Quadpack Industries, S.A. and Subsidiaries

Consolidated Financial Statements for the year ended 31 January 2023 and Consolidated Directors' Report, together with Independent Auditor's Report

Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. In the event of a discrepancy, the Spanish-language version prevails.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain. in the event of a discrepancy, the Spanish-language version prevails.

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Quadpack Industries, S.A.,

Opinion

We have audited the consolidated financial statements of Quadpack Industries, S.A. (the Parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 January 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated equity and consolidated financial position of the Group as at 31 January 2023, and its consolidated results and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain.

Basis for Opinion

We conducted our audit in accordance with the audit regulations in force in Spain. Our responsibilities under those regulations are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those pertaining to independence, that are relevant to our audit of the consolidated financial statements in Spain pursuant to the audit regulations in force. In this regard, we have not provided any services other than those relating to the audit of financial statements and there have not been any situations or circumstances that, in accordance with the aforementioned audit regulations, might have affected the requisite independence in such a way as to compromise our independence.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Most Significant Audit Matters

The most significant audit matters are those matters that, in our professional judgement, were considered to be the most significant risks of material misstatement in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those risks.

Impairment of goodwill and other intangible assets

Description	Procedures applied in the audit
Note 5 to the accompanying consolidated financial statements describes the goodwill and other intangible assets allocated to each of the cash-generating units (CGUs) identified by Group management, amounting to EUR 19,845 thousand and EUR 10,899 thousand, respectively, at 31 January 2023. If there are any indications of impairment, and at least at each year-end, Group management tests the assets of the aforementioned CGUs for impairment using discounted cash flow-based valuation techniques to determine the recoverable amount of those assets.	Our audit procedures to address this matter consisted of obtaining the analysis performed by management and conducting tests on the clerical accuracy and the reasonableness of the impairment tests, in order to evaluate whether they had been prepared in accordance with the content of the regulatory financial reporting framework applicable to the Group. In this connection, our review of the aforementioned impairment tests included, inter alia, the identification of the key assumptions in those tests and the evaluation of the reasonableness thereof, including cross-checking them against available external evidence.

Impairment of goodwill and other intangible assets

Description

The assessment of the recoverable amount of the goodwill and other intangible assets was considered to be one of the most significant matters in our audit, given the magnitude of those assets and that management's assessment in this respect is an estimation process that includes a high level of judgements and assumptions, such as the determination of the growth rates for sales and expenses that the various CGUs are expected to show, and the determination of discount and perpetuity growth rates by taking into account the economic situation in general and that of each CGU in particular on the basis of the risks specific to the various countries and to the business carried on.

Procedures applied in the audit

These key assumptions include the determination of growth rates for revenue and expenses, as well as the discount and perpetuity growth rates used in the impairment tests. In particular, we compared the revenue and expense growth rates with the latest approved strategic plans and budgets and reviewed them for consistency with both historical information and the current market situation. Also, we evaluated management's historical accuracy in the budgeting process.

We evaluated the reasonableness of the discount and perpetuity growth rates considered for each business and geographical area, taking into consideration the cost of capital of the Group and of comparable organisations, as well as perpetuity growth rates, among other factors.

In addition, we evaluated the sensitivity analyses, stressing those assumptions to which the impairment test is most sensitive, i.e., those with the greatest effect on the determination of the recoverable amount of the assets.

We also involved our internal business valuation experts in order to evaluate the reasonableness of the models and key assumptions used by the Group.

Impairment of goodwill and other intangible assets	
Description	**Procedures applied in the audit**
	Lastly, we evaluated whether Notes 3.a, 3.c and 5 to the accompanying consolidated financial statements included the necessary disclosures in relation to this matter in accordance with the applicable regulatory financial reporting framework.

Other Matter

The Group's consolidated financial statements for the year ended 31 January 2022 were audited by another auditor who on 25 May 2022 expressed an opinion qualified for a matter that was remedied in the current year.

Other Information: Consolidated Directors' Report

The other information comprises only the consolidated directors' report for the year ended 31 January 2023, the preparation of which is the responsibility of the Parent's directors and which does not form part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated directors' report. Our responsibility relating to the consolidated directors' report, in accordance with the audit regulations in force, consists of:

a) Solely checking that the consolidated non-financial information statement has been furnished as provided for in the applicable legislation and, if this is not the case, reporting this fact.

b) Evaluating and reporting on whether the other information included in the consolidated directors' report is consistent with the consolidated financial statements, based on the knowledge of the Group obtained in the audit of those consolidated financial statements, as well as evaluating and reporting on whether the content and presentation of this section of the consolidated directors' report are in conformity with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report that fact.

Based on the work performed, as described above, we observed that the information described in section a) above had been furnished as provided for in the applicable legislation and that the other information in the consolidated directors' report was consistent with that contained in the consolidated financial statements for the year ended 31 January 2023 and its content and presentation were in conformity with the applicable regulations.

Responsibilities of the Parent's Directors for the Consolidated Financial Statements

The Parent's directors are responsible for preparing the accompanying consolidated financial statements so that they present fairly the Group's consolidated equity, consolidated financial position and consolidated results in accordance with EU-IFRSs and the other provisions of the regulatory financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the audit regulations in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the Appendix to this auditor's report. This description, which is on pages 7 and 8 of this document, forms part of our auditor's report.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Albert Riba Barea
Registered in ROAC under no. 21437

29 May 2023

Appendix to our auditor's report

Further to the information contained in our auditor's report, in this Appendix we include our responsibilities in relation to the audit of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with the audit regulations in force in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's directors.

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

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

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

We communicate with the Parent's directors 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.

From the significant risks communicated with the Parent's directors, we determine those risks that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

Quadpack Industries, S.A. and Subsidiaries

Auditor’s report, consolidated annual accounts and consolidated directors’ report for the year ended 31 January 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

QUADPACK

Quadpack Industries, S.A. and Subsidiaries

Auditor’s report for the year ended
31 January 2023

Quadpack Industries, S.A. and Subsidiaries

Consolidated annual accounts for the year ended 31 January 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Consolidated balance sheet (thousand euro)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	31.01.2023	31.01.2022 (*)
NON-CURRENT ASSETS		**72,482**	**71,043**
Right-of-use assets	5 & 7	6,196	4,208
Goodwill	5	19,845	19,845
Other intangible assets	5	16,049	16,781
Property, plant and equipment	6	25,348	25,913
Non-current investments in Group companies and associates	8.b	895	895
Non-current financial investments	8.a	187	196
Deferred tax assets	19	3,962	3,205
CURRENT ASSETS		**49,844**	**61,031**
Inventories	9	18,265	23,979
Trade and other receivables	10	18,897	20,936
Current investments in Group companies and associates	8.b & 22	148	146
Current financial investments	8.a	896	1,365
Current accruals		753	1,027
Cash and cash equivalents		10,885	13,578
TOTAL ASSETS		**122,326**	**132,074**

EQUITY AND LIABILITIES	Note	31.01.2023	31.01.2022 (*)
EQUITY		**35,350**	**34,919**
Capital and reserves	13	**35,526**	**34,562**
Share capital		4,381	4,381
Share premium		17,598	17,598
Reserves		13,087	15,424
Own shares		(542)	(500)
Profit/(loss) for the year attributable to the Parent company		1,002	(2,341)
Valuation adjustments		**(268)**	**109**
Hedging transactions	17	19	249
Differences on exchange	14	(287)	(140)
Non-controlling interests	15	**92**	**248**
NON-CURRENT LIABILTIES		**40,051**	**45,572**
Non-current provisions		110	133
Non-current debt	11	31,148	37,974
Non-current lease liabilities	7	4,346	2,801
Non-current debt with Group companies and associates	22	175	175
Deferred tax liabilities	19	4,272	4,489
CURRENT LIABILITES		**46,925**	**51,583**
Current provisions		480	625
Current debt	11	19,380	20,812
Current lease liabilities	7	1,920	1,457
Current debt with Group companies and associates	22	935	324
Trade and other payables	12	23,919	27,976
Current accruals		291	389
TOTAL EQUITY AND LIABILITIES		**122,326**	**132,074**

(*) Amounts restated for comparison purposes, as described in Note 4.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Consolidated income statement (thousand euro)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

CONSOLIDATED INCOME STATEMENT

	Note	2022-23	2021-22
Net sales	20.a	142,630	106,360
Change in inventories of finished goods and work in progress		1,511	1,346
Self-constructed assets		734	1,424
Supplies	20.b	(72,422)	(53,702)
Other operating income		413	36
Employee costs		(32,422)	(26,453)
Other operating costs		(28,539)	(21,932)
Amortisation/depreciation	5 & 6	(9,203)	(7,566)
Impairment and gains/(losses) on disposals of fixed assets	5 & 6	34	(486)
Other profit/(loss)	20.d	2	(14)
Operating profit/(loss)		**2,738**	**(987)**
Finance income		18	28
Finance cost		(2,012)	(1,510)
Differences on exchange		(363)	(125)
Profit/(loss) of equity-accounted investments		-	(131)
Financial result		**(2,357)**	**(1,738)**
Profit/(loss) before tax		**381**	**(2,725)**
Income tax	19	469	131
Consolidated profit/(loss) for the year		**850**	**(2,594)**
Profit/(loss) attributable to non-controlling interests	15	(152)	(253)
Profit/(loss) for the year attributable to Parent company		**1,002**	**(2,341)**
Recurring EBITDA	20.e	**12,634**	**7,653**
Basic earnings per share attributable to Parent company (euro per share)		*0.23*	*(0.54)*
Diluted earnings per share attributable to Parent company (euro per share)		*0.23*	*(0.54)*

Consolidated statement of comprehensive income (thousand euro)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2022-23	2021-22
Consolidated profit/(loss) for the year	**850**	**(2,594)**
Income and expense recognised directly in consolidated equity:		
Cash flow hedges (Note 17)	(28)	(332)
Differences on exchange	(148)	177
Tax effect	9	83
Total income and expense recognised directly in consolidated equity	**(167)**	**(72)**
Total amounts transferred to the consolidated income statement:		
Cash flow hedges (Note 17)	249	(120)
Differences on exchange	-	-
Tax effect	-	-
Total amounts transferred to the consolidated income statement	**249**	**(120)**
Total recognised income and expense	**932**	**(2,786)**
Total income and expense attributable to Parent company	1,084	(2,533)
Total income and expense attributable to non-controlling interests	(152)	(253)

Consolidated statement of changes in equity (thousand euro)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Reserves	Own shares	Profit/(loss) for the year attributable to the Parent company	Differences on exchange	Hedging transactions	Non-controlling interests	Total
Balance at 31 January 2021	**4,381**	**17,598**	**17,176**	**(710)**	**(1,541)**	**(317)**	**(120)**	**502**	**36,969**
Total recognised income and expense	**-**	**-**	**-**	**-**	**(2,341)**	**-**	**-**	**(253)**	**(2,594)**
Transactions with shareholders or owners	**-**	**-**	**(1,644)**	**210**	**1,541**	**-**	**-**	**-**	**107**
Distribution of prior years' profit/(loss)	-	-	(1,541)	-	1,541	-	-	-	-
Transactions with own shares (net)	-	-	(103)	210	-	-	-	-	107
Other changes in equity	**-**	**-**	**(108)**	**-**	**-**	**177**	**369**	**(1)**	**437**
Balance at 31 January 2022	**4,381**	**17,598**	**15,424**	**(500)**	**(2,341)**	**(140)**	**249**	**248**	**34,919**
Total recognised income and expense	**-**	**-**	**-**	**-**	**1,002**	**-**	**-**	**(152)**	**850**
Transactions with shareholders or owners	**-**	**-**	**(2,337)**	**(42)**	**2,341**	**-**	**-**	**-**	**(38)**
Distribution of prior years' profit/(loss)	-	-	(2,341)	-	2,341	-	-	-	-
Transactions with own shares (net)	-	-	4	(42)	-	-	-	-	(38)
Other changes in equity	**-**	**-**	**-**	**-**	**-**	**(147)**	**(230)**	**(4)**	**(381)**
Balance at 31 January 2023	**4,381**	**17,598**	**13,087**	**(542)**	**1,002**	**(287)**	**19**	**92**	**35,350**

