benefits is included in other financial assets. Please see Note (20).

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

In EUR k	2022	2023	2024	2025
Expected benefit payments	12,462	12,496	12,493	11,634

The weighted average term of the defined benefit obligation is 12.4 years in Germany and between 6.0 and 16.4 years internationally.

The main actuarial assumptions used in the measurement of the pension obligations are the discount rate and the expected salary trend. The following sensitivity analyses show how the amount of the defined benefit obligation would have been affected by possible changes in the relevant assumptions. The calculations assume otherwise unchanged assumptions:

	Effect on present value of defined benefit obligation	
In EUR k	2021	2020
Increase in discount rate by 50 bps	-12,304	-13,123
Decrease in discount rate by 50 bps	13,790	15,228
Increase in salaries by 25 bps	407	532
Decrease in salaries by 25 bps	-401	-597

Interdependencies exist between the aforementioned actuarial assumptions. The sensitivity analyses do not take such interdependencies into account.

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

In EUR k	2021	2020
Defined contribution plans	1,742	1,735
Statutory pension insurance contributions	15,068	14,557

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

(27) Other Provisions

Other provisions developed as follows:

In EUR k	Tax provision	Personnel obligations	Warranties	Sales bonuses, rebates and discounts	Restructuring provisions	Legal dispute and lawsuits	Environmental issues	Other miscellaneous	Total
As of December 1, 2020	**1,373**	**20,782**	**8,119**	**7,035**	**5,444**	**3,731**	**825**	**7,620**	**54,929**
thereof current	*1,373*	*10,033*	*8,007*	*7,035*	*3,286*	–	–	*10,856*	*40,590*
Additions	–	5,319	7,197	106	–	219	856	2,522	16,219
Utilizations	–	4,469	3,279	2,083	1,108	49	353	4,059	15,400
Reversals	–	1,051	2,123	188	586	–	–	1,655	5,603
Reclassifications	-1,373	–	–	-4,915	–	–	–	-869	-7,157
Currency translation	–	174	120	45	140	8	-14	93	566
As of November 30, 2021	**–**	**20,755**	**10,034**	**–**	**3,890**	**3,909**	**1,314**	**3,652**	**43,554**
thereof current	–	*11,598*	*10,034*	–	*3,890*	*2,857*	*1,134*	*3,652*	*33,165*

The reporting system was improved during the reporting period to include new, detailed reporting items for the separation of matters. At the same time, other matters were consolidated under existing reporting items.

The matters reported under **tax provisions** in prior years related to matters that corresponded to liabilities in terms of their nature and were therefore reclassified to income tax liabilities as of November 30, 2021.

In particular, the provisions for **personnel obligations** include obligations relating to phantom stocks agreements. The provision for the phantom stocks entitlement amounted to EUR 5,036k as of the reporting date (prior year: EUR 5,966k). The expense from phantom stocks agreements recognized in profit or loss in the reporting year stood at EUR 886k (prior year: EUR 3,043k). The fair values of the respective phantom stock tranches developed as follows:

	Exercise period	Fair value in EUR k		Issue price per tranche
		Nov. 30, 2021	Nov. 30, 2020	In euros
Tranche 2017	2022 – 2024	1,279	1,624	74.61
Tranche 2018	2023 – 2025	1,469	1,512	67.42
Tranche 2019	2024 – 2026	1,586	1,728	66.78
Tranche 2020	2025 – 2027	1,162	1,303	92.31
Tranche 2021	2026 – 2028	1,184	1,149	92.57
Tranche 2022	2027 – 2029	–	663	99.12
Tranche 2023	2028 – 2030	–	333	98.59
Tranche 2024	2029 – 2031	–	334	98.15
Tranche 2025	2030 – 2032	–	336	97.79
Total		**6,680**	**8,982**	

In connection with the changes to the remuneration model for the members of the Management Board, no further tranches from the individual phantom stocks agreements will be issued after the end of the financial year 2021. Accordingly, the tranche for the financial year 2021, with an issue price of EUR 92.57, is the last tranche from the phantom stocks agreements.

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

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

Provisions for **sales bonuses, rebates and discounts** relate to unpaid compensation pertaining to revenues realized prior to the balance sheet date. As of the reporting date, this item contained only matters that, by their nature, were to be classified as liabilities and were therefore reclassified as of November 30, 2021.

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

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

The claims from two arbitration proceedings included in the other miscellaneous provisions in the prior year are now past the statute of limitations, making it possible to reverse the obligations.

Interest expenses relating to the compounding of non-current provisions amount to EUR 70k (prior year: EUR 107k).

Cash outflows in relation to provisions are expected in the amount of EUR 10,389k after one to five years.

(28) Financial Debt

Financial debt breaks down as follows:

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

In EUR k	Nov. 30, 2020 Total	*Thereof current*	*Thereof non-current*
Promissory loans	810,500	–	*810,500*
Liabilities to banks	199,093	*199,093*	–
Lease liabilities	38,179	*11,385*	*26,794*
Other financial liabilities	1,405	*938*	*467*
Financial debt	**1,049,177**	***211,416***	***837,761***

The maturities of the promissory loans are:

Maturity (final maturity)	Interest rate in % p.a.	Carrying amount in EUR k Nov. 30, 2021	Nov. 30, 2020
2022	0.60[1]–1.44 (prior year: 0.60[1]–1.44)	305,500	305,500
2023	0.95[1] (prior year: 0.95[1]–0.98)	163,000	163,000
2024	0.45[1]–1.25 (prior year: 0.75[1]–1.25)	184,000	109,000
2025	1.30[1]–2.04 (prior year: 1.30[1]–2.04)	187,500	187,500
2026	0.60[1]	75,000	–
2027	1.72 (prior year: 1.72)	45,500	45,500
Promissory loans		**960,500**	**810,500**

[1] These items relate to variable interest, however here only a margin is reported since the EURIBOR is negative as of the reporting date.

The promissory loans are issued solely in euros. The promissory loans issued on November 23, 2021, in the total amount of EUR 150,000k are divided into a three-year and a five-year tranche of EUR 75,000k each. The tranches are primarily subject to a fixed interest rate, with a few being subject to a variable interest rate. The funds will be used in part to settle the tranches from previous promissory loan transactions that fall due in the financial year 2022.

The liabilities to banks break down as follows:

In EUR k	Interest rate in % p.a.	**Carrying amount Nov. 30, 2021**	Carrying amount Nov. 30, 2020
Revolving credit facility	1.05[1] (prior year: 1.05[1])	70,000	162,639
Local credit facilities including overdraft facilities	0.70-8.25[1] (prior year: 0.80-9.95[1])	39,450	36,454
Liabilities to banks		**109,450**	**199,093**

[1] Variable interest.

For general financing purposes, the Gerresheimer Group has access to syndicated facilities in the form of a revolving credit facility plus ancillary credit facilities with a total volume of EUR 476,000k, of which EUR 404,850k remained undrawn as of the balance sheet date. The revolving credit facility is scheduled to reach maturity in the financial year 2026.

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

On account of their character, the accrued financing fees reported under liabilities to banks are now disclosed under other non-financial assets.

The liabilities to banks fall due in the financial year 2022.

(29) Other Financial Liabilities

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

(30) Other Non-financial Liabilities

The other non-financial liabilities break down as follows:

	Nov. 30, 2021		
In EUR k	**Total**	***Thereof current***	***Thereof non-current***
Personnel liabilities	65,765	*63,553*	*2,212*
Liabilities from other taxes	8,592	*8,592*	–
Liabilities from social security obligations	6,679	*6,679*	–
Other miscellaneous non-financial liabilities	23,588	*7,844*	*15,744*
Other non-financial liabilities	**104,624**	***86,668***	***17,956***

	Nov. 30, 2020		
In EUR k	Total	*Thereof current*	*Thereof non-current*
Personnel liabilities	61,355	*59,513*	*1,842*
Liabilities from other taxes	10,807	*10,807*	–
Liabilities from social security obligations	6,285	*6,285*	–
Other miscellaneous non-financial liabilities	5,665	*5,600*	*65*
Other non-financial liabilities	**84,112**	***82,205***	***1,907***

The non-current other miscellaneous non-financial liabilities include obligations related to approved subsidies for capacity expansion.