Consolidated cash flow statement (thousand euro)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2022-23	2021-22
CASH FLOW FROM/(USED) IN OPERATING ACTIVITIES			
Profit/(loss) for the year before tax		**381**	**(2,725)**
Adjustments:		**11,559**	**9,816**
Depreciation of fixed assets (+)	5 & 6	9,203	7,566
Impairment adjustments (+/-)		178	57
Change in provisions (+/-)		(145)	27
Impairment and gains/(losses) on disposals of fixed assets (+/-)	5 & 6	(34)	486
Impairment and gains/(losses) on disposals of financial instruments (+/-)		-	131
Finance income (-)		(18)	(28)
Finance cost (+)		2,012	1,510
Differences on exchange (-)		363	125
Other income and expense (+/-)		-	(58)
Changes in working capital		**3,452**	**(2,308)**
Inventories (+/-)		5,581	(10,908)
Trade and other receivables (+/-)		2,093	(1,174)
Other current assets (+/-)		540	(1,295)
Trade and other payables (+/-)		(4,724)	11,811
Other current liabilities (+/-)		(38)	(742)
Other cash flow from/(used) in operating activities		**(2,391)**	**(1,908)**
Interest paid (-)		(2,012)	(1,510)
Interest received (+)		18	28
Corporate income tax received/(paid) (+/-)		(397)	(426)
Cash flow from operating activities (I)		**13,001**	**2,875**
CASH FLOW FROM/(USED) IN INVESTING ACTIVITIES			
Payments for investments (-)		**(5,841)**	**(9,081)**
Group companies, net of cash in consolidated companies		-	(3,161)
Intangible assets	5	(1,101)	(2,363)
Property, plant and equipment	6	(4,740)	(3,557)
Divestments (+)		**523**	**42**
Property, plant and equipment		514	-
Other financial assets		9	42
Cash flow from investing activities (II)		**(5,318)**	**(9,039)**
CASH FLOW FROM/(USED) IN FINANCING ACTIVITIES			
Proceeds and payments for equity instruments		**(38)**	**107**
Acquisition of own equity instruments (-)		(60)	(158)
Disposal of own equity instruments (+)		22	265
Proceeds and payments for financial liability instruments		**(10,359)**	**(3,262)**
Issue of bank borrowings (+)	11	3,447	10,488
Issue of debt with Group companies and associates (+)		611	42
Issue of other debt (+)		-	150
Repayment of bank borrowings (-)	11	(11,692)	(10,195)
Repayment of debt with Group companies and associates (-)		-	(447)
Repayment of lease liabilities (-)	7	(2,523)	(2,093)
Repayment of other debt (-)	11	(202)	(1,207)
Cash flow from/(used) in financing activities (III)		**(10,397)**	**(3,155)**
Effect of exchange rate changes (IV)		**21**	**83**
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(2,693)**	**(9,236)**
Cash and cash equivalents at the start of the year		13,578	22,814
Cash and cash equivalents at the end of the year		10,885	13,578

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1. Group activity and structure

a) Parent company

Quadpack Industries, S.A. (hereinafter, the Parent company) was incorporated on 22 June 2010 under the business name ANLOMO SPAIN, S.L., which was changed to its current name on 13 October 2015. Its registered office is located in Plaza de Europa 9, floor 11, L´Hospitalet de Llobregat (Barcelona, Spain).

The Parent company's main activities are the acquisition, holding, administration and management of investments in other companies for the purpose of overseeing and directing the investee companies' business activities; the provision of management support services to investee companies; and the provision of business consulting services.

On 20 April 2016 Quadpack Industries, S.A. began trading on the EURONEXT stock exchange in Paris (France). To this end, in the first quarter of 2016 the Parent company converted its shares into book entries to be registered in the accounting records of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR). On the basis of this registration and using the services of a Participating Agent, it transferred part of the shares, with the assistance of another Participating Agent in France, to the Accounting Registration Entity in France (Euroclear) in order for said shares to be admitted to trading on the EURONEXT market (free market).

The EURONEXT trading market in the GROWTH market segment or level is not a regulated market and therefore the Parent company is not subject to the control levels and requirements of companies listed under Spanish legislation. However, in order to access this free market and to maintain the transfer and quotation system, its quarterly figures, sales performance and internal figures are monitored and it must report any type of structural or shareholding movement to this market.

As recorded in the minutes of the extraordinary general meeting held on 24 July 2019, the shareholders unanimously approved the application for the Parent company to join the EURONEXT GROWTH stock market, belonging to EURONEXT. This application was submitted by the Parent company on 12 September 2019 and was approved on 15 October 2019.

Quadpack Industries, S.A. is the Parent of a Group comprising the subsidiaries detailed in Note 1b and 1c. Quadpack Industries, S.A. and subsidiaries (hereinafter, the Group or Quadpack Group) operate on an integrated basis and under shared management.

The Group's main activity is to design, develop, manufacture and supply customised packaging and containers for the cosmetics industry with specialised divisions focused on the skin care, make-up and fragrance sectors.

b) Subsidiaries

Subsidiaries are entities over which the Parent company, either directly or indirectly, exercises or may exercise control. Control refers to the power to establish financial and operating policies so as to obtain profits from its activities. This is evidenced generally but not only through the direct or indirect ownership of a majority of voting rights.

Subsidiaries are fully consolidated.

The information relating to fully consolidated subsidiaries for the year ended 31 January 2023 is as follows:

Notes to the consolidated annual accounts (thousand euro)

Name / Address	Activity	Company holding the investment	Investment attributable to Parent company
Quadpack France, S.A.R.L. (b) France	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Italy S.R.L. (d) Italy	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Spain, S.L.U. (a) Spain	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Yonwoo Europe SAS (b) France	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	90%
Quadpack Australia PTY LTD (g) Australia	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Germany GmbH Germany	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack LTD (f) United Kingdom	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Manufacturing Division, S.L. Spain	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	80%
Quadpack Wood, S.L.U. (a) Spain	Manufacture of wood packaging for perfume and cosmetics division	Quadpack Manufacturing Division, S.L.	80%
Quadpack Impressions, S.L.U. Spain	Packaging decoration for perfume and cosmetics	Quadpack Manufacturing Division, S.L.	80%
Quadpack Plastics, S.A.U. Spain	Manufacture of plastic packaging for perfume and cosmetics	Quadpack Manufacturing Division, S.L.	80%
Collcap Prime LTD United Kingdom	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	100%
Quadpack UK LTD (f) United Kingdom	Sales of packaging and containers for perfume and cosmetics	Collcap Prime LTD	100%
Quadpack Asia Pacific LTD (c) Hong Kong	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A. and Quadpack UK Ltd.	99%
Quadpack USA INC. USA	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	100%
Quadpack Americas LLC. USA	Sales of packaging and containers for perfume and cosmetics	Quadpack USA Inc.	95%
Louvrette GmbH design x packaging (e) Germany	Manufacture of plastic packaging for perfume and cosmetics	Quadpack Industries, S.A.	100%
INOTECH Cosmetics GmbH Germany	Development and production of plastic parts, especially in two-component technology	Quadpack Industries, S.A.	100%
Quadpack Japan LLC Japan	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Stefan Wicklein Kunststoffveredelung GmbH Germany	Packaging decoration for perfume and cosmetics	Louvrette GmbH design x packaging	100%

(a) Company audited by Deloitte S.L. (Spain)
(b) Company audited by Grant Thornton France (France)
(c) Company audited by Deloitte Touche Tohmatsu (Hong Kong)
(d) Company audited by Deloitte & Touche S.p.A. (Italy)
(e) Company audited by Deloitte GmbH (Germany)
(f) Company audited by MHA Moore and Smalley (United Kingdom)
(g) Company audited by Accru Melbourne (Australia)

The information relating to fully consolidated subsidiaries for the year ended 31 January 2022 is as follows:

Notes to the consolidated annual accounts (thousand euro)

Name / Address	Activity	Company holding the investment	Investment attributable to Parent company
Quadpack France, S.A.R.L. (b) France	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Italy S.R.L. (d) Italy	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Spain, S.L.U. (a) Spain	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Yonwoo Europe SAS (b) France	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	90%
Quadpack Australia PTY LTD (g) Australia	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Germany GmbH Germany	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack LTD (f) United Kingdom	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Quadpack Manufacturing Division, S.L. Spain	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	80%
Quadpack Wood, S.L.U. (a) Spain	Manufacture of wood packaging for perfume and cosmetics division	Quadpack Manufacturing Division, S.L.	80%
Quadpack Impressions, S.L.U. Spain	Packaging decoration for perfume and cosmetics	Quadpack Manufacturing Division, S.L.	80%
Quadpack Plastics, S.A.U. Spain	Manufacture of plastic packaging for perfume and cosmetics	Quadpack Manufacturing Division, S.L.	80%
Collcap Prime LTD United Kingdom	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	100%
Quadpack UK LTD (f) United Kingdom	Sales of packaging and containers for perfume and cosmetics	Collcap Prime LTD	100%
Quadpack Asia Pacific LTD (c) Hong Kong	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A. and Quadpack UK Ltd.	99%
Quadpack USA INC. USA	Acquisition, holding, administration and management of investments in other companies.	Quadpack Industries, S.A.	100%
Quadpack Americas LLC. USA	Sales of packaging and containers for perfume and cosmetics	Quadpack USA Inc.	95%
Louvrette GmbH design x packaging (e) Germany	Manufacture of plastic packaging for perfume and cosmetics	Quadpack Industries, S.A.	100%
INOTECH Cosmetics GmbH Germany	Development and production of plastic parts, especially in two-component technology	Quadpack Industries, S.A.	100%
Quadpack Japan LLC Japan	Sales of packaging and containers for perfume and cosmetics	Quadpack Industries, S.A.	100%
Stefan Wicklein Kunststoffveredelung GmbH Germany	Packaging decoration for perfume and cosmetics	Louvrette GmbH design x packaging	100%

(a) Company audited by Grant Thornton, S.L.P. (Spain)
(b) Company audited by Grant Thornton France (France)
(c) Company audited by Grant Thornton Hong Kong (Hong Kong)
(d) Company audited by Ria Grant Thornton, S.p.A. (Italy)
(e) Company audited by Grant Thornton AG Wirtschaftsprüfungsgesellschaft (Germany)
(f) Company audited by MHA Moore and Smalley (United Kingdom)
(g) Company audited by Grant Thornton Audit PTY Ltd (Australia)

All companies included in the consolidation scope have the same financial year as the Parent company, which is 31 January. Similarly, there is no difference between the ownership percentage held by the Parent Company and the percentage of voting rights.

c) Companies Consolidated on Equity Basis

Vallo & Vogler GmbH is consolidated using the equity method. Quadpack Industries, S.A. holds a 50% stake in this company via its investment in Louvrette GmbH design x packaging, which in turn has a 50% stake in Vallo & Vogler GmbH. Vallo & Vogler GmbH is a German company engaged in container decoration activities.

Vallo & Vogler GmbH's financial year ends 31 December and is not the same as the other companies in the consolidation scope.

Notes to the consolidated annual accounts (thousand euro)

d) Companies excluded from the consolidation scope

Quadpack Industries, S.A. holds 100%, 71% and 40% of the shares in Quadpack Foundation, QPnet Technologies, S.L. and The Beauty Makers Studio, S.L. for a value of €30, €148 and €94 thousand, respectively.

Quadpack Ltd holds 100% of the share capital of Quadpack Hong Kong Ltd, (the company has been inactive since 31 January 2022) with an investment of €0 thousand.

Louvrette GmbH design x packaging holds 94% of the share capital of Daimon Grundstücksverwaltungsgesellschaft GmbH for a value of €5 thousand.

These subsidiaries have been excluded from the consolidation scope given their low relative importance.

The financial information relating to the subsidiaries excluded from the consolidation scope in the year ended 31 January 2023 is as follows:

Company	Share capital	Reserves	Profit/(loss)
Quadpack Foundation	30	36	(42)
QPnet Technologies, S.L.	11	474	137
The Beauty Makers Studio, S.L.	5	17	(74)
Quadpack Hong Kong Ltd.	28	(46)	-
Daimon Grundstücksverwaltungsgesellschaft GmbH	5	(2)	(2)

The financial information relating to the subsidiaries excluded from the consolidation scope in the year ended 31 January 2022 is as follows:

Company	Share capital	Reserves	Profit/(loss)
Quadpack Foundation	30	(4)	40
QPnet Technologies, S.L.	11	349	125
The Beauty Makers Studio, S.L.	5	(17)	34
Quadpack Hong Kong Ltd.	28	(40)	(6)
Daimon Grundstücksverwaltungsgesellschaft GmbH	5	(3)	1

All of these companies have the same financial year as the Parent company, with the exception of Quadpack Foundation whose financial period for accounting and tax purposes ends on 31 December as it is a legal foundation and therefore its financial year must coincide with the calendar year.

e) Consolidation scope changes

There have been no changes to the consolidation scope in 2022-23. 100% of Stefan Wicklein Kunststoffveredelung GmbH joined the consolidation scope in 2021-22 (see Note 4).

2. Basis of presentation and consolidation principles

2.1 Basis of presentation

a) Financial reporting framework applicable to Group

The consolidated annual accounts for the year ended 31 January 2023, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and Notes 1 to 25 thereto, have been prepared in accordance with the International Financial Reporting Standards (hereinafter, IFRS) as adopted by the European Union (hereinafter, IFRS-EU) pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all other applicable accounting principles and standards and mandatory measurement criteria, the Code of Commerce, the Spanish Companies Act and other applicable mercantile legislation. The consolidated annual accounts fairly present the Group's consolidated equity and financial position at 31 January 2023, and the consolidated results of the Group's operations, consolidated changes in equity and consolidated cash flow for the financial year then ended, in accordance with current accounting legislation.

Notes to the consolidated annual accounts (thousand euro)

Since the accounting principles and measurement policies used in preparing the Group's consolidated annual accounts for the year ended 31 January 2023 may differ from those used by certain Group companies, the required adjustments and reclassifications were made on consolidation to unify the policies and methods used and bring them into line with IFRS-EU.

The consolidated annual accounts of the Quadpack Group for the 2022-23 financial year, which are based on the individual financial statements or annual accounts prepared by the relevant administrative bodies of the Group companies, which in turn have been obtained from the accounting records kept by the Parent company and by the other Group entities, will be authorised for issue by the directors of the Parent company on 28 April 2023 and are expected to be approved by the general meeting of shareholders with no changes.

The consolidated annual accounts of the Quadpack Group for 2021-22 were authorised for issue by the Parent company's directors on 29 April 2022 and were approved by shareholders at the general meeting held on 20 July 2022. They were filed at the Barcelona Companies Register.

b) Standards and interpretations in force in the current year

During 2022-23 new accounting standards came into force and were therefore taken into account when preparing the accompanying consolidated annual accounts.

The following standards were applied in these consolidated annual accounts without having a significant impact on presentation or disclosure:

New standards, amendments and interpretations		IASB effective date	EU effective date
	Approved by the European Union		
Amendments to IFRS 3 Reference to conceptual framework (published in May 2020)	IFRS 3 is updated to align the definitions of an asset and a liability in a business combination with the content of the conceptual framework. Certain clarifications regarding the recognition of contingent liabilities and assets are also introduced.	1 January 2022	1 January 2022
Amendments to IAS16 Proceeds before intended use (published in May 2020)	This amendment prohibits deducting from the cost of property, plant and equipment any proceeds from selling items produced while preparing the asset for its intended use. Proceeds from selling such items, and the cost of producing those items, must be recognised in the income statement.	1 January 2022	1 January 2022
Amendment to IAS 37 Onerous contracts - Cost of fulfilling a contract (published in May 2020)	The amendment explains that the direct cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other	1 January 2022	1 January 2022

Notes to the consolidated annual accounts (thousand euro)

	costs that relate directly to fulfilling the contract.		
Improvements to IFRS (2018-2020) (published in May 2020)	Minor amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	1 January 2022	1 January 2022

c) Standards and interpretations issued but not in force

At the date of authorisation for issue of these consolidated annual accounts, the following standards, amendments and interpretations had been issued by the International Accounting Standard Board (IASB) but had not yet come into force, either because the date on which they become effective is subsequent to the date of these consolidated annual accounts or because they have not yet been adopted by the European Union (IFRS-EU):

New standards, amendments and interpretations		**IASB effective date**	**EU effective date**
	Approved by the European Union		
Amendments to IAS 1 - Presentation of accounting policies (published in February 2021)	Amendments that allow entities to appropriately identify information about material accounting policies that must be presented in the financial statements.	1 January 2023	1 January 2023
Amendments to IAS 8 - Definition of accounting estimates (published in February 2021)	Amendments to and clarifications on what is to be understood as a change in accounting estimate.	1 January 2023	1 January 2023
Amendments to IAS 12 - Deferred taxes arising from assets and liabilities resulting from a single transaction (published in May 2021)	Clarifications on how entities should recognise deferred tax arising on transactions such as leases and decommissioning obligations.	1 January 2023	1 January 2023
Amendment to IFRS 17 - Insurance contracts First time application of IFRS 17 and IFRS 9. Comparative information (published in December 2021)	Amendments to IFRS 17 transition requirements for insurance companies complying with IFRS 17 and IFRS 9 at the same time for the first time.	1 January 2023	1 January 2023
IFRS 17 - Insurance contracts and amendments thereto (published in May 2017 and amendments in June 2020), respectively.	It replaces IFRS 4 and sets out the principles for recording, measuring, presenting and disclosing insurance contracts so that an entity can provide relevant and reliable information that enables users of the financial information to determine the effect of the insurance contracts on the financial statements.	1 January 2023	1 January 2023
	Not yet approved for use in the European Union		
Amendment to IAS 1 - Classification of items as current and non-current (published in January 2020)	Clarification regarding the presentation of liabilities as current or non-current.	1 January 2024	Outstanding
Amendments to IFRS 16 - Lease liabilities (in a sale and lease-back).	These amendments outline how to present lease liabilities arising in sale transactions with lease-back.	1 January 2024	Outstanding

d) Relevant accounting estimates, judgements and assumptions

The information contained in these consolidated annual accounts is the responsibility of the directors of the Parent company. The preparation of the accompanying consolidated annual accounts in accordance with IFRS-EU requires the occasional application of accounting estimates and other judgements, estimates and assumptions within the process of applying the Group's accounting policies by the directors of the Parent company when quantifying some of the assets, liabilities, income, expenses and commitments that are recognised in the annual accounts.

Details of the aspects that have involved a higher level of judgement, complexity, or assumptions or estimates that are significant to the preparation of these consolidated annual accounts, are set out below.

- The measurement of assets and goodwill to determine, if appropriate, the existence of impairment losses (see Notes 3a, 3b, 3c and 5).
- Determination of the fair value of assets, liabilities and contingent liabilities associated with business combinations (see Notes 2.2c and 4).
- The useful life of intangible assets and property, plant and equipment (see Notes 3a and 3b).
- Right-of-use assets and lease liabilities (see Notes 3d and 7).
- The assumptions employed when measuring losses due to insolvencies (see Notes 3e and 10).
- Recoverability of deferred tax assets (see Note 3l).
- The fair value of financial derivatives (see Notes 3f and 3g).
- Assessment and measurement of provisions and contingencies (see Note 3k).

These estimates have been made using the best information available regarding the analysed events at the date these consolidated financial statements were prepared. However, future events could give rise to adjustments (upward or downward) in coming years, which would be made prospectively in accordance with the provisions of IAS 8 to recognise the impact of the change in the estimates in the consolidated income statement in future consolidated annual accounts.

e) Accounting principles and changes in accounting criteria

The consolidated annual accounts have been prepared using generally accepted accounting principles. No accounting standard which could have a significant impact has been omitted. When preparing the accompanying consolidated annual accounts, no changes in accounting principles were identified that would have led to the amounts included in the 2021-22 consolidated annual accounts being restated, except as mentioned in Note 4.

f) Comparative information

As required by IFRS, the information relating to the year ended 31 January 2022 included in these consolidated annual accounts for the year ended 31 January 2023, is presented for comparative purposes only.

g) Grouping of items

Certain headings in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flow are presented on a grouped basis to facilitate understanding, although, where significant, separate information is included in the corresponding notes to the consolidated annual accounts.

h) Classification of items as current and non-current

Current assets are assets associated with the normal operating cycle, which in general is considered to be one year; other assets which are expected to mature, be disposed of or be realised within twelve months after the end of the reporting period; financial assets held for trading, with the exception of derivatives financial instruments with settlements of over one year; and cash and cash equivalents. Assets that do not meet these requirements are classified as non-current assets.

Similarly, current liabilities are liabilities associated with the normal operating cycle, financial liabilities held for trading, with the exception of financial derivatives with settlements of over one year; and, in general, all obligations that will mature or be extinguished in the short term. All other liabilities are classified as non-current liabilities.

i) Materiality

When determining the information to be disclosed in the explanatory notes on the various items in the consolidated annual accounts or other matters, the Group has taken into account the principle of materiality.

j) Functional and presentation currency

The consolidated annual accounts are presented in thousands of euros (unless otherwise stated), as this is the currency of the main economic environment in which the Group operates and the presentation currency of the Parent company.

Transactions denominated in currencies other than the euro are recorded in accordance with the policies described in Note 3o.

2.2 Principles of consolidation

a) Subsidiaries

Subsidiaries are entities over which the Parent company, either directly or indirectly through subsidiaries, exercises control. Control refers to the power to establish the financial and operating policies so as to obtain profits from its activities. Such control is presumed to exist when the Parent company owns, directly or indirectly, an interest greater than 50%, or less than that figure if there are agreements with other investee shareholders that provide the Parent company with control.

The subsidiaries are fully consolidated by the Group from the date of acquisition, which is the date on which the Group effectively obtains control over them. Entities are no longer consolidated once control is lost.

All balances, transactions and unrealised gains or losses between Group companies have been eliminated on consolidation. Similarly and when necessary, the relevant adjustments are made to bring accounting criteria and policies into line with those established for the Group as a whole.

Minority interests relate to non-controlling interests in the integrated subsidiaries and are established on the basis of the relevant ownership percentage in the recognised market value of the subsidiary's assets and liabilities.

Minority shareholder interests in the equity and results of the consolidated subsidiaries are recognised under Non-controlling interests in equity on the consolidated balance sheet and in Profit/(loss) attributable to non-controlling interests in the consolidated income statement, respectively.

b) Associates

Associates are considered to be companies over which the Parent company has the capacity to exercise significant influence but not effective control. Such influence is normally presumed to exist when the Parent owns, directly or indirectly, between 20% and 50% of the voting rights, unless it can be clearly demonstrated that such influence does not exist or, if less than 20% of the voting rights are owned, it can be clearly demonstrated that such influence exists.

Associates are recorded using the equity method from the date on which significant influence is exercised until the date on which the Parent company cannot continue to justify the existence of such significant influence. Under the equity method, investments are initially recognised at cost and thereafter are adjusted to recognise the Group's share of the investee's post-acquisition profits in the consolidated income statement, and the Group's share of any movements in other comprehensive income of the investee in the consolidated statement of comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the investment cost.

When the Group's share of losses on an investment carried under the equity method is equal to or exceeds its shareholding in the entity, including any other unsecured long-term receivable, the Group does not recognise additional losses, unless obligations have been incurred or payments have been made on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred.

The accounting policies of equity-consolidated companies are adapted when necessary to ensure consistency with the policies adopted by the Group.

The Group’s ownership in an associate is reduced but joint control or significant influence is retained, only the proportionate part of the amounts previously recognised in the consolidated statement of comprehensive income is reclassified to the consolidated income statement, if appropriate.

c) Business combinations

Business combinations are recorded using the acquisition method included in IFRS 3.

The consideration paid for the business combination is calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any consideration contingent on future events or compliance with certain conditions in exchange for control of the acquiree.

The consideration transferred excludes any amounts that do not form part of the exchange for the acquiree. Acquisition costs are recognised as an expense in the consolidated income statement when incurred.

The Group recognises the assets acquired and liabilities assumed at their acquisition-date fair value, the moment when the Group takes control of the acquiree. The liabilities assumed include contingent liabilities to the extent that they represent present obligations that arise as a result of past events and their fair value can be reliably measured.

The Group recognises any non-controlling interest in the acquired company on a purchase basis either at fair value or for the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess between the consideration paid, plus the value given to non-controlling interests, and the net value of assets acquired and liabilities assumed, is recognised as goodwill in the consolidated balance sheet.

If, however, the purchase is made on advantageous terms, the shortfall on income is recognised in the consolidated income statement following an assessment of the consideration paid, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired.