(31) Other Financial Obligations

Other financial obligations not recognized in the consolidated balance sheet break down as follows:

In EUR k	**Nov. 30, 2021**	Nov. 30, 2020
Obligations under rental agreements, which are not recognized in the balance sheet	6,432	7,242
Capital expenditure commitments	69,744	35,598
Other miscellaneous financial obligations	24,208	19,227
Other financial obligations	**100,384**	**62,067**

(32) Additional Information on Capital Management

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

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

As of November 30, 2021, net financial debt stood at EUR 1,025,146k, following EUR 961,226k in the prior year, resulting in adjusted EBITDA leverage of 3.2x (prior year: 3.0x) against adjusted EBITDA.

(33) Additional Information on Financial Instruments

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

In EUR k	**Carrying amount Nov. 30, 2021**	Carrying amount Nov. 30, 2020
Trade receivables		
At amortized cost	212,385	215,459
Other financial assets		
At fair value through other comprehensive income	5,100	4,411
Derivative financial assets measured at fair value in cash flow hedge accounting	7,354	–
At fair value through profit or loss	2,439	1,907
At amortized cost	22,944	15,923
Cash and cash equivalents		
At amortized cost	114,051	87,950
Financial assets	**364,273**	**325,650**
Financial debt		
At amortized cost	1,139,197	1,049,177
Other financial liabilities		
At fair value through profit or loss	338	491
At amortized cost	1,914	673
Trade payables		
At amortized cost	284,759	211,771
Financial liabilities	**1,426,208**	**1,262,112**

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

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

Fair Value Hierarchy

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

	Nov. 30, 2021		Nov. 30, 2020	
In EUR k	**Level 1**	**Level 2**	Level 1	Level 2
Equity instruments at fair value through other comprehensive income	–	5,100	72	4,339
Equity instruments at fair value through profit and loss	–	2,402	–	808
Derivative financial assets at fair value in cash flow hedge accounting	–	7,354	–	–
Derivative financial assets at fair value through profit and loss	–	37	–	1,099
Financial assets at fair value	**–**	**14,893**	**72**	**6,246**
Derivative financial liabilities at fair value through profit and loss	–	338	–	491
Financial liabilities at fair value	**–**	**338**	**–**	**491**

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

Derivative financial instruments

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

The following table presents the nominal values and fair values of the derivative financial instruments used:

	Nov. 30, 2021		Nov. 30, 2020	
In EUR k	**Nominal value**	**Fair value**	Nominal value	Fair value
Assets				
Currency derivatives that do not qualify for hedge accounting	38,593	-152	40,842	-89
Commodity derivatives in cash flow hedges	75,237	7,354	–	–
Total	**113,830**	**7,202**	**40,842**	**-89**
thereof non-current	*72,237*	*7,354*	–	–
Equity and liabilities				
Currency derivatives that do not qualify for hedge accounting	3,820	–	6,537	-42
Total	**3,820**	**–**	**6,537**	**-42**
thereof non-current	–	–	–	–

Forward exchange contracts for receivables and payables between consolidated companies in the amount of EUR 28,079k (prior year: EUR 72,593k) that have been eliminated in the consolidation also existed.

Commodity derivatives in cash flow hedges

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

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

	Commodity derivatives in cash flow hedges	
In EUR k	**2021**	2020
Derivative asset	7,354	–
Designated part of hedging instruments	100%	–
Fair value change of hedged item	-7,354	–

The commodity derivatives in cash flow hedges have a term of up to 48 months.

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

The following table shows the development of the other comprehensive income from the commodity derivatives in cash flow hedges:

In EUR k	Procurement price risk
As of Dec. 1, 2020	**–**
Change in unrealized gains/losses	8,758
Tax effects	-2,099
As of Nov. 30, 2021	**6,659**

As of November 30, 2021, ineffective components of the commodity derivatives in cash flow hedges resulted in a net gain of EUR 0k (prior year: EUR 0k).

Financial Risks

Currency and interest rate risk

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

Gains from derivative financial instruments of EUR 330k were recognized in net income in the financial year 2021 (prior year: gains of EUR 1,100k).

We are additionally exposed to interest rate risk in borrowing. Interest rate fluctuations can alter the interest burden on existing debt and the cost of refinancing. We contain interest rate risk where necessary by entering into interest rate swaps.

Maturity analysis

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

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

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

	Nov. 30, 2020			
In EUR k	Up to 1 year	1 to 5 years	Over 5 years	**Total**
Financial liabilities	221,500	813,395	55,061	1,089,956
thereof lease liabilities	*10,950*	*23,599*	*7,996*	*42,545*
Trade payables	211,619	152	–	211,771
Other financial liabilities	1,774	90	–	1,864
Payments	**434,893**	**813,637**	**55,061**	**1,303,591**

Sensitivity analyses

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

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

Currency and interest rate risk

Had the euro increased by 10% against all currencies as of November 30, 2021, income before income taxes would have been EUR 598k lower (prior year: EUR 793k). Had the euro decreased by 10% against all currencies as of November 30, 2021, income before income taxes would have been EUR 1,259k higher (prior year: EUR 704k).

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

	Effect on income before income taxes	
In EUR k	**Nov. 30, 2021**	Nov. 30, 2020
Increase in market interest rate by 100 bps	-838	-1,237
Decrease in market interest rate by 100 bps	30	66

Procurement price risk

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

The following table shows the sensitivity analysis for determining the change in equity and in the income statement in the event of a parallel shift in prices of +/- EUR 5.00:

	Recognized in accumulated other comprehensive income		Recognized in the income statement	
In EUR k	**Nov. 30, 2021**	Nov. 30, 2020	**2021**	2020
Increase in prices by EUR 5.00	7,956	–	–	–
Decrease in prices by EUR 5.00	-7,956	–	–	–

Other Disclosures

(34) Segment Information

Segment reporting follows internal reporting according to the management approach.

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

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

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

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

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

The **Advanced Technologies Division** is our innovation center and hub for smart devices. The division develops smart drug delivery systems for pharma and biotech companies. Its portfolio currently comprises patented micro pumps, which are used to self-administer medication for Parkinson's disease or heart failure, for example. In addition, a platform for smart inhalation measurement is currently under development.

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

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

› Intercompany revenues are measured using market conditions on an arm's length basis. There were no revenues with key accounts amounting to more than 10% of Gerresheimer Group revenues, neither in the financial year 2021 nor in the prior year.
› Adjusted EBITDA represents a key financial performance indicator for the Gerresheimer Group but is not defined in International Financial Reporting Standards. Adjusted EBITDA is income before income taxes, financial result, amortization and impairment losses of fair value adjustments less capitalized cost components, depreciation and amortization, impairment losses (including impairment losses on goodwill), restructuring expenses, and exceptional income and expenses.
› Net working capital is defined as inventories plus trade receivables, contract assets, and advance payments made, less contract liabilities and trade payables.
› Cash-effective capital expenditure comprises all payments for additions to intangible assets and property, plant and equipment, as well as payments for investments in shares of fully consolidated companies and other equity investments.
› Non-current assets do not include financial instruments, deferred taxes, post-employment benefits, or rights arising from insurance contracts.