If the consideration paid contains amounts payable in the future, these are discounted to their present value at the acquisition date. The discount rate used is the incremental interest rate on the entity's borrowings, which is the rate at which a similar loan could be obtained from an independent financial institution under comparable terms and conditions. When the final amount of the deferred price may be affected by future events, the deferred price is estimated at the acquisition date and recorded as a liability. Any subsequent changes in the deferred price will result in an adjustment to the consolidated income statement for the year in which the change in estimate occurs, and the corresponding liability will also be adjusted.

If the business combination is achieved in stages, the carrying amount on the acquisition date of the equity interest previously held in the entity acquired is remeasured at fair value on the acquisition date, recognising any gain or loss in the consolidated income statement.

If the measurement processes required to apply the acquisition method described above cannot be completed by the end of the period in which the combination occurs, this accounting is considered to be provisional and the provisional values may be adjusted over the period needed to obtain the required information, which under no circumstances shall exceed one year. The effects of adjustments made in this period are accounted for retrospectively by amending the comparative information, if applicable.

If, after having acquired control, interests in a subsidiary are sold or purchased without a loss of control, the impacts of these transactions without change of control are accounted for in equity, without amending goodwill on consolidation.

d) Conversion of financial statements expressed in currencies other than the euro

The financial statements of the subsidiaries abroad which are denominated in foreign currency are converted to euros using the following procedures:

- All asset items, except for goodwill, have been converted at the exchange rate in force on the reporting date.

- Except for the Capital and Reserves headings (historic exchange rate) and Profit/(loss) for the year (average exchange rate), all liability and equity items have been translated at the exchange rate in force at the reporting date.

- Entries in the income statement are translated at the average exchange rate for the year as an approximation of the exchange rate at the transaction date.

The difference on exchange deriving from the application of this policy is included in the Differences on exchange caption in the accompanying consolidated balance sheet.

3. Significant accounting policies

The main accounting policies used to prepare these consolidated annual accounts in accordance with IFRS-EU and the interpretations prevailing at the time of authorising these consolidated annual accounts for issue, are as follows:

a) Intangible assets

As a general rule, intangible assets are recognised when they meet identification criteria and are initially measured at acquisition or production cost and are subsequently reduced by any accumulated amortisation and any accumulated impairment losses. The following specific criteria are used:

a.1) Industrial property

This caption records capitalised development expenses when the relevant patent or similar item is obtained. They are initially valued at acquisition or production cost, including registration and filing costs. They are amortised on a straight-line basis over their useful life (from 8 to 25 years). The INOTECH Cosmetics GmbH patent is initially measured at fair value, calculated using the multi-period excess earnings method, and is amortised over 20 years. It is considered that this period of time will contribute to the materialisation of profits, taking into account the life cycle of the technology linked to this patent.

a.2) Computer software

This heading includes amounts paid for ownership rights or the right to use computer programmes.

Computer software meeting the recognition criteria is capitalised at its acquisition or development cost. Computer software is amortised on a straight-line basis over a period of 3 to 5 years from the entry into service of each application.

The Group's internally developed software assets are recorded at accumulated cost, which is the sum of external costs plus internal costs, calculated on the basis of the materials consumed in-house and direct labour incurred.

Software maintenance costs are expensed in the consolidated income statement in the year they are incurred.

a.3) Goodwill

Goodwill generated in different business combinations represents the difference, at the acquisition date, between the cost of the acquisition and the fair value of the identifiable net assets acquired.

Goodwill is recognised as an intangible asset in the consolidated balance sheet and is not amortised. Assets are tested for impairment on an annual basis or whenever there is an indication that the asset may be impaired. Goodwill which has arisen from business combinations is allocated to each cash-generating unit that is expected to benefit from the synergies of the combination, applying the criteria outlined in Note 3c.

The impairment arising from such tests that results in a reduction in value to below the carrying amount is recognised in the consolidated income statement and cannot be reversed in the future. Similarly, income from purchases made on advantageous terms is recognised in the consolidated income statement once the fair value of the net assets acquired is confirmed.

In the event of the disposal or sale of a subsidiary or associate, any goodwill allocated to that company is included in the calculation of the gain or loss on the disposal or sale.

a.4) Other intangible assets

Portfolios of customer relationships acquired in a business combination are initially measured at fair value, calculated using the multi-period excess earnings method. They are amortised over a period of between 10 and 21 years depending on the estimated useful life of each portfolio, based on historic statistical evidence of the average length of the relationship.

b) Property, plant and equipment

Property, plant and equipment is recorded at acquisition and production cost.

The indirect taxes associated with property, plant and equipment are only included in the acquisition or production cost when they cannot be recovered directly from the Spanish tax authorities.

Notes to the consolidated annual accounts (thousand euro)

Extension, modernisation or improvement costs are only recorded as an increase in the value of the asset when they lead to an increase in the capacity, efficiency, productivity or useful life of the asset. On the other hand, repair and maintenance costs are recognised in the consolidated income statement in the year in which they are incurred.

Property, plant and equipment is depreciated on a straight-line basis based on the estimated useful lives of the assets concerned. The following depreciation rates are applied:

Category	Rate
Machinery	12.5%
Installations	15%
Moulds	33%
Other installations	20-33%
Furniture	15-25%
IT equipment	25-38%
Vehicles	16-25%
Other property, plant and equipment	20%

c) Impairment of intangible assets and property, plant and equipment

At each balance sheet reporting date, the Group assess whether there are indications of the possible impairment of non-financial assets.

The Group tests goodwill and intangible assets with indefinite useful lives or intangible assets that are not in a condition to be used and are not subject to amortisation for impairment at least annually, irrespective of whether there is any indication that they may be impaired. All other non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying amount exceeds the recoverable amount.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which largely independent cash inflows called cash-generating units (hereinafter, CGUs) exist. As a result, some assets are tested individually for impairment and others are tested at the CGU level. Goodwill is allocated to CGUs which are expected to benefit from the synergies of a related business combination and which represent the lowest level within the Group at which management monitors goodwill.

An impairment loss is recognised when the carrying amount of the asset or CGU exceeds its recoverable amount, which is the higher of fair value less disposal costs and value in use.

When determining value in use, management estimates the expected future cash flow of each CGU and determines an appropriate discount rate to calculate the present value of those cash flow. The data used for the impairment testing procedures are directly related to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and improvements to the assets. The discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses on cash-generating units first reduce the carrying amount of any goodwill allocated to that CGU. The remaining impairment losses are charged proportionally to the other assets of the CGU.

Impairment losses are recognised in the consolidated income statement for the year.

With the exception of goodwill, for which impairment losses cannot be reversed, all assets are subsequently reassessed to detect any indications that a previously recognised impairment loss no longer exists. An impairment loss is reversed when the recoverable amount of the asset or CGU exceeds its carrying amount. The impairment reversal income is recognised in the consolidated income statement for the year.

Method:
The method used by the Group to perform the impairment test comprises making projections

based on reasonable and well-founded assumptions.

The discount rate was calculated using the Weighted Average Cost of Capital (WACC) method: as follows:

$$WACC= Kd \times (1 - T) * D/V + Ke * E/V$$

Where:

Ke: Cost of capital and reserves	Kd: Cost of financial debt
E: Capital and reserves	D: Financial debt
V: Financial debt + Capital and reserves (D+E)	T: Corporate income tax

d) Leases and other similar transactions

In accordance with IFRS 16, at the start of a contract, the Group evaluates whether it is or contains a lease. A contract is or contains a lease if it transfers the right to control the use of an identified asset over a period of time in exchange for a consideration.

As lessee, the Group should:

1) Recognise a lease liability equal to the present value of the lease payments discounted using the rate implicit in the lease in the consolidated balance sheet. If this rate cannot be reliably determined, the Group uses its incremental borrowing rate. Lease payments include:

- fixed payments less lease incentives
- variable payments that depend on an index or rate, initially measured using the index or rate on the commencement date
- the amount that the lessee is expected to pay with residual value guarantees
- the exercise price of the call options, if the lessee is reasonably certain of exercising the options
- penalties for terminating the lease, if the term of the lease reflects the exercise of an option to terminate it

2) Recognise a right-of-use asset in the consolidated balance sheet, which is measured by reference to the amount of the associated financial liability, to which the direct expenses incurred to enter into the contract, payments made in advance and future dismantling costs are added.

3) Reflect amortisation/depreciation of the recognised asset and the annual finance cost associated with the financial liability in the consolidated income statement (together, these two components reflect the lease expense associated with fixed payments in the consolidated income statement).

4) Reflect, on both the consolidated balance sheet and the consolidated income statement, the tax effect associated with the difference between the IFRS 16 criteria and those applicable for tax purposes.

In those cases in which lease agreements have been assumed within the context of a business combination, the lease liability will be measured at the present value of the remaining lease payments as if the acquired lease were a new lease on the date the business is acquired. The right-of-use asset will be recorded at the same amount as the lease liability, adjusted to reflect any favourable or unfavourable lease conditions compared to market conditions. Lease liabilities are subsequently increased by the interest on the lease liability and reduced by the lease payments made. Similarly, the lease liability is re-measured if an amendment is made, the lease term is changed, the in-substance fixed lease payments are changed or the assessment for purchasing the underlying asset is changed.

Cash payments made for the lease liability principal will be classified in the consolidated cash flow statement under financing operations.

Right-of-use assets are subsequently measured at cost, less accumulated amortisation and impairment losses, and are adjusted for any changes in the measurement of the associated lease liabilities. The assets associated with rights-of-use will be subject to the relevant impairment tests as is the case with other intangible assets, as mentioned in Note 3c.

Short-term and low value leases:

The Group applies the practical exemption for recognising its short-term leases where the lease term is twelve months or less from the start date and where there is no purchase option, except for the leases that management expects to hold for a period of more than twelve months, even if they do not exceed twelve months. The payments associated with short-term lease agreements are recognised on a straight-line basis as an expense in the consolidated income statement.

The Group applies the practical expedient of exempting the recognition of low value leases. A low-value lease agreement is considered to be any whose underlying asset assigned for use has a value of less than €5,000. The payments associated with low-value lease agreements are recognised on a straight-line basis as an expense in the consolidated income statement for the period.

Judgements applied by the Group for lease agreements:

The main Group policies, estimates and criteria as regards lease agreements are as follows:

- Discount rates: given the impossibility of easily determining the interest rate implicit in lease contracts, the incremental interest rate has been used for the initial lease liability calculation. This represents the interest rate that a lessee would have to pay for borrowing for a similar term, and with a similar security, the funds needed to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

- The term of the lease taken into consideration for each agreement: the lease period considered depends essentially on whether or not the lease contains unilateral termination and/or renewal clauses giving the Group the right to terminate in advance or extend the agreements.

e) Financial instruments

Financial assets and liabilities are recognised when the Group becomes one of the contractual parties to the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flow from the financial asset expire or when the financial asset and substantially all the risks and rewards have been transferred. A financial liability is derecognised when it is discharged, settled, cancelled or expires.

e.1) Financial assets

Recognition, classification and measurement

Pursuant to IFRS 9, the Group classifies its financial assets as follows:

Financial assets at amortised cost

This is the most significant category for the Group. The Group measures its financial assets at amortised cost if they meet the following terms:

- The financial asset is held within the framework of a business model whose purpose is to hold financial assets in order to obtain contractual cash flow.
- The contractual conditions of the financial asset give rise, on certain dates, to cash flow constituting solely payments of principal plus interest on the outstanding principle.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit/(loss) for the year when the asset is derecognised, amended or impaired.

Financial assets at fair value

Financial assets at fair value through consolidated profit or loss

These are assets acquired for sale in the short-term. Financial derivatives are considered in this category unless they are designated as hedging instruments. These financial assets are measured both initially and subsequently at fair value and any changes in that value are reflected in the consolidated income statement for the year.

At 31 January 2023 and 2022, the Group does not have any financial assets in this category.

Financial assets at fair value through consolidated comprehensive income

These are equity instruments for which the Group has made the irrevocable choice to record them in this category at the time of initial recognition. They are recognised at fair value and any increases or decreases that arise due to changes in fair value are recorded under consolidated comprehensive income, except for the dividend resulting from those investments, which will be recognised in profit or loss for the period. Accordingly, impairment losses are not recognised in profit or loss and at the time of their sale gains or losses are not reclassified to the consolidated income statement.

At 31 January 2023 and 2022, the Group does not have any financial assets in this category.

Investments in equity of Group companies and associates

This includes investments in the equity of companies over which control is held and which have been excluded from the consolidation scope (see Note 1d).

They are initially recognised at fair value. In the absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration paid plus directly attributable transaction costs.