In the following, the key indicators used by Gerresheimer AG for assessing the performance of the segments, as well as additional indicators by region, are shown:

Segment Data by Division

	Plastics & Devices		Primary Packaging Glass		Advanced Technologies		Corporate functions/ consolidation		Group	
In EUR k	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Segment revenues	806,046	771,586	690,598	644,122	7,967	9,476	–	–	1,504,611	1,425,184
thereof intercompany revenues	*5,092*	*6,398*	*1,512*	–	–	–	*-6,604*	*-6,398*	–	–
Revenues with third parties	**800,954**	**765,188**	**689,086**	**644,122**	**7,967**	**9,476**	**–**	**–**	**1,498,007**	**1,418,786**
Adjusted EBITDA	204,040	212,493	142,574	137,328	-14,695	-14,480	-25,605	-25,202	306,314	310,139
Adjusted EBITDA margin in %	25.3	27.5	20.6	21.3	–	–	–	–	20.4	21.9
Net working capital	91,060	100,208	91,731	97,212	-7,556	2,473	-2,456	-1,957	172,779	197,936
Cash-effective capital expenditure	83,537	73,148	109,445	83,391	9,489	13,529	4,010	4,039	206,481	174,107
Employees (average)	4,504	4,476	5,333	5,175	103	103	138	128	10,078	9,882

Key Indicators by Region

	Germany		Other Europe		North America		Emerging markets		Other regions		Group	
In EUR k	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Revenues by location of the customer	288,058	317,885	560,488	525,152	417,070	376,563	194,606	163,422	37,785	35,764	1,498,007	1,418,786
Revenues by location of the company	581,781	578,997	322,705	312,163	381,624	351,454	211,897	176,172	–	–	1,498,007	1,418,786
Non-current assets	821,720	760,058	518,281	493,980	672,508	640,433	183,308	149,587	50	–	2,195,867	2,044,058
Employees (average)	3,650	3,604	2,351	2,347	1,047	1,057	3,030	2,874	–	–	10,078	9,882

Gerresheimer changed its definition of emerging markets in the financial year 2021 and no longer uses the same definition as IQVIA. This new definition includes the highest-revenue emerging markets for Gerresheimer, which are therefore the most relevant: Brazil, China, India, and Mexico. Correspondingly, we have updated our reporting to this adjusted definition and changed prior-year figures.

Reconciliation from adjusted EBITDA to net income is shown in the following table:

In EUR k	**2021**	2020
Adjusted EBITDA	**306,314**	**310,139**
Depreciation/amortization and impairment losses	-103,892	-112,563
Adjusted EBITA	**202,422**	**197,576**
Exceptional income and expenses	-18,922	-8,322
Amortization and impairment losses of fair value adjustments	-36,059	-32,793
Operating income	**147,441**	**156,461**
Financial result	-19,576	-21,316
Income taxes	-40,624	-45,264
Net income	**87,241**	**89,881**

(35) Auditors' Fees

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

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

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

In EUR k	2021	2020
Audit fees	712	606
Other assurance services	74	75
Auditor fees	**786**	**681**

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

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

(36) Related-party Transactions

In the course of our operating activities, we conduct business with legal entities and natural persons who are able to exert influence on Gerresheimer AG or its subsidiaries or are controlled or significantly influenced by Gerresheimer AG or its subsidiaries.

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

For information on the remuneration of the Management Board and the Supervisory Board, please refer to Note (37) and to the Compensation Report in the Combined Management Report.

The table below shows transactions with related parties:

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

	2020		November 30, 2020	
In EUR k	Sale of goods and services	Purchase of goods and services	Trade receivables	Trade payables
Company in relation to a member of the Gerresheimer AG Supervisory Board	3,043	–	327	–
Associated companies	–	1,226	–	16
Non-consolidated companies	–	–	1	–
	3,043	**1,226**	**328**	**16**

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

The transactions with associated companies are fully attributable to the companies Gerresheimer Tooling LLC, Peachtree City (Georgia, USA) and PROFORM CNC Nastrojarna spol. s r.o., Horsovsky Tyn (Czech Republic).

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

All transactions are conducted at market prices and on arm's length terms.

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

Total remuneration of the members of the Management Board of Gerresheimer AG break down as follows:

In EUR k	2021	2020
Short-term employee benefits	3,788	3,618
Oher long-term benefits	189	–
Share-based payment	886	1,506
Total remuneration Management Board	**4,863**	**5,124**
Short-term employee benefits of the Supervisory Board	**1,508**	**1,380**
Total remuneration of the members of the Management Board and Supervisory Board	**6,371**	**6,504**

The provision for pensions for former members of the Management Board and their dependents stood at EUR 28,437k (prior year: EUR 29,722k). Regular payments for pensions and other benefits amounted to EUR 1,336k (prior year: EUR 1,321k).

The total remuneration of the members of the Supervisory Board includes annual fixed remuneration plus additional remuneration for committee work and an attendance fee. With the exception of the attendance allowances, which are paid immediately after each meeting, the Supervisory Board remuneration as a whole does not fall due until after the Annual General Meeting has formally approved the actions of the members of the Supervisory Board for the financial year in question.

(38) Corporate Governance

The Management Board and Supervisory Board of Gerresheimer AG adopted the Declaration of Compliance pursuant to § 161 AktG on September 2, 2021.

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

(39) Subsequent Events

There were no subsequent events after November 30, 2021, with a material impact on the net assets position, financial position, or results of operations of the Gerresheimer Group.

Duesseldorf (Germany), February 1, 2022



Dietmar Siemssen Dr. Bernd Metzner Dr. Lukas Burkhardt

Additional Information

Responsibility Statement

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

Duesseldorf, Germany, February 1, 2022

Dietmar Siemssen Dr. Bernd Metzner Dr. Lukas Burkhardt

Independent Auditor's Report

To Gerresheimer AG, Düsseldorf/Germany

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

Audit Opinions

We have audited the consolidated financial statements of Gerresheimer AG, Düsseldorf/Germany, and its subsidiaries (the Group) which comprise the consolidated balance sheet as at November 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from December 1, 2020 to November 30, 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the combined management report for the parent and the group of Gerresheimer AG, Düsseldorf/Germany, for the financial year from December 1, 2020 to November 30, 2021. In accordance with the German legal requirements, we have not audited the content of the combined corporate governance statement pursuant to Sections 289f and 315d German Commercial Code (HGB), including the further reporting on corporate governance, included in section "Corporate Governance Statement" of the combined management report, nor the content of the separate consolidated non-financial report pursuant to Sections 315b and 315c HGB, which is referenced in section "Corporate Responsibility and Sustainability at Gerresheimer" of the combined management report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at November 30, 2021 and of its financial performance for the financial year from December 1, 2020 to November 30, 2021, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of the above-mentioned combined corporate governance statement, including the further reporting on corporate governance, nor of the separate consolidated non-financial report, which is referenced in the combined management report.

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

Basis for the Audit Opinions

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

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from December 1, 2020 to November 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

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

1. Recoverability of goodwill and technologies

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

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

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

ⓑ auditor's response

❶ Recoverability of goodwill and technologies

ⓐ In the consolidated financial statements of Gerresheimer AG, goodwill totaling mEUR 656.2 (22.8% of the balance sheet total), and technologies, which are amortized, totaling mEUR 232.8 (8.1% of the balance sheet total) are disclosed under the balance sheet item "intangible fixed assets". Goodwill and technologies are allocated to respective cash-generating units.

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

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

The executive board's disclosures on goodwill and technologies are included in notes 6 and 17 of the notes to the consolidated financial statements.

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

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

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

a In the consolidated financial statements of Gerresheimer AG, deferred tax assets totaling mEUR 6.3 net of deferred tax liabilities (before netting mEUR 58.4; of which mEUR 13.0 related to tax loss carryforwards) are disclosed in the consolidated balance sheet. No deferred tax assets were recognized for tax loss carryforwards totaling mEUR 142.2, because these are not expected to be realized within the next five years. The tax planning is based on the corporate planning approved by the executive board and taken note of by the supervisory board.

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

The Company's disclosures on deferred taxes are included in notes 6, and 15 of the notes to the consolidated financial statements.