Subsequent to initial recognition, these financial assets are measured at fair value. In certain circumstances however, this is considered to be an appropriate estimate of the cost. This is the case if recent available information is insufficient to determine fair value or if there are a number of possible fair value measurements and cost represents the best estimate within that range.

Derecognition

Financial assets are derecognised when the rights to the cash flow from the financial asset have expired or have been transferred and the risks and rewards of ownership have been substantially transferred. This is the case in binding agreements for sales of assets, transfers of trade receivables in factoring transactions in which the Company retains no credit or interest rate risk, sales of financial assets with an agreement to repurchase them at fair value and securitisations of financial assets whereby the transferee neither retains any subordinated financing nor extends any type of guarantee or incurs any other type of risk. Financial assets are not eliminated and a financial liability is recognised in an amount equal to the consideration received for the assignment of assets for which the risks and benefits inherent to ownership have been retained.

Impairment

The Group calculates the impairment of financial assets using a simplified expected-loss model. The Group recognises the expected loss, as well as changes in that amount at each reporting date, to reflect changes in credit risk since initial recognition and without waiting for an impairment event to take place.

e.2) Financial liabilities

Financial liabilities are classified in the following categories: financial liabilities at fair value through consolidated profit or loss and other financial liabilities.

Other financial liabilities (including loans, trade and other payables) are recorded at amortised cost using the effective interest rate method. It is estimated that the fair value of financial liabilities does not differ significantly from their carrying amount.

<u>Effective interest rate method</u>

The effective interest method is the method of calculating the amortised cost of a financial instrument. Effective interest is the discount percentage of the estimated future cash payable over the life of a financial instrument. The Group records trade payables without explicitly accruing interest and they are recorded at nominal value as they have a term of less than one year.

The Group derecognises financial liabilities only when the obligations have been paid, cancelled or have expired. The difference between the carrying amount of derecognised financial liabilities and the payment is recorded in the consolidated income statement.

f) Derivative financial instruments and hedge accounting

Derivative financial instruments are stated at fair value through profit or loss except those financial derivatives designated to be hedge instruments in cash flow hedge relationships, which require a specific accounting treatment. In order to qualify for hedge accounting, the hedge relationship must comply with all of the following requirements:

- there is a financial relationship between the hedged item and the hedge instrument.

- the effect of credit risk does not dominate the changes in value that result from that financial relationship

- the hedge ratio regarding the hedging relationship is the same that results from the amount of the hedged item that the entity actually hedges and the amount of the hedge instrument that the Group actually uses to cover that amount of the hedged item.

In the years being reported, the Group has designated certain currency forward contracts as hedge instruments within the cash flow hedge relationships. These contracts have been obtained

to mitigate the exchange rate risk deriving from certain purchase and sale transactions that are considered to be highly likely and dominated in foreign currency.
All derivative financial instruments used for hedge accounting are initially recognised at fair value and are subsequently recorded at fair value in the consolidated balance sheet.

If the hedge is effective, changes in the fair value of the financial derivatives designated as hedge instruments in cash flow hedges are recognised in the consolidated statement of comprehensive income and are included as part of the cash flow hedge reserve under consolidated equity. Any inefficiency in the hedge relationship is immediately recognised in the consolidated income statement for the year.

At the time that the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and is presented as a reclassification adjustment within other consolidated comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the profit or loss previously recognised in other consolidated comprehensive income is included in the initial measurement of the hedged item.

If the expectation is that a planned transaction will no longer take place, any gain or loss relating to that item that has been recognised in other consolidated comprehensive income is immediately transferred to profit or loss for the year. If the hedge relationship ceases to comply with the efficiency conditions, the hedge accounting is interrupted and the relevant gain or loss is maintained in capital reserves until the planned transaction takes place.

g) Applicable measurement techniques and assumptions used to measure the fair value of financial instruments and financial derivatives

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets or financial liabilities with standard terms and conditions traded on active liquid markets are determined by reference to their quoted market prices.
- - The fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions and dealer quotes for similar instruments.

The fair value measurements in these consolidated annual accounts are classified using a hierarchy of fair value that reflects the relevance of the variables used to calculate those measurements. The hierarchy consists of three levels:

- Level 1: Measurements based on the listed price of identical instruments on an active market. The fair value is based on listed market prices at the consolidated balance sheet date.

- Level 2: Measurements based on variables that are observable with respect to assets and liabilities. The fair value of financial assets and liabilities included in this category is determined by using measurement techniques. The measurement techniques maximise the use of observable market information that is available and are based as little as possible on specific estimates made by the Group. If the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Level 3.

- Level 3: Instruments whose fair value has been estimated through the use of measurement techniques in which some significant input is not based on observable market information.

At 31 January 2023 and 2022, the Group has no financial assets and liabilities that need to be measured in accordance with Levels 1 and 2 of the aforementioned fair value hierarchy. The fair value of the assets acquired and liabilities assumed in business combinations are considered to be Level 3 in the aforementioned hierarchy.

h) Inventories

Inventories are measured at the lower of acquisition cost or net realisable value. They are valued using the average price method. Trade discounts, rebates, other similar items and interest included in the face value of the related payables are deducted when determining the purchase price.

Net realisable value is the estimated selling price less the estimated costs of completion and costs to be incurred in marketing, selling and distribution.

When the net realisable value of inventories is less than their acquisition price or production cost, all measurement adjustments are applied and recognised as an expense in the consolidated income statement.

If the circumstances giving rise to the value adjustment cease to exist, the amount of the adjustment will be reversed, recognising income in the consolidated income statement.

Moreover, the measurement of obsolete, defective or slow-moving products has been reduced to their possible realisation value, and the adjustment is recognised in the consolidated income statement for the year.

i) Cash and cash equivalents

Includes cash and cash equivalents, which mainly comprise certificates of deposit and other money market assets maturing in three months or less. These elements are measured at acquisition cost, which is similar to their realisable value.

j) Equity instruments

An equity-based instrument represents a residual interest in the equity of the Parent company once all of its liabilities have been deducted. Equity-based instruments issued by the Parent company are recognised in equity at the amount received, net of issue costs.

Treasury shares acquired by the Parent company during the year are recognised at the value of the consideration paid in exchange, directly as a reduction in consolidated equity. The results deriving from the purchase, sale, issue or amortisation of equity instruments are recognised directly in consolidated equity and in no case is any gain or loss recognised in the consolidated income statement.

k) Provisions and contingencies

At the date of authorisation for issue of these consolidated annual accounts, the Group differentiates between:

- Provisions: balances payable that cover present obligations at the consolidated balance sheet date arising from past events, the settlement of which will involve an outflow of resources that are uncertain as to their amount and/or timing, but which can be estimated fairly reliably.

- Contingent liabilities: possible obligations that arise from past events and whose future existence and impact on equity will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the consolidated companies and which are thought to be not likely. In accordance with IFRS-EU, the Group does not recognise any provisions for these items, although if they do exist, they are disclosed in the consolidated annual accounts, as required.

The provisions for product warranties, litigation, onerous contracts or other claims are recognised when the Group has a current legal or constructive obligation arising as a result of a past event, it is likely that an outflow of the Group's financial resources will be required and the amounts may be reliably estimated despite the timing or amount of the outflow being uncertain.

Restructuring provisions are only recognised if there is a formal detailed plan for restructuring and management has reported the main characteristics of the plan to the affected parties or has begun to implement it. No provisions are recognised for future operating losses.

The provisions are measured at the estimated expense necessary to settle the present obligation based on the most reliable evidence available at the closing date, including any risks or uncertainties associated with the present obligation. When there are several similar obligations, the likelihood that a settlement outflow will be required is determined using the type of obligations taken as a whole. The provisions are discounted to their present values when the time value of money is significant.

Any reimbursement that the Group is practically certain it will receive from a third party with respect to the obligation is recognised as a separate asset in the consolidated balance sheet. However, this asset may not exceed the amount of the relevant provision.

l) Income tax

Income tax expense (or income where applicable) recognised in the consolidated income statement for the year comprises the deferred tax and current tax not recognised in the consolidated statement of comprehensive income or directly in consolidated equity.

Current tax is calculated using tax rates and tax legislation that has been enacted. Deferred tax is calculated using the balance sheet liability method on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated annual accounts. The tax laws and tax rates that have been enacted or substantially enacted at the reporting date and are expected to be applicable when the corresponding deferred tax asset is realised or deferred tax liability is settled are used.

Deferred tax assets are recognised to the extent that it is probable that there will be taxable profits in the future against which the deductible temporary differences or unused tax losses or tax credits can be offset . Deferred tax assets that may arise on temporary differences with subsidiaries are recognised if, in addition, it is likely that these differences will be reversed in the foreseeable future.

Deferred tax liabilities arising on temporary differences with subsidiaries are always recognised, unless the Group can control the date on which the temporary differences shall be reversed and they are not likely to be reversed in the foreseeable future.

In 2020, the Group companies registered in Spain began to be taxed on a consolidated basis, forming part of a corporate tax group of which Quadpack Industries S.A. is the Parent. The following companies belong to this group: Quadpack Industries S.A., Quadpack Spain. S.L.U., Quadpack Manufacturing Division, S.L., Quadpack Wood, S.L.U., Quadpack Impressions, S.L.U. and Quadpack Plastics, S.A.U.

The remaining Group companies file individual tax returns.

m) Income and expense - IFRS 15 Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration the Group expects to receive in exchange for the transfer of goods and services to a customer. Revenue is recognised when the customer obtains control of the goods or services.

Specifically, the Group recognises revenue based on the 5-step model set out in IFRS 15 - Revenue from contracts with customers:

- Step 1: Identify the contract
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue as the performance obligations are satisfied

Despite this distinction, the revenue recognition model set out in IFRS 15 is analysed jointly, as there are no significant differences between the categories.

Identify the contract

The Group identifies a contract when both parties approve the commercial relationship entered into through orders and/or contracts where the inherent rights and obligations of both parties are established, specifying the goods to be transferred, the price and the payment terms. The Group also verifies the financial viability of each order and/or contract, either by guaranteeing it with credit insurance or by requesting advance payment, except for large strategic customers, who are listed companies and therefore subject to a lower risk of insolvency.

Identify the performance obligations in the contract

At contract inception, the Group assesses the goods or services promised in a contract with a customer and shall identify each commitment to transfer to the customer as a performance obligation:

- a good or service (or a bundle of goods or services) that is distinct
- a number of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Determine and assign the transaction price

The Group considers the terms of the contract and its standard business practices to calculate the transaction price. The transaction price is recognised in the amount of the consideration to which the Group expects to be entitled for transferring goods or services to customers, excluding amounts collected on behalf of third parties. The consideration committed in an order/contract with a customer may include fixed and variable amounts, or both.

The Group sets the transaction price on a project-specific basis during the trading period with no significant changes in prices unless there are significant changes in the market.

When identifying the performance obligations in the order/contract, i.e. whether it is one good or service or whether it is a number of goods or services, the Group allocates the price to each transaction for each of the goods or services separately.

If a customer pays consideration, or the Group has an unconditional right to receive an amount as consideration (i.e., a receivable) before the Group transfers a good or service to the customer, the Group records a contractual liability when the payment is made or becomes due (whichever occurs first). This liability recognises the Group's obligation to transfer assets or services to a customer from whom consideration has already been received (or this consideration is already due from the customer).

Revenue recognition

The Group recognises income from ordinary activities when (or as) it satisfies a performance obligation through the transfer of the promised goods or services (i.e., one or more assets) to the customer. An asset is transferred when (or to the extent to which) the client obtains control over that asset. The Group normally meets its performance obligations at the time the products are delivered. Generally speaking, there are no post-invoice delivery agreements.

In the vast majority of its transactions, the Group transfers ownership of the goods to its customers at the contractually agreed point of delivery and issues the relevant invoice at the same time. The most common delivery points are the customer's premises or the Group's own facilities.

n) Termination benefits

By law, in certain circumstances the Group is liable to pay termination benefits to employees whose services are discontinued. Consequently, termination benefits that can be reasonably quantified are recognised as an expense in the year in which the decision to terminate the employee's contract is made and an expectation vis-à-vis a third party is created.

o) Foreign currency transactions

Cash and receivables expressed in a foreign currency are converted to the local currency at the exchange rate in force on the transaction date and are later measured at the year-end exchange rate.

Exchange differences that arise as a result of the year-end valuation of payables and receivables denominated in foreign currency are recorded directly in the consolidated income statement.

p) Related party transactions

Transactions between related parties, regardless of the degree of association, are initially recognised at fair value in accordance with the general rules. Where applicable, if the agreed price for a transaction differs from its fair value, the difference is recognised based on the financial reality of the transaction.

The Group carries out all operations with related parties at market values. Transfer pricing is adequately documented and the Parent's directors consider that no significant risks exist in this respect which could give rise to significant liabilities in the future.

q) Consolidated cash flow statement

The consolidated cash flow statement has been prepared using the indirect method and contains the terminology defined below:

- Operating activities: the Group's ordinary revenue-generating activities and other activities that may not be classed as investing or financing activities.
- Investing activities: acquisition, sale or disposal by other means of long-term assets and other investments not included in cash and cash equivalents.
- Financing activities: activities that alter the amount and structure of equity and liabilities that are not operating activities.

r) Earnings per share

Basic earnings per share are calculated by dividing net profit or loss for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the number of shares held by the Parent.

Diluted earnings per share are calculated by dividing net profit or loss for the year attributable to ordinary shareholders, adjusted for the effect attributable to dilutive potential ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued if all potential ordinary shares were converted into ordinary shares of the Parent. For these purposes, conversion is deemed to take place at the beginning of the financial year or when the potential ordinary shares are issued, if these shares were put into circulation during the financial year.

s) Segment reporting

The Group is internally organised by operating segments which, in general, coincide with the activities carried out by the various companies within the consolidation scope. Note 24 includes the most important segment information.

4. Business combinations

On 13 August 2021, the Group, through Louvrette GmbH x design packaging, entered into an agreement to purchase 100% of the share capital of Stefan Wicklein Kunststoffveredelung GmbH. The transaction was completed on 30 September 2021, for a cash consideration of €3,025 thousand and taking on a debt of €2,240 thousand.

Stefan Wicklein Kunststoffveredelung GmbH is a German company engaged in packaging decoration, one of the main specialist suppliers of hot stamping technology. Hot stamping is a complex, specialised technique used to decorate cosmetic containers and is considered to be the most sustainable alternative to metallisation.

Stefan Wicklein Kunststoffveredelung GmbH has been fully consolidated within the Quadpack Group since the transaction date, so that as of 31 January 2022 the value of all its assets and liabilities was included in the consolidated balance sheet. The amounts recognised as of the acquisition date for the assets and liabilities acquired were not significant. Management considered that the carrying amounts of these assets and liabilities coincide with fair value.

Furthermore, the relevant effect of the transactions was consolidated in the Group's financial statements and included in the consolidated income statement for the year. Net sales for the period from the take-over date to year end totalled €2,421 thousand, generating a negative result of €86 thousand. If the acquisition had taken place at the start of the year, net sales would have stood at €7,654 thousand, generating a negative result of €394 thousand.

On 31 January 2022, the Group recorded the allocation of the fair value of the assets and liabilities acquired on a provisional basis and, therefore, as set out in IFRS 3, had a period of one year from closing the transaction to complete the measurement process. Specifically, the allocation and provisional recording of the value of property, plant and equipment and intangible assets was made using an internal study, pending receipt of the results of the valuation of these assets by an independent expert.

As a result, during 2022-23 there were upward and downward changes to the fair value assigned to and finally recorded for the assets and liabilities acquired. In particular, there has been a reduction in property, plant and equipment of €362 thousand relating to machinery, an increase in intangible assets of €311 thousand and €3 thousand relating to goodwill and the customer portfolio respectively, and a decrease in deferred tax liabilities of €48 thousand.

The total consideration for the transaction and the fair values of the assets acquired, the liabilities assumed and the resulting goodwill are summarised below:

Notes to the consolidated annual accounts (thousand euro)

Consideration transferred in business combination

The fair value of the consideration transferred in the business combination amounted to €3,025 thousand. The details of this amount are as follows:

Cash	3,025
Total consideration transferred	**3,025**

Assets and liabilities assumed on the acquisition date

The fair value of the assets acquired and the liabilities assumed was as follows:

Identifiable net assets acquired	**Carrying amount (*)**	**Capital gains (*)**	**Consolidated values (*)**
Intangible assets	713	909	1,622
Tangible assets	1,629	1,512	3,141
Inventories	743	-	743
Receivables	276	-	276
Accruals	33	-	33
Other current assets	8	-	8
Cash and cash equivalents	14	-	14
Total assets	3,416	2,421	5,837
Provisions	89	-	89
Other debt	741	-	741
Bank borrowings	219	-	219
Finance lease payables	567	-	567
Lease liabilities	713	-	713
Suppliers and other payables	733	-	733
Other liabilities	502	-	502
Deferred tax liabilities	-	637	637
Total liabilities	3,564	637	4,201
Fair value of identifiable net assets acquired	**(148)**	**1,784**	**1,636**

(*) Amounts restated for comparison purposes, as described in Note 4.

Goodwill arising on the business combination

The following goodwill was originally shown in this business combination:

Consideration transferred	3,025
Less - Fair value of net assets acquired	(1,636)
Goodwill	**1,389**

Notes to the consolidated annual accounts (thousand euro)

5. Intangible assets

Movement

Changes in intangible assets in the consolidated balance sheet in the years ended 31 January 2023 and 2022 are as follows:

	31.01.2022	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Cost						
Right-of-use assets	11,591	4,510	-	-	-	16,101
Industrial property	3,175	6	-	8	-	3,189
Goodwill	20,751	-	-	-	-	20,751
Computer software	2,149	806	-	3,270	4	6,229
Other intangible assets	14,847	289	-	(3,278)	-	11,858
Total	**52,513**	**5,611**	**-**	**-**	**4**	**58,128**

	31.01.2022	Allocation	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Accumulated amortisation						
Right-of-use assets	(7,383)	(2,543)	-	-	21	(9,905)
Industrial property	(444)	(208)	-	-	-	(652)
Goodwill	-	-	-	-	-	-
Computer software	(1,495)	(1,008)	-	-	(3)	(2,506)
Other intangible assets	(1,451)	(618)	-	-	-	(2,069)
Total	**(10,773)**	**(4,377)**	**-**	**-**	**18**	**(15,132)**

	31.01.2022	Allocation	Reversal	Transfers	Differences on exchange	31.01.2023
Impairment						
Right-of-use assets	-	-	-	-	-	-
Industrial property	-	-	-	-	-	-
Goodwill	(906)	-	-	-	-	(906)
Computer software	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-
Total	**(906)**	**-**	**-**	**-**	**-**	**(906)**

	31.01.2022	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Carrying amount						
Right-of-use assets	4,208	1,967	-	-	21	6,196
Industrial property	2,731	(202)	-	8	-	2,537
Goodwill	19,845	-	-	-	-	19,845
Computer software	654	(202)	-	3,270	1	3,723
Other intangible assets	13,396	(329)	-	(3,278)	-	9,789
Total	**40,834**	**1,234**	**-**	**-**	**22**	**42,090**

	31.01.2021	Inclusions to scope (*)	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2022 (*)

Cost							
Right-of-use assets	9,769	713	1,109	-	-	-	11,591
Industrial property	2,811	364	-	-	-	-	3,175
Goodwill	19,362	1,389	-	-	-	-	20,751
Computer software	1,809	-	11	(186)	502	13	2,149
Other intangible assets	12,478	545	2,322	-	(502)	4	14,847
Total	**46,229**	**3,011**	**3,442**	**(186)**	**-**	**17**	**52,513**

	31.01.2021	Inclusions to scope (*)	Allocation	Disposals or reductions	Transfers	Differences on exchange	31.01.2022 (*)
Accumulated amortisation							
Right-of-use assets	(5,293)	-	(2,095)	-	-	5	(7,383)
Industrial property	(263)	-	(181)	-	-	-	(444)
Goodwill	-	-	-	-	-	-	-
Computer software	(1,482)	-	(189)	186	-	(10)	(1,495)
Other intangible assets	(863)	-	(588)	-	-	-	(1,451)
Total	**(7,901)**	**-**	**(3,053)**	**186**	**-**	**(5)**	**(10,773)**

	31.01.2021	Inclusions to scope (*)	Allocation	Reversal	Transfers	Differences on exchange	31.01.2022 (*)
Impairment							
Right-of-use assets	-	-	-	-	-	-	-
Industrial property	-	-	-	-	-	-	-
Goodwill	(420)	-	(486)	-	-	-	(906)
Computer software	-	-	-	-	-	-	-
Other intangible assets	-	-	-	-	-	-	-
Total	**(420)**	**-**	**(486)**	**-**	**-**	**-**	**(906)**

	31.01.2021	Inclusions to scope (*)	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2022 (*)
Carrying amount							
Right-of-use assets	4,476	713	(986)	-	-	5	4,208
Industrial property	2,548	364	(181)	-	-	-	2,731
Goodwill	18,942	1,389	(486)	-	-	-	19,845
Computer software	327	-	(178)	-	502	3	654
Other intangible assets	11,615	545	1,734	-	(502)	4	13,396
Total	**37,908**	**3,011**	**(97)**	**-**	**-**	**12**	**40,834**

(*) Amounts restated for comparison purposes, as described in Note 4.

In 2020-21, the Group began to roll out SAP S4/Hana as the new data management system. During 2021-22, product configuration was developed and the system was rolled out at two of the Group's Spanish holding companies. In 2022-23 the system was rolled out at three Group companies engaged in the sales of perfume and cosmetics packaging and containers. The carrying amount linked to this asset, which takes into consideration the description in IAS 38 relating to cloud software, at 31 January 2023 amounts to €3,413 thousand (€3,530 thousand at 31 January 2022).

<u>Fully amortised assets</u>

The cost of fully amortised intangible assets still in use is as follows:

Notes to the consolidated annual accounts (thousand euro)

Heading	31.01.2023	31.01.2022
Computer software	1,411	1,157
Total	**1,411**	**1,157**

Other intangible assets

The Group's most relevant intangible assets, excluding the goodwill detailed below, are the customer portfolio related to the acquisition of Louvrette GmbH x design packaging in 2019-20 with a carrying amount of €8,180 thousand at 31 January 2023 (€8,647 thousand at 31 January 2022) with a remaining amortisation period of 17 years. Furthermore, with regard the acquisition of INOTECH Cosmetics GmbH in 2019-20, a customer portfolio and patent were recognised with a carrying amount of €685 thousand and €2,034 thousand at 31 January 2023, respectively (€791 thousand and €2,158 thousand, respectively at 31 January 2022) with a remaining amortisation period of 7 and 17 years, respectively.

The intangible assets linked to right-of-use assets are detailed in Note 7.

Goodwill

The goodwill balance is as follows:

31.01.2023

Company	Cost	Impairment	Carrying amount
Quadpack Americas LLC.	623		623
Quadpack UK Ltd.	2,506	-	2,506
Quadpack Plastics, S.A.U.	906	(906)	-
Quadpack Australia PTY Ltd.	1,723	-	1,723
Louvrette GmbH design x packaging	12,179	-	12,179
INOTECH Cosmetics GmbH	1,425	-	1,425
Stefan Wicklein Kunststoffveredelung GmbH	1,389	-	1,389
Total	**20,751**	**(906)**	**19,845**

31.01.2022 (*)

Company	Cost	Impairment	Carrying amount
Quadpack Americas LLC.	623		623
Quadpack UK Ltd.	2,506	-	2,506
Quadpack Plastics, S.A.U.	906	(906)	-
Quadpack Australia PTY Ltd.	1,723	-	1,723
Louvrette GmbH design x packaging	12,179	-	12,179
INOTECH Cosmetics GmbH	1,425	-	1,425
Stefan Wicklein Kunststoffveredelung GmbH	1,389	-	1,389
Total	**20,751**	**(906)**	**19,845**

(*) Amounts restated for comparison purposes, as described in Note 4.

Impairment

The Group regularly assesses the recoverability of goodwill based on the business plans of the various CGUs to which it is allocated, discounting the expected future cash flow.

Method:

The Group tests goodwill for impairment on an annual basis. The recoverable amount of a CGU to which goodwill is allocated is the higher of fair value less costs to sell and value in use.

The recoverable amount of the CGU to which the goodwill relates has been calculated at its value in use, using discounted cash flow methods which are based on projections of budgets and/or strategic plans approved by the Group that take into consideration past experience and represent the Group's best estimate of market developments, analysing the macroeconomic and competitive environment, as well as the characteristics of the environment. These projections are corrected on the basis of the level of compliance with strategic plans and/or financial budgets.