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

Other Information

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

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

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

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

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

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

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

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

In preparing the consolidated financial statements, the executive board is responsible for assessing the Group's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive board is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

› identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
› obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
› evaluate the appropriateness of accounting policies used by the executive board and the reasonableness of estimates made by the executive board and related disclosures.
› conclude on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
› evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory Requirements

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the provided file, which has the SHA-256 value 7B883DD86DB59C49BC82D1814B6A5EC5F80A61F36F8DE9D83398C96847E4998F, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the provided file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from December 1, 2020 to November 30, 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the provided file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (10.2021)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Board and the Supervisory Board for the ESEF Documents

The executive board of the parent is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive board of the parent is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit.
We also

› identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
› obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
› evaluate the technical validity of the ESEF documents, i.e. whether the provided file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
› evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
› evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the general meeting on June 9, 2021. We were engaged by the supervisory board on June 28, 2021. We have been the group auditor of Gerresheimer AG, Düsseldorf/Germany, without interruption since the financial year 2008/2009.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Other Matter – Use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is René Kadlubowski.

Düsseldorf/Germany, February 1, 2022

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:	Signed:
René Kadlubowski	Dieter Peppekus
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Report of the Supervisory Board

Dr. Axel Herberg
Chairman of the Supervisory Board

In the financial year 2021, the Supervisory Board addressed the Company's situation in detail and fulfilled its obligations under the law, the Articles of Association, and the Rules of Procedure. Those obligations include holding discussions on the basis of regular, timely, and comprehensive information provided by the Management Board, involvement of the Supervisory Board in decisions of material importance for the Company; and the necessary supervision of management.

Both in and outside of Supervisory Board meetings, the Management Board notified the Supervisory Board of all significant company matters verbally or in writing in a detailed manner and in accordance with the statutory requirements. This reporting comprised information on the economic development and financial position, the intended business policy, sustainability goals, and other fundamental corporate planning matters, and also included information on the situation of the Company and the Group (including the risk situation, risk management, and compliance). The Supervisory Board granted its consent to individual transactions insofar as this was necessary in accordance with the law, the Articles of Association, or internal regulations. In addition, the Chairman of the Supervisory Board was in regular contact with the Management Board, and in particular with its Chairman. This contact included the regular exchange of information and ideas. The Chairman of the Management Board continuously and promptly informed the Chairman of the Supervisory Board about important developments and upcoming decisions.

Personnel Changes on the Supervisory Board and the Management Board

In the financial year 2021, the Supervisory Board comprised Dr. Axel Herberg as Chairman, Francesco Grioli as Deputy Chairman, Andrea Abt, Heike Arndt, Dr. Karin Dorrepaal, Franz Hartinger, Dr. Peter Noé, Markus Rocholz, Paul Schilling, Katja Schnitzler, Theodor Stuth, and Udo J. Vetter. The employee representative Ms. Heike Arndt died in December 2021. Preparations are being made to appoint a successor.

Throughout the financial year 2021, the Company's Management Board comprised Dietmar Siemssen as CEO, Dr. Lukas Burkhardt, and Dr. Bernd Metzner.

Meetings and Resolutions of the Supervisory Board

The Supervisory Board met four times in the reporting year. The regular discussions held by the full Supervisory Board covered the situation of the Company, particularly the revenue and earnings performance of the Company as a whole and of the individual divisions. Additionally, the Supervisory Board adopted three resolutions by means of circulating the relevant documents.

At the Supervisory Board meeting on February 17, 2021, the Annual Financial Statements of Gerresheimer AG, the Consolidated Financial Statements and Combined Management Report for the financial year 2020, the proposal for the appropriation of retained earnings, and the Report of the Supervisory Board were approved. The Annual Financial Statements were thereby adopted. At that meeting, the Supervisory Board also resolved the remuneration system for the Management Board members. Under the new remuneration system, the assessment criteria for the short-term variable remuneration (STI) have been expanded to include ESG targets, which are generally derived from the areas of environment (environmental protection), social (social components), and governance (sustainable corporate management). This means that non-financial, strategic performance targets are now taken into account in Management Board remuneration. Going forward, the phantom stock plan will be replaced with the integration of a share-price-based component into the long-term variable remuneration (LTI) that will apply to the entire LTI as a multiplier of the preliminary payout amount. In the case of the LTI targets, the previous ROCE target has been replaced with the earnings per share target. Furthermore, the Supervisory Board consented to the Annual General Meeting being held as a virtual event on June 9, 2021, and adopted its proposed resolutions for the Annual General Meeting.

The documents circulated among the Supervisory Board members on April 22, 2021, concerned the updating and amendment of individual resolutions proposed by the Supervisory Board for the Annual General Meeting on June 9, 2021, in relation to the authorized-capital instruments, as well as the approval of the conversion of an existing shareholder loan issued by Gerresheimer Regensburg GmbH (Germany) to Gerresheimer Peachtree City (USA) L.P. (Georgia, USA) into equity.

At the meeting on June 9, 2021, the Supervisory Board approved an increase in the investment budget for the financial year 2021 with the aim of seizing further growth opportunities. Related investment measures were authorized at the same time. The Supervisory Board also addressed the Management Board's digitalization strategy at this meeting.

The Supervisory Board approved the engagement of the auditor for the financial year 2021 by way of a resolution adopted on June 18, 2021, by circulating the relevant documents.

The Supervisory Board meeting on September 2, 2021, focused on the extension of Dr. Bernd Metzner's appointment as a member of the Management Board for a further five years. In addition, the basic remuneration for Dr. Metzner and the Management Board member Dr. Lukas Burkhardt was increased, and corresponding adjustments were made to the targets for the variable remuneration components (STI and LTI) and to these members' pension contributions. The service contracts of all Management Board members were amended in order to implement the remuneration system for the period beginning December 1, 2021. At this meeting, the Supervisory Board also addressed the corporate strategy developed and presented by the Management Board, paying particular attention to the sustainability goals, which are an integral part of the Company's business model. Furthermore, the Supervisory Board adopted the annual Declaration of Compliance pursuant to § 161 German Stock Corporation Act (Aktiengesetz, AktG). The Rules of Procedure for the Supervisory Board were amended in line with the German Act on Strengthening Financial Market Integrity (Finanzmarktintegritätsstärkungsgesetz, FISG) and the related changes in law. Finally, the Supervisory Board engaged Deloitte GmbH Wirtschaftsprüfungsgesellschaft to review the Company's Non-financial Report for the financial year 2021.

The Supervisory Board approved the issue of promissory loans for the pro rata refinancing of maturing promissory loans by way of a resolution adopted on October 11, 2021, by circulating the relevant documents.

The main topics dealt with at the Supervisory Board meeting on November 18, 2021, were the approval of the budget for the financial year 2022 and the Group's medium-term planning, as well as the investor relations strategy. The Supervisory Board also determined the remuneration-related targets for the short-term and long-term variable remuneration for the financial year beginning on December 1, 2021. With regard to the short-term variable remuneration, three non-financial ESG targets were introduced as multipliers in addition to the existing financial perfomance indicators (EBITDA, revenues, and net working capital). These non-financial targets are derived from the strategic sustainability goals and relate to the proportion of electricity from renewable energy sources, occupational safety, and the sustainability rating certified by EcoVadis.

Meetings and Resolutions of the Committees

The Supervisory Board has formed four committees to enable it to efficiently discharge its duties: The Mediation Committee pursuant to § 27 (3) German Codetermination Act (Mitbestimmungsgesetz, MitbestG), the Presiding Committee, the Audit Committee, and the Nomination Committee. These committees prepare topics for resolution by the full Supervisory Board and, in certain cases, also have authority to make decisions autonomously. The Mediation Committee and the Presiding Committee each consist of two shareholder representatives and two employee representatives. The Audit Committee also has an equal number of shareholder and employee representatives and comprises six members. The Nomination Committee has three members and consists solely of shareholder representatives.