The budgets approved by the Group cover a five-year period which, for the cash flow exercise, are extrapolated using a growth rate equal to the medium-term growth rate expected by the Group's management for each business unit so as to cover a ten-year period, as set out in IAS 36.35.

The key assumptions for calculating value in use include the discount rate, the growth rate in perpetuity and the sales growth rate.

In accordance with the estimates and projections available to the Parent company's directors, forecast cash flow for the CGUs to which goodwill is assigned will cover the goodwill recorded at 31 January 2023 and 2022.

At year-end 2022-23, Group management carried out the impairment test using the following shared assumptions in the budgets and/or strategic plans:

1) Projected income and expense

Group Management prepares and updates its Business Plan by geographical region and activity. The main features of this plan are projected operational income and expense, investments and working capital. The Business Plan includes the 2023-24 budget approved by the Parent company's Board of Directors and the outlook for the next ten years.

To calculate the recoverable amount of each asset, the present value of its cash flow has been determined based on the 2023-24 budget and the Business Plan prepared by Group Management for the coming years. The Business Plan and future projections have been prepared using past experience and the best available estimates. As a result, the income and margins considered reflect the best available estimates on expected changes in the industries in which the Group operates.

2) Perpetuity and growth rate

Terminal value is calculated by estimating the value of the CGU using the going concern principle. The "Gordon-Shapiro" approach is applied, which represents the residual value as sustainable perpetual income growing at a constant rate. Expected growth in each of the geographical regions the Group operates in is estimated to be very similar to the expected growth rate. The data are taken from long-term inflation and GDP expectations.

3) Discount rate

The discount rates used are pre-tax rates, reflecting current market valuations for:

a) The time value of money; and
b) Asset-specific risks for which the future cash flow estimates have not been adjusted.

Discount pre-tax rates for the CGUs, depending on the country, at 31 January 2023 and 2022 are as follows:

Notes to the consolidated annual accounts (thousand euro)

Country	31.01.2023	31.01.2022
Germany	13.9%	9.1%
Australia	14.9%	11.3%
USA	11.9%	9.8%
United Kingdom	13.8%	10.1%

Sensitivity to changes in key assumptions

The sensitivity analysis of the goodwill impairment test allocated to CGUs on the discount rate and sales growth is based on the following assumptions:

- Sensitivity of discount rate (WACC): Upward fluctuations up to 5% do not bring to light any goodwill impairment recognition.

- Sensibility of sales growth: Downward fluctuations up to 10% sales in the projected period, all other assumptions remaining unchanged with regard management's business plan, do not bring to light impairment recognition.

This sensitivity analysis shows that the CGUs do not present significant risks associated with reasonably possible changes in the individual financial and operating variables considered.

At 31 January 2022, the Parent company's directors agreed to impair the goodwill linked to Quadpack Plastics, S.A.U. for €486 thousand, given the losses accumulated during the last few years, thus the goodwill linked to this company is impaired in full. At 31 January 2023, no impairment of the Group's intangible assets has been detected.

Other information

At 31 January 2023 and 2022, the Group has no significant binding commitments to purchase intangible assets. In addition, there are no intangible assets whose ownership is subject to restrictions or pledged as security for liabilities.

Notes to the consolidated annual accounts (thousand euro)

6. Property, plant and equipment

Movement

Changes in property, plant and equipment in the consolidated balance sheet in the years ended 31 January 2023 and 2022 are as follows:

	31.01.2022	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Cost						
Land and buildings	8,710	400	-	-	(3)	9,107
Technical installations and other items	45,914	1,690	(419)	1,533	(36)	48,682
Advances and property, plant and equipment under construction	2,352	2,650	(408)	(1,533)	2	3,063
Total	**56,976**	**4,740**	**(827)**	**-**	**(37)**	**60,852**

	31.01.2022	Allocation	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Accumulated depreciation						
Land and buildings	(3,332)	(251)	-	-	1	(3,582)
Technical installations and other items	(27,731)	(4,575)	347	-	37	(31,922)
Advances and property, plant and equipment under construction	-	-	-	-	-	-
Total	**(31,063)**	**(4,826)**	**347**	**-**	**38**	**(35,504)**

	31.01.2022	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2023
Carrying amount						
Land and buildings	5,378	149	-	-	(2)	5,525
Technical installations and other items	18,183	(2,885)	(72)	1,533	1	16,760
Advances and property, plant and equipment under construction	2,352	2,650	(408)	(1,533)	2	3,063
Total	**25,913**	**(86)**	**(480)**	**-**	**1**	**25,348**

	31.01.2021	Inclusions to scope (*)	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2022 (*)
Cost							
Land and buildings	8,708	-	-	-	-	2	8,710

Notes to the consolidated annual accounts (thousand euro)

Technical installations and other items	40,015	3,113	1,191	(183)	1,695	83	45,914
Advances and property, plant and equipment under construction	1,624	28	2,394	-	(1,695)	1	2,352
Total	**50,347**	**3,141**	**3,585**	**(183)**	**-**	**86**	**56,976**

	31.01.2021	Inclusions to scope	Allocation	Disposals or reductions	Transfers	Differences on exchange	31.01.2022
Accumulated depreciation							
Land and buildings	(3,085)	-	(247)	-	-	-	(3,332)
Technical installations and other items	(23,582)	-	(4,266)	183	-	(66)	(27,731)
Advances and property, plant and equipment under construction	-	-	-	-	-	-	-
Total	**(26,667)**	**-**	**(4,513)**	**183**	**-**	**(66)**	**(31,063)**

	31.01.2021	Inclusions to scope	Additions	Disposals or reductions	Transfers	Differences on exchange	31.01.2022
Carrying amount							
Land and buildings	5,623	-	(247)	-	-	2	5,378
Technical installations and other items	16,433	3,113	(3,075)	-	1,695	17	18,183
Advances and property, plant and equipment under construction	1,624	28	2,394	-	(1,695)	1	2,352
Total	**23,680**	**3,141**	**(928)**	**-**	**-**	**20**	**25,913**

(*) Amounts restated for comparison purposes, as described in Note 4.

During 2022-23, €2,650 thousand of assets under construction have been capitalised (€2,394 in 2021-22), mainly relating to the investment in the decoration centre being built in Kierspe, moulds under construction and machinery.

In 2022-23, assets recorded as assets under construction were sold once they were ready for use with a carrying amount of €480 thousand and a selling price of €514 thousand, generating a gain of €34 thousand recorded under Impairment and gains/losses on disposal of fixed assets in the consolidated income statement.

Fully depreciated assets

The cost of fully depreciated property, plant and equipment still in use is as follows:

Heading	31.01.2023	31.01.2022
Technical installations and other items	18,224	15,722
Total	**18,224**	**15,722**

Other information

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are subject. At the 2022-23 and 2021-22 reporting dates these risks are fully covered.

At 31 January 2023 and 2022, the Group has no significant binding commitments to purchase property, plant and equipment.

7. Leases

The Group leases assets, mainly offices, industrial buildings, warehouses, machinery, vehicles, IT equipment and IT licences. Below are details of the leases in which the Group acts as lessee:

Amounts recognised in the consolidated balance sheet

At 31 January 2023 and 2022, the amounts recognised in the consolidated balance sheet relating to lease agreements are as follows (in thousands of euro):

Right-of-use assets

Right-of-use assets	31.01.2023	31.01.2022
Warehouses	64	61
Other	1	4
IT equipment	62	-
Licences	437	-
Machinery	69	51
Industrial bays	3,599	1,567
Offices	1,465	1,939
Vehicles	499	586
Total carrying amount	**6,196**	**4,208**

Additions to right-of-use assets in the year ended 31 January 2023 amount to €4,510 thousand (€1,109 thousand in the year ended 31 January 2022).

Lease liabilities

Lease liabilities	31.01.2023	31.01.2022
Non-current	4,346	2,801
Current	1,920	1,457
Total	**6,266**	**4,258**

The lease liabilities are secured by the relevant underlying assets described above.

Minimum future lease payments at 31 January 2023 and 2022 are as follows:

	2023-24	2024-25	2025-26	2026-27	> 2027-28	Total
At 31 January 2023						
Lease payments	2,050	1,613	1,196	646	1,214	**6,719**
Financing costs	(130)	(105)	(82)	(62)	(74)	**(453)**
Net present value	**1,920**	**1,508**	**1,114**	**584**	**1,140**	**6,266**

	2022-23	2023-24	2024-25	2025-26	> 2026-27	Total
At 31 January 2022						
Lease payments	1,481	1,107	858	675	190	**4,311**
Financing costs	(24)	(15)	(9)	(4)	(1)	**(53)**
Net present value	**1,457**	**1,092**	**849**	**671**	**189**	**4,258**

Amounts recognised in the consolidated income statement

At 31 January 2023 and 2022, the amounts recognised in the consolidated income statement relating to lease agreements are as follows (in thousands of euro):

Notes to the consolidated annual accounts (thousand euro)

Amortisation allowance for right-of-use assets	2022-23	2021-22
Warehouses	70	66
Other	3	72
IT equipment	8	-
Software licences	485	212
Machinery	36	33
Industrial bays	847	646
Offices	787	764
Vehicles	307	302
Total	**2,543**	**2,095**

Finance cost on lease liabilities	2022-23	2021-22
Finance cost on lease liabilities	75	37
Total	**75**	**37**

Amounts recognised in the consolidated cash flow statement

In the year ended 31 January 2023, cash outflows relating to lease agreements totalled €2,523 thousand (€2,093 thousand in the year ended 31 January 2022).

Lease agreements in which the Group acts as lessee

All the amounts recognised in the consolidated balance sheet relate to lease agreements in which the Group acts as the lessee. Quadpack manages and operates under lease agreements on all the infrastructures from where it carries out its business. The Group's main activities are carried out in offices, industrial buildings and warehouses. The Group also leases machinery, vehicles and IT equipment and licences to a lesser extent.

The Group considers that it meets the conditions to affirm that it does not assume substantially all the risks and rewards inherent to the ownership of the assets covered by the lease agreements insofar as there are no contractual terms providing for the transfer of ownership of the asset at the end of the respective lease periods and there are no purchase options on the leased properties.

The amount of payments not included in the valuation of the finance lease obligation is not material.

Lastly, it should be noted that there have been no renegotiations leading to reductions or cancellations of rents or other financial incentives that have had a positive/negative impact on the consolidated income statement.

8. Financial investments

a) Current and non-current financial investments

Financial investments are recognised at amortised cost and are classified as follows:

Non-current financial investments	31.01.2023	31.01.2022
Loans and receivables	24	6
Security and other deposits given	163	190
Total	**187**	**196**

Current financial investments	31.01.2023	31.01.2022

Current deposits	-	15
Other financial assets	720	971
Derivative financial instruments (Note 17)	176	379
Total	**896**	**1,365**

Other financial assets at 31 January 2023 relate to exchange rate insurance deposits taken out by the Group totalling €127 thousand (€189 thousand at 31 January 2022), factoring guarantees totalling €549 thousand (€754 thousand at 31 January 2022) and security deposits for €44 thousand (€28 thousand at 31 January 2022).

Non-current and current financial investments are measured at amortised cost. Carrying amount is similar to its fair value.

b) Investments in Group companies and associates

Long-term interests in Group companies and associates relate to investments in companies that have been excluded from the consolidation scope due to their insignificance (see Note 1d) and investments in and receivables from associates accounted for using the equity method.

Details of the carrying amount of interests excluded from the consolidation scope are as follows:

Company	31.01.2023	31.01.2022
Quadpack Foundation	30	30
QPnet Technologies, S.L.	148	148
The Beauty Makers S.L.	94	94
Daimon Grundstücksverwaltungsgesellschaft GmbH	4	4
Total	**276**	**276**

Details of the carrying amount of interests in equity consolidated companies are as follows:

Company	31.01.2023	31.01.2022
Vallo & Vogler GmbH	169	169
Total	**169**	**169**

The balance of non-current loans with associates at 31 January 2023 and 2022 is €450 thousand with Vallo & Vogler GmbH.

The balance of current loans with associates at 31 January 2023 is €148 thousand (€146 thousand at 31 January 2022).