The Presiding Committee prepares the Supervisory Board's personnel-related decisions, notably the appointment and dismissal of Management Board members as well as decisions regarding the remuneration of Management Board members. In proposals for the appointment of members of the Management Board, the Presiding Committee takes into account the age limit stipulated for Management Board members, long-term succession planning, and diversity. In place of the Supervisory Board, the Presiding Committee decides, among other things, on entering into, amending, and terminating the service contracts of Management Board members, except in the case of remuneration issues requiring the approval of the full Supervisory Board. The Presiding Committee met six times in the reporting year on January 15, February 5, February 10, May 19, August 31, and November 8, 2021. Its discussions and resolutions related to personnel matters and the revision of the remuneration system for the Management Board. At the meetings on January 15, 2021, and February 5, 2021, the Presiding Committee addressed the new remuneration system for the Management Board and the (re-)appointment of Management Board members. At the meetings on May 19, 2021, and August 30, 2021, personnel and contractual matters were discussed and recommendations were resolved. The meeting on November 8, 2021, focused on the sustainability goals for Management Board remuneration.

The responsibilities of the Audit Committee include, in particular, preparing Supervisory Board decisions on the adoption of the Annual Financial Statements and the approval of the Consolidated Financial Statements, as well as discussing the Quarterly Statements and the Half-year Financial Report. Additionally, the Audit Committee deals with supervision of accounting and the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and compliance. The Audit Committee is also responsible for approving the awarding of non-auditing services to the auditor. Finally, it regularly assesses the quality of the auditing. The Audit Committee met four times on February 16, April 7, July 12, and October 11, 2021. Its discussions focused on the reports on the audit of the Annual Financial Statements and Consolidated Financial Statements for the financial year 2020, as well as the Quarterly Statements and Half-year Financial Report for 2021. The Audit Committee also dealt with the independence of the auditor and the recommendation to the Annual General Meeting regarding the election of the auditor, issued the audit engagement to the auditor for financial year 2021, and defined and monitored the audit process as well as the areas of emphasis of the audit, taking into account the recommendations of the German Financial Reporting Enforcement Panel, including the agreement on the audit fee. Its discussions also focused on the effectiveness of the internal audit system and risk reporting to the Audit Committee.

The Nomination Committee recommends suitable candidates to the Supervisory Board for the proposed resolutions that the latter submits to the Annual General Meeting regarding the election of Supervisory Board members as shareholder representatives. When doing so, the Nomination Committee also considers candidates' independence from the Company, the Management Board, and any controlling shareholder. It also prepares decisions by shareholder representative Supervisory Board members regarding the assessment of independence from the Company and from the Management Board in respect of each shareholder representative. The Nomination Committee met on April 14, October 20, and October 26, 2021. It discussed and adopted resolutions concerning preparations for decisions by shareholder representative Supervisory Board members regarding the assessment of independence in respect of each shareholder representative, the development of a concept for gradually renewing the shareholder representative side of the Supervisory Board, and preparations for the upcoming elections to the Supervisory Board at the Annual General Meeting.

The Mediation Committee did not meet during the past financial year.

On the basis of a resolution adopted by them, the shareholder representatives on the Supervisory Board have lodged an objection with the Chairman of the Supervisory Board pursuant to § 96 (2) Sentence 3 AktG with regard to the fulfillment of the gender quota on Gerresheimer AG's Supervisory Board as a whole for the election of Supervisory Board members whose term of office begins at the end of the 2022 Annual General Meeting.

Corporate Governance

The Supervisory Board continuously monitored the development of corporate governance standards. The Company's Management Board and Supervisory Board report on governance at the Gerresheimer Group in the Corporate Governance Statement as part of the Combined Management Report. The Corporate Governance Statement is published at www.gerresheimer.com/en/company/investor-relations/reports. The Management Board and Supervisory Board issued the annual Declaration of Compliance pursuant to § 161 AktG on September 2, 2021. The Declaration of Compliance was made permanently available to the shareholders at the Company's website at www.gerresheimer.com/en/company/investor-relations/corporate-governance/statements-of-compliance. It is also reproduced in the Corporate Governance Statement.

Under Recommendation E.1 of the German Corporate Governance Code as amended on December 16, 2019, members of the Supervisory Board are required to disclose any conflicts of interest to the Chairman of the Supervisory Board without undue delay. No conflicts of interest arose in the financial year 2021.

Individualized Disclosure of Meeting Attendance

The attendance rate of members at meetings of the Supervisory Board and its committees was 99%. On account of the unusual circumstances caused by the Covid-19 pandemic, meetings in the reporting year were held both virtually and in person with the option of virtual attendance. Attendance of Supervisory Board members at meetings of the Supervisory Board and its committees is disclosed below in individualized form:

Individualized disclosure of meeting attendance by Supervisory Board members of Gerresheimer AG in the financial year 2021

Supervisory Board members	Supervisory Board		Presiding Committee		Audit Committee		Nomination Committee		Total	
	Attendance	in %	Attendance	in %	Attendance	in %	Attendance	in %	Attendance	in %
Dr. Axel Herberg	4/4	100	6/6	100	4/4	100	3/3	100	17/17	100
Francesco Grioli	4/4	100	6/6	100	4/4	100			14/14	100
Andrea Abt	4/4	100			4/4	100			8/8	100
Heike Arndt	3/4	75							3/4	75
Dr. Karin Dorrepaal	4/4	100							4/4	100
Franz Hartinger	4/4	100							4/4	100
Katja Schnitzler	4/4	100			4/4	100			8/8	100
Dr. Peter Noé	4/4	100					3/3	100	7/7	100
Markus Rocholz	4/4	100	6/6	100	4/4	100			14/14	100
Paul Schilling	4/4	100							4/4	100
Theodor Stuth	4/4	100			4/4	100			8/8	100
Udo J. Vetter	4/4	100	6/6	100			3/3	100	13/13	100

Annual Financial Statements and Consolidated Financial Statements for 2021

Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Duesseldorf (Germany), audited and issued an unqualified auditor's report for the Annual Financial Statements, the Consolidated Financial Statements, and the Combined Management Report of Gerresheimer AG and the Group prepared by the Management Board for the financial year from December 1, 2020, to November 30, 2021.

The Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Gerresheimer AG and the Group, the proposal for the appropriation of retained earnings, and the auditor's reports for the financial year 2021 were made available to the Supervisory Board for examination. At its meeting on February 15, 2022, the Audit Committee discussed and examined the documents in detail and issued recommendations for resolutions to the Supervisory Board. At the Supervisory Board meeting on February 16, 2022, the Supervisory Board examined the Annual Financial Statements, the Consolidated Financial Statements, the Combined Management Report of Gerresheimer AG and the Group, and the proposal for the appropriation of retained earnings, together with the corresponding audit reports of the auditor. The auditor was present at the respective meeting of the Audit Committee and the Supervisory Board and reported on the course, areas of emphasis, and significant findings of the audit. The auditor was available to answer questions and provide information. The examination of the Annual Financial Statements and Consolidated Financial Statements by the Audit Committee was reported on in detail by the Chairman of the Audit Committee at the meeting of the full Supervisory Board.

On completion of the examination by the Audit Committee, and on completion of its own examination, the Supervisory Board approved the auditor's findings and declared that no objections were to be raised. The Supervisory Board adopted the Annual Financial Statements and approved the Consolidated Financial Statements. It concurred with the Management Board's proposal for the appropriation of retained earnings.

At their respective meetings, the Audit Committee and the Supervisory Board also addressed the Separate Non-financial Report prepared by the Management Board. This report was examined by the Supervisory Board and, at the latter's request, additionally underwent a voluntary limited assurance review by the auditor. No objections were raised.

The Supervisory Board thanks the Management Board and all employees of the Gerresheimer Group for their contribution to the Gerresheimer Group's successful performance in the financial year 2021.

Duesseldorf (Germany), February 16, 2022

Dr. Axel Herberg
Chairman of the Supervisory Board

Members of the Management Board and positions held by Management Board members

As of November 30, 2021

Dietmar Siemssen

Appointed through October 31, 2026

Chief Executive Officer

- BFC Fahrzeugteile GmbH, Germany [a]

Affiliated companies of Gerresheimer AG

- Gerresheimer Bünde GmbH, Germany (Chairman) [a]
- Gerresheimer Regensburg GmbH, Germany (Chairman) [a]
- Gerresheimer respimetrix GmbH, Germany (Chairman) [b]
- Centor Inc., USA (Chairman) [b]
- Centor Pharma Inc., USA (Chairman) [b]
- Centor US Holding Inc., USA (Chairman) [b]
- Gerresheimer Glass Inc., USA (Chairman) [b]
- Gerresheimer Boleslawiec S.A., Poland (Chairman since July 19, 2021) [b]
- Gerresheimer Denmark A/S, Denmark (Chairman) [b]
- Gerresheimer Vaerloese A/S, Denmark (Chairman) [b]
- Sensile Medical AG, Switzerland (Chairman) [b]
- Triveni Polymers Pvt. Ltd., India [b]

Dr. Lukas Burkhardt

Appointed through December 31, 2025

Affiliated companies of Gerresheimer AG

- Gerresheimer Tettau GmbH, Germany (Chairman) [a]
- Corning Pharmaceutical Packaging LLC, USA [b]
- Gerresheimer Boleslawiec S.A., Poland (Chairman until July 19, 2021) [b]
- Gerresheimer Glass Inc., USA [b]
- Gerresheimer Momignies S.A., Belgium (Chairman until September 30, 2021) [b]
- Gerresheimer Pharmaceutical Packaging Mumbai Pvt. Ltd., India [b]
- Gerresheimer Queretaro S.A., Mexico (Chairman) [b]
- Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China (Chairman) [b]
- Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China (Chairman) [b]
- Neutral Glass and Allied Industries Pvt. Ltd., India [b]

Dr. Bernd Metzner

Appointed through May 14, 2027

- UniCredit Bank AG, Germany (Deputy Chairman) [a]

Affiliated companies of Gerresheimer AG

- Gerresheimer Bünde GmbH, Germany (Deputy Chairman) [a]
- Gerresheimer Regensburg GmbH, Germany (Deputy Chairman) [a]
- Gerresheimer Tettau GmbH, Germany (Deputy Chairman) [a]
- Centor Inc., USA [b]
- Centor Pharma Inc., USA [b]
- Centor US Holding Inc., USA [b]
- Corning Pharmaceutical Packaging LLC, USA [b]
- Gerresheimer Glass Inc., USA [b]
- Sensile Medical AG, Switzerland [b]

[a] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2021)
[b] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2021)

Members of the Supervisory Board and positions held by Supervisory Board members

As of November 30, 2021

Dr. Axel Herberg
Managing Partner of CCC Investment GmbH
Chairman of the Supervisory Board
Elected until the end of the Annual General Meeting on June 8, 2022

- Leica Camera AG [a)]
- Leica Group (photography and sport optics) [b)]
- Lisa Germany Holding GmbH [b)]
- Vetter Pharma-Fertigungs GmbH & Co. KG [b)]
- European Medco Development 4 S.àr.l., Luxembourg [b)]
- European Healthcare Acquisition & Growth Company B.V., Netherlands (Deputy Chairman since November 16, 2021) [b)]

Francesco Grioli
Member of the Governing Board of IG Bergbau, Chemie, Energie
Deputy Chairman of Supervisory Board
Elected until the end of the Annual General Meeting on June 8, 2022

- Continental AG [a)]

Andrea Abt
Master of Business Administration
Former Head of Supply Chain Management of the Infrastructure Sector, Siemens AG
Elected until the end of the Annual General Meeting on June 8, 2022

- John Laing Group plc, United Kingdom (until September 23, 2021) [b)]
- Petrofac Ltd., Jersey [b)]
- Polymetal International plc, Jersey [b)]
- Energy Technology Holdings LLC, USA (since April 1, 2021) [b)]

Heike Arndt (deceased on December 30, 2021)
Regional Deputy Director Westphalia of IG Bergbau, Chemie, Energie
Elected until the end of the Annual General Meeting on June 8, 2022

- RAG Verkauf GmbH (until December 31, 2020) [a)]
- Evonik Operations GmbH (Deputy Chairwoman) [a)]

Dr. Karin Dorrepaal
Consultant
Former member of the Management Board of Schering AG
Elected until the end of the Annual General Meeting on June 8, 2022

- Paion AG (Deputy Chairwoman) [a)]
- Triton Beteiligungsberatung GmbH [b)]
- Almirall S.A., Spain [b)]
- Kerry Group plc, Ireland [b)]
- Julius Clinical Research BV, Netherlands (until May 26, 2021) [b)]
- van Eeghen & Co BV, Netherlands [b)]
- Intravacc BV, Netherlands (since January 1, 2021) [b)]

Franz Hartinger
Chairman of the Company Works Council of Gerresheimer Regensburg GmbH
Elected until the end of the Annual General Meeting on June 8, 2022

- Gerresheimer Regensburg GmbH [a)]

Dr. Peter Noé
Degree in Business Administration
Former member of the Management Board of Hochtief AG
Elected until the end of the Annual General Meeting on June 8, 2022

- BlackRock Asset Management Schweiz AG, Switzerland (until December 31, 2020) [b)]

Markus Rocholz
Chairman of the Company Works Council of Gerresheimer Essen GmbH
Elected until the end of the Annual General Meeting on June 8, 2022

- Gerresheimer Tettau GmbH [a)]

[a)] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2021)
[b)] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2021)

Paul Schilling
Chairman of the Company Works Council of
Gerresheimer Bünde GmbH
Elected until the end of the Annual General Meeting
on June 8, 2022

- Gerresheimer Bünde GmbH [a)]

Katja Schnitzler
Group Senior Director EHS, CSR, OPEX at Gerresheimer AG
Elected until the end of the Annual General Meeting
on June 8, 2022

Theodor Stuth
Consultant
Managing Director of hpulcas GmbH
Former auditor and certified tax advisor
Elected until the end of the Annual General Meeting
on June 8, 2022

- Wickeder Holding GmbH [b)]
- Wickeder Profile Walzwerk GmbH [b)]
- Linet Group SE, Netherlands [b)]

Udo J. Vetter
Pharmacist and General Partner of UV-Cap GmbH & Co. KG
Elected until the end of the Annual General Meeting
on June 8, 2022

- ITM AG (Chairman) [a)]
- Vetter Pharma-Fertigungs GmbH & Co. KG (Chairman) [b)]
- HSM GmbH & Co. KG [b)]
- Navigo GmbH (Chairman) [b)]
- OncoBeta International GmbH (Chairman) [b)]
- OncoBeta GmbH (Chairman) [b)]
- Paschal India Pvt. Ltd., India (Chairman) [b)]
- Gland Pharma Ltd., India [b)]

[a)] Membership on other supervisory boards to be formed under § 125 AktG (as of November 30, 2021)
[b)] Membership on comparable domestic and foreign control boards of business enterprises under § 125 AktG (as of November 30, 2021)

Gerresheimer on the Capital Markets

Gerresheimer Stock

Gerresheimer stock: Key data

	2021	2020
Number of shares as of the reporting date in million	31.4	31.4
Share price[1] as of the reporting date in euros	81.05	97.70
Market capitalization as of the reporting date in EUR m	2,545	3,068
Share price high[1] in the reporting period in euros	98.80	101.60
Share price low[1] in the reporting period in euros	77.25	53.00
Earnings per share in euros	2.67	2.82
Dividend per share in euros	1.25[2]	1.25

[1] Xetra closing price.
[2] Proposal by the Members of the Board and the Members of the Supervisory Board.

Share reference data

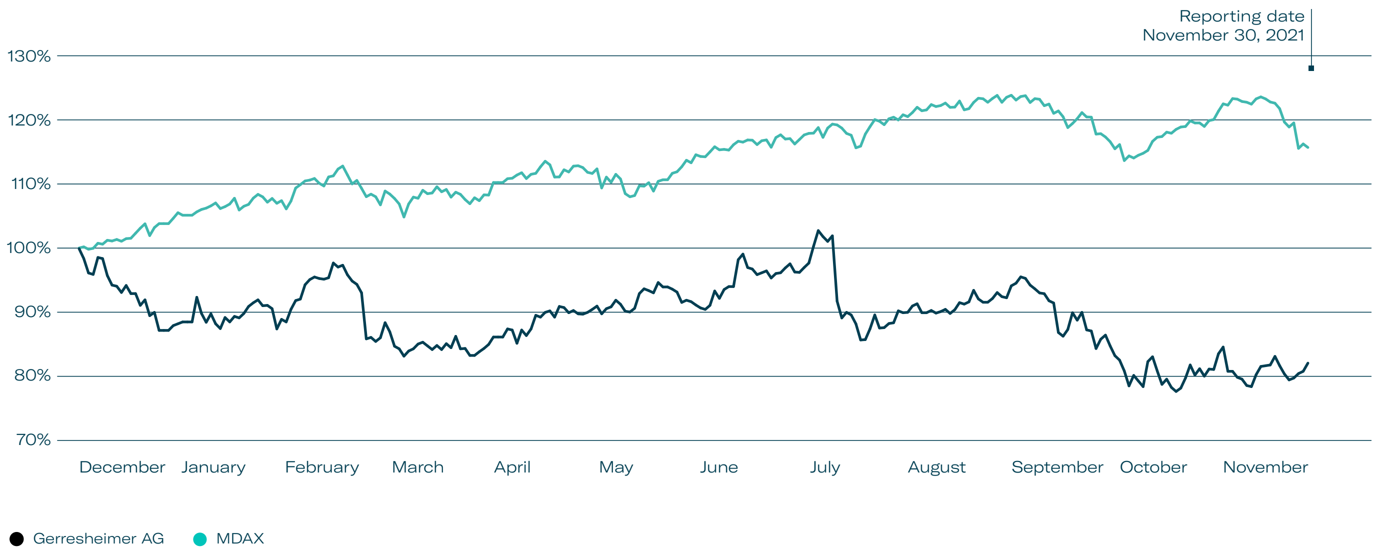
ISIN	DE000A0LD6E6
German Securities Identification Number (WKN)	A0LD6E
Bloomberg ticker symbol	GXI
Reuters ticker symbol	GXIG.DE
Stock index membership	MDAX, CDAX, HDAX, STOXX 600, Prime All Share, Classic All Share, MSCI ESG Universal Indexes, and further sector and size indexes
Listings	Berlin, Duesseldorf, Frankfurt (Xetra and floor trading), Hamburg, Hanover, Munich, Stuttgart, Tradegate

Gerresheimer AG's stock began the financial year 2021 at a price of EUR 96.35. In the period from December 2020 to September 2021, it traded within a broad range of between EUR 83 and EUR 99, reaching its high of EUR 98.80 on July 7, 2021 (based on the closing price). Fall 2021 saw a weaker performance from Gerresheimer shares, culminating in their low of EUR 77.25 on October 21, 2021. The reason for this was firstly that the market mainly favored stocks that were not directly affected by rising energy and commodity prices. Secondly, the previous strength shown by the Company's shares led to profit taking by investors, which contributed to the decline. The share price recovered slightly at the end of the year.

The performance of the MDAX index, in which Gerresheimer AG's share is listed, can be divided into two phases. In the first nine months of the financial year, the index benefited from brightening economic conditions and displayed a steady increase. This upward trend was halted in September 2021, when inflation fears weighed on share prices. The MDAX briefly recovered somewhat in October, before another negative impact came in the form of Omicron and the accompanying concerns about a potentially more dangerous coronavirus variant. Overall, the index recorded year-on-year growth of just under 16%, whereas Gerresheimer shares fell by around 16% (as of November 30, 2021).

Gerresheimer AG shares versus MDAX

Total performance including dividend payout
Index: November 30, 2020 = 100%



Majority of Bank Analysts See Upside Potential

As of November 30, 2021, 14 bank analysts regularly published research on the performance of Gerresheimer AG, with the majority of them issuing a buy recommendation for Gerresheimer shares. The average price target as of November 30, 2021, was EUR 102, compared with EUR 92 as of November 30, 2020. This corresponds to an increase of 11% in the average price target.

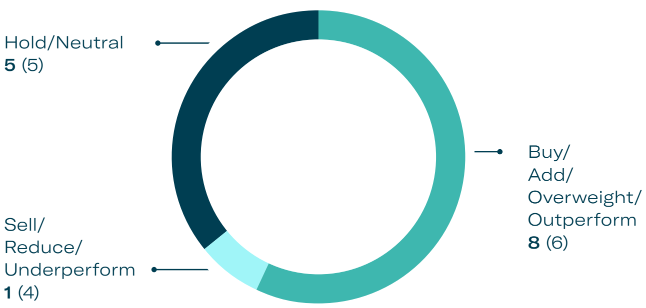
Coverage of Gerresheimer AG

As of November 30, 2021

Berenberg	Goldman Sachs	Metzler
Credit Suisse	Independent	ODDO BHF
Deutsche Bank	J.P. Morgan	Pareto
DZ Bank	Kepler Cheuvreux	Stifel
EQUI.TS	LBBW	

Overview of analyst recommendations

As of November 30, 2021
Number (prior year)



Dividend

The Annual General Meeting on June 9, 2021, for the financial year 2020 resolved to distribute a dividend of EUR 1.25 per share (prior year: EUR 1.20). This amounts to an increase of approximately 4% per dividend-entitled share and marks the tenth consecutive dividend rise. A total of 85.57% of the capital stock was represented at the Annual General Meeting. All resolutions put forward were passed with a large majority of shareholders.

For the financial year 2021, the Management Board and Supervisory Board will propose to the Annual General Meeting that a dividend of EUR 1.25 per share be paid out.

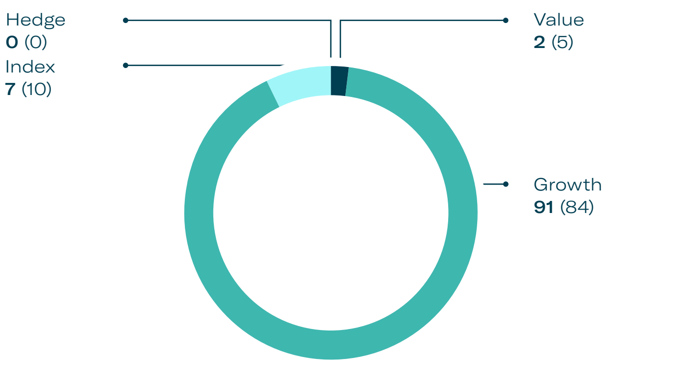
All key documents and information relating to the Annual General Meeting are available at www.gerresheimer.com/en/company/investor-relations/annual-general-meeting.

Shareholder Structure — Growth Investors Dominate

Based on available sources, our shareholder structure continues to show a broad international distribution. As of November 30, 2021, North America accounted for the largest share of our top 25 investors, at around 42%. German shareholders accounted for around 8%. The free float stood at 89.95% as of November 30, 2021. Overall, the shareholder structure is largely dominated by growth investors, followed by index-oriented investors.

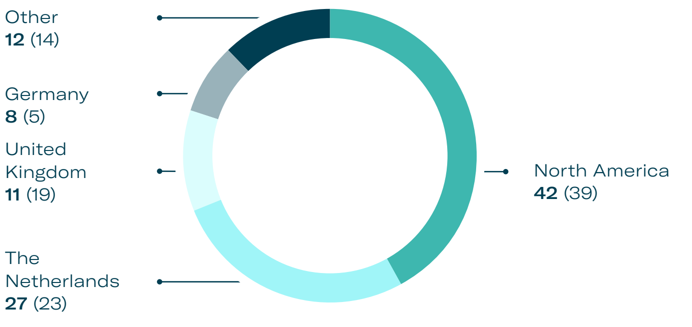
Shareholder structure: Top 25 investors by investment style

in % (prior-year figures in %)



Shareholder structure: Top 25 investors by region

in % (prior-year figures in %)



According to the notifications we received, the following major shareholders have an interest of more than 5% in Gerresheimer AG in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG):

Company	Interest in %	Date of notification
NN Group N.V.	10.05	February 18, 2019
Stichting Pensioenfonds ABP	5.10	July 30, 2015

All voting rights notifications can be accessed on our website at www.gerresheimer.com/en/company/investor-relations/corporate-governance/voting-rights-announcements.

Dialogue with the Capital Market – Mostly Virtual

Many institutional investors and analysts again made use of the opportunity to talk to the Management Board and the Investor Relations team in order to receive capital market-related information about the Company. The Covid-19 pandemic meant that most of the discussions in the financial year 2021 were held virtually. This method of communication allows us to reach many more investors around the world and to address them in a more targeted manner. We focused on national and international financial centers such as Frankfurt, London, Paris, and New York on multiple occasions at roadshows and investor conferences. Because being in close contact with all our investors is particularly important to us, we also took part in a large number of individual telephone and video calls with capital market participants. At the same time, we look forward to meeting and talking to more of our stakeholders and shareholders in person again soon.

In line with our corporate philosophy, we will keep up our ongoing, dependable, and transparent dialogue with the capital market in the coming financial year.

Our reports, webcasts, and presentations can be accessed on our website at www.gerresheimer.com/en/company/investor-relations/reports and www.gerresheimer.com/en/company/investor-relations/presentations. In the interests of sustainability and in line with the policy we adopted in the past financial year, we will again largely refrain from producing printed annual reports in this financial year.

You will find our financial calendar and an overview of events at which we will be presenting the Company on our website www.gerresheimer.com/en/company/investor-relations/financial-calendar and in the section entitled “Financial Calendar/Imprint.”

Five-Year Overview

In EUR m	2021	2020	2019	2018	2017
Results of operations	**12M**	12M	12M	12M	12M
Revenues	1,498.0	1,418.8	1,392.3	1,367.7	1,348.3
Adjusted EBITDA	306.3	310.1	400.0	298.6	310.8
Adjusted EBITDA margin in %	20.4	21.9	28.7	21.8	23.1
Revenues in core business[1]	1,496.6	1,415.7	1,389.9	1,356.6	1,349.2
Adjusted EBITDA in core business[2]	321.0	324.6	423.4	295.6	310.8
Adjusted EBITDA margin in core business in %	21.4	22.9	30.5	21.8	23.0
Adjusted net income[3]	133.1	123.7	227.7	180.3	130.0
Earnings per share in euros	2.67	2.82	2.57	4.11	3.21
Adjusted earnings per share[4] in euros	4.13	3.90	7.19	5.67	4.06
Dividend per share in euros	1.25[5]	1.25	1.20	1.15	1.10
Financial position	**12M**	12M	12M	12M	12M
Cash flow from operating activities	212.1	222.2	192.9	173.4	219.2
Cash-effective capital expenditure	206.5	174.1	164.6	114.7	116.5
Cash flow from investing activities	-197.0	-157.0	-203.2	-286.9	-112.1
Free cash flow before M&A activities	15.1	65.2	-10.3	-113.5	107.1
Net assets position	**Nov. 30**	Nov. 30	Nov. 30	Nov. 30	Nov. 30
Total assets	2,877.5	2,616.6	2,641.2	2,730.9	2,444.1
Equity	1,002.2	899.7	941.6	890.1	789.5
Equity ratio in %	34.8	34.4	35.6	32.6	32.3
Net working capital (reporting date)	172.8	197.9	183.0	202.7	185.7
Net financial debt	1,025.1	961.2	942.7	886.4	712.7
Adjusted EBITDA leverage[6]	3.2	3.0	2.4	3.1	2.3
Employees	**Nov. 30**	Nov. 30	Nov. 30	Nov. 30	Nov. 30
Employees (reporting date)	10,447	9,880	9,872	9,890	9,749

[1] Revenues in core business cover the Plastics & Devices and Primary Packaging Glass divisions, including intercompany revenues.
[2] Adjusted EBITDA in core business consists of the Plastics & Devices and Primary Packaging Glass divisions, as well as corporate functions/consolidation.
[3] Adjusted net income: Income before amortization/impairment losses of fair value adjustments less capitalized cost components, and restructuring expenses, as well as before the balance of exceptional income and expenses and the related tax effects.
[4] Adjusted earnings per share, attributable to shareholders of Gerresheimer AG, based on 31.4m shares.
[5] Proposal by the Members of the Management Board and the Members of the Supervisory Board.
[6] Adjusted EBITDA leverage: The relation of net financial debt to adjusted EBITDA of the last twelve months according to the credit agreement currently in place.

Gerresheimer AG Locations

LOCATIONS

PLASTICS & DEVICES

Anapolis, Brazil
Berlin I, USA
Berlin II, USA
Boleslawiec II, Poland
Buende, Germany
Changzhou, China
Dongguan City, China
Haarby, Denmark
Horsovsky Tyn, Czech Republic
Indaiatuba, Brazil
Kosamba III, India
Kundli, India
Muenster, Germany
New Delhi, India
Peachtree City, USA
Perrysburg, USA
Pfreimd, Germany
Regensburg, Germany
Sao Paulo Butanta, Brazil
Sao Paulo Cotia, Brazil
Singapur, Singapore
Skopje, Republic of North Macedonia
Vaerloese, Denmark
Wackersdorf, Germany
Zaragoza, Spain

PRIMARY PACKAGING GLASS

Boleslawiec I, Poland
Chalon, France
Chicago Heights, USA
Danyang I, China
Danyang II, China
Essen, Germany
Kosamba I, India
Kosamba II, India
Lohr, Germany
Milan, Italy
Momignies, Belgium
Morganton, USA
Mumbai, India
Queretaro, Mexico
Tettau, Germany
Vineland, USA
Vineland Crystal Avenue, USA
Vineland Forest Grove, USA
Wertheim, Germany
Zhenjiang, China

ADVANCED TECHNOLOGIES

Olten, Switzerland
Duesseldorf, Germany

HEADQUARTERS

Duesseldorf, Germany
(Gerresheimer AG)

As of November 30, 2021

Financial Calendar

April 7, 2022	Publication 1st Quarter Results 2022
June 8, 2022	Annual General Meeting 2022
Juliy 13, 2022	Interim Report 2nd Quarter Results 2022
October 12, 2022	Publication 3rd Quarter Results 2022

Imprint

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Kirchhoff Consult AG, Hamburg, Germany

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Photography
Claudia Kempf, Wuppertal, Germany

Note to the Annual Report
This Annual Report is the English translation of the original German version; in case of deviations between these two, the German version prevails.

Note regarding the rounding of figures
Due to the commercial rounding of figures and percentages, small deviations may occur.

Remarks on calculation
All changes in percent were calculated on a thousand-euro basis. Slight deviations may therefore occur when stating figures in millions of euros in the tables.

Disclaimer
This Annual Report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as 'believe', 'estimate', 'assume', 'expect', 'forecast', 'intend', 'could' or 'should' or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company's current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that actual events including the financial position and profitability of the Gerresheimer Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed or described in these statements. Even if the actual results for the Gerresheimer Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Annual Report, no guarantee can be given that this will continue to be the case in the future.

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