9. Inventories

Details of inventories in the consolidated balance sheet at 31 January 2023 and 2022 are as follows:

Heading	31.01.2023	31.01.2022
Sales of packaging and containers for perfume and cosmetics division		
Goods for resale	6,811	14,425
Products under construction	-	-
Finished products	-	-
Advances	100	313
Subtotal	6,911	14,738
Manufacture of wood packaging for perfume and cosmetics division		

Notes to the consolidated annual accounts (thousand euro)

Goods for resale	-	-
Raw materials and other supplies	956	1,056
Products under construction	841	715
Finished products	-	60
Advances	230	292
Subtotal	2,027	2,123
Manufacture of plastic packaging for perfume and cosmetics division		
Goods for resale	139	130
Raw materials and other supplies	2,623	1,978
Products under construction	2,796	2,427
Finished products	2,837	1,810
Advances	7	9
Subtotal	8,402	6,354
Packaging decoration for perfume and cosmetics division		
Goods for resale	-	-
Raw materials and other supplies	772	639
Products under construction	25	6
Finished products	128	119
Advances	-	-
Subtotal	925	764
Total	**18,265**	**23,979**

The inventory balance is shown net of impairment adjustments. Details of impairment adjustments during the year are as follows:

	2022-23	2021-22
Accumulated adjustment at start of year	(192)	(136)
Net valuation adjustments for the year	(210)	(105)
Disposals and applications	77	49
Accumulated adjustment at end of year	**(325)**	**(192)**

The Group records measurement adjustments when the obsolescence of inventories becomes evident.

10. Trade and other receivables

Details of trade and other receivables are as follows:

Heading	31.01.2023	31.01.2022
Trade receivables and services rendered	15,839	17,575
Trade receivables, Group companies and associates (Note 22)	185	205
Other receivables	974	710
Employees	37	103
Current tax assets (Note 19)	639	540
Public entities, other receivables (Note 19)	1,223	1,803
Total	**18,897**	**20,936**

Trade receivables for sales and services rendered, Trade receivables, Group companies and associates, Other receivables and Employees are measured at amortised cost. Carrying amount is similar to its fair value.

The balance for trade receivables for sales and services rendered is presented net of impairment adjustments. Details of impairment adjustments during the year are as follows:

	2022-23	2021-22

Accumulated adjustment at start of year	(725)	(724)
Net valuation adjustments for the year	(92)	(45)
Disposals and applications	47	44
Accumulated adjustment at end of year	**(770)**	**(725)**

There is further information on credit risk management in Note 18.

Included in the net valuation adjustments for 2022-23 are €5 thousand (€26 thousand in 2021-22) arising from the calculation of expected loss under IFRS 9.

Details of trade receivables for sales and services rendered by maturity are as follows:

Item	31.01.2023	31.01.2022
Not yet due	13,903	12,231
0 - 90 days	1,640	4,876
90 - 180 days	102	468
>180 days	194	-
Total	**15,839**	**17,575**

Furthermore, at 31 January 2023 there are invoices that have been factored and derecognised from customers due to the substantial transfer of risks and rewards amounting to €11,419 thousand (€4,198 thousand at 31 January 2022).

11. Non-current and current debt

Classification by type

Non-current and current debt measured at amortised cost are classified using the following categories:

	Non-current		Current		Total	
	31.01.2023	31.01.2022	31.01.2023	31.01.2022	31.01.2023	31.01.2022
Bank borrowings	22,694	28,355	16,812	18,148	**39,506**	**46,503**
Finance lease payables	7,678	8,775	2,248	2,399	**9,926**	**11,174**
Derivative financial instruments (Note 17)	-	-	147	46	**147**	**46**
Other financial liabilities	776	844	173	219	**949**	**1,063**
Total	**31,148**	**37,974**	**19,380**	**20,812**	**50,528**	**58,786**

In 2022-23 there were no significant additions to debt. The main movement has been the repayment of loans and finance leases. All of these financing transactions accrue interest at market rates tied to Euribor.

Classification by maturity date

Maturity details of non-current debt are as follows:

31.01.2023

Notes to the consolidated annual accounts (thousand euro)

	2024-25	2025-26	2026-27	2027-28	Other	Total
Debt:						
Bank borrowings	8,379	8,427	5,345	122	421	**22,694**
Finance lease payables	1,617	1,192	375	307	4,187	**7,678**
Other financial liabilities	26	750	-	-	-	**776**
Total	**10,022**	**10,369**	**5,720**	**429**	**4,608**	**31,148**

	31.01.2022					
	2023-24	2024-25	2025-26	2026-27	Other	Total
Debt:						
Bank borrowings	8,684	7,321	7,355	4,963	32	**28,355**
Finance lease payables	2,190	1,299	910	263	4,113	**8,775**
Other financial liabilities	156	26	662	-	-	**844**
Total	**11,030**	**8,646**	**8,927**	**5,226**	**4,145**	**37,974**

Reconciliation of cash flow

Due to the application of the IAS 7 amendment, below are details of the reconciliation of cash flow arising from financing activities with the relevant liabilities in the consolidated balance sheet, separating cash flow from other movements:

Type of transaction	01.02.2022	Cash flow	Other movement	Consolidation scope changes	31.01.2023
Loan facilities	36,382	(5,390)	-	-	30,992
Credit facilities	8,226	(1,280)	-	-	6,946
Recourse factoring	808	29	-	-	837
Customer discounting facilities	1,087	(356)	-	-	731
Finance lease payables	11,174	(1,248)	-	-	9,926
Derivatives and other financial liabilities	1,109	(202)	189	-	1,096
Financial debt	**58,786**	**(8,447)**	**189**	**-**	**50,528**

Type of transaction	01.02.2021	Cash flow	Other movement	Consolidation scope changes	31.01.2022
Loan facilities	41,250	(4,868)	-	-	36,382
Credit facilities	1,913	6,094	-	219	8,226
Recourse factoring	29	779	-	-	808
Customer discounting facilities	1,141	(54)	-	-	1,087
Finance lease payables	12,265	(1,658)	-	567	11,174
Derivatives and other financial liabilities	2,349	(1,057)	924	741	1,109
Financial debt	**58,947**	**(764)**	**(924)**	**1,527**	**58,786**

Bank borrowings and Finance lease payables

The drawn down balances on bank borrowings and finance lease payables are as follows:

Notes to the consolidated annual accounts (thousand euro)

31.01.2023

Type of transaction	Limit granted	Current debt	Non-current debt	Available
Loan facilities	30,992	8,298	22,694	-
Credit facilities	10,350	6,946	-	3,404
Recourse factoring	3,747	837	-	2,910
Customer discounting facilities	1,050	731	-	319
Finance lease payables	9,926	2,248	7,678	-
Total	**56,065**	**19,060**	**30,372**	**6,633**

31.01.2022

Type of transaction	Limit granted	Current debt	Non-current debt	Available
Loan facilities	36,382	8,027	28,355	-
Credit facilities	9,500	8,226	-	1,274
Recourse factoring	3,969	808	-	3,161
Customer discounting facilities	1.087	1.087	-	-
Finance lease payables	11,174	2,399	8,775	-
Total	**62,112**	**20,547**	**37,130**	**4,435**

ICO financing

At the 2022-23 reporting date, the outstanding balance on the ICO financing relating to Covid-19 is €14,737 thousand (€16,671 thousand at year-end 2021-22).

As part of the liquidity protection plan rolled out to deal with the possible negative impacts arising from the Covid-19 crisis, the Group entered into loan agreements with financial institutions in Spain, France and Germany. The total amount of state-guaranteed bank financing obtained during the 2020-21 financial year was €21,000 thousand.

In the 2020-21 financial year, ICO loan financing contracts were signed with Banco de Sabadell, S.A. and Caixabank, S.A., for €3,500 thousand and €7,000 thousand, respectively, for Quadpack Industries, S.A. and for a total maximum amount of €10,500 thousand. Similarly, an ICO loan of €3,500 thousand was arranged with Banco de Sabadell, S.A. At 31 January 2023 and 2022 the loan is drawn down in full.

Quadpack France, SARL and Yonwoo Europe, SAS also arranged loans guaranteed by the French government in May 2020 for a nominal amount of €2,500 thousand each.

Lastly, as part of the ICO financing obtained by the Group during 2020-21, Louvrette GmbH x design packaging arranged a financing agreement guaranteed by the German government in May 2020 for €1,500 thousand. The loan is repaid on a quarterly basis from 30 September 2021 until 30 June 2025.

The accrued interest rate for the Group's ICO financing is between 1.8% and 3.36%.

Syndicated financing

The outstanding amount on the syndicated financing at 31 January 2023 is €13,522 thousand (€16,570 thousand at 31 January 2022).

A syndicated financing agreement was arranged in the 2019-20 financial year with Banco de Sabadell, S.A. and Caixabank, S.A. for a maximum total amount of €20,500 thousand, of which €11,000 thousand had been drawn down as at 31 January 2020. On 24 July 2020, the additional €9,500 thousand drawdown on the syndicated loan signed during the previous year was arranged, with the maximum amount of €20,500 thousand relating to this financing being drawn down.

The syndicated financing agreement is signed by the Group's parent company as borrower and by several subsidiaries as guarantors: Quadpack Spain, S.L.U., Quadpack Wood, S.L.U., Quadpack Italy S.R.L., Quadpack Australia PTY, LTD, Quadpack UK Ltd and Quadpack Americas LLC. 100% of the shares in Louvrette GmbH x design packaging, INOTECH Cosmetics GmbH and Quadpack France, S.A.R.L. have also been pledged.

The loan will be repaid over 6 years in quarterly instalments and on the basis of the capital drawn down. The interest rate is the 3-month Euribor plus a spread of 1.75 percentage points, which is settled quarterly.

Two financial ratios must be met over the life of the loan, which are calculated on (i) the net debt to Ebitda ratio and (ii) Ebitda to net interest payable ratio. Prior to the 31 January 2023 and 2022 reporting dates, the Group obtained a waiver from complying with these ratios and does not expect to have any problems in meeting these ratios in the next 12 months.

Sale and leaseback

At the 2022-23 reporting date, the outstanding amount on the sale and leaseback agreement is €5,466 thousand (€5,275 thousand at 2021-22 year-end).

On 27 July 2020, Louvrette GmbH design x packaging entered into a sale and leaseback agreement with Daimon Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG (Daimon KG), whereby it sold and leased back the administrative and production buildings in Kierspe, Germany, for €5,975 thousand.

The sale and leaseback agreement has an initial term of 20 years, after which Louvrette GmbH design x packaging has a preferential option to repurchase the buildings.

In 2022-23 another sale and leaseback agreement was arranged with Daimon KG, whereby Louvrette GmbH design x packaging has sold and leased back the new decoration production facilities in Kierspe, Germany, for €400 thousand. The agreement recorded under IFRS 15 has a term of 18 years, after which Louvrette GmbH design x packaging has a preferential option to repurchase the buildings.

Other information

In 2019-20, the Group entered into an agreement to purchase 100% of the share capital of INOTECH Cosmetics GmbH for €2,000 thousand. In addition, a total of €1,412 thousand was included as a higher cost attributable to this investment, relating to the best possible updated estimate of the contingent payment that remains subject to the approval and registration of two patents for the packaging technology that the company operates in the European and US or Chinese market by 31 December 2029 at the latest. In 2020-21, a partial payment of €750 thousand was made to register the patent in the European market. At year-end 2022-23, a payment of €750 thousand is outstanding subject to registration of the patent in the other territories (€662 thousand at year-end 2021-22).

The purchase agreement also included a contingent payment subject to the revaluation of the Group's share on the EURONEXT GROWTH market in the 4 years following completion of the purchase transaction. At the 2022-23 and 2021-22 reporting dates, the maximum contingent liability is €360 thousand, which has not been provisioned as it had not been met at the date of the previous condition.

Notes to the consolidated annual accounts (thousand euro)

In the 2022-23 financial year there are €20,962 thousand in intra-group guarantees (€25,946 thousand in 2021-22) and €352 thousand in guarantees with the main shareholder (€512 thousand in the previous year).

12. Trade and other payables

Details of trade and other accounts payable are as follows:

Heading	31.01.2023	31.01.2022
Suppliers	14,810	21,253
Suppliers, Group companies and associates (Note 22)	707	578
Other payables	2,248	1,481
Employees (salaries payable)	1,879	1,140
Current tax liabilities (Note 19)	344	210
Public entities, other debt (Note 19)	3,078	1,790
Advances from customers	853	1,524
Total	**23,919**	**27,976**

Suppliers, Suppliers, Group companies and associates, Other payables and Employees are measured at amortised cost. Carrying amount is similar to its fair value.

Average payment period

For the purposes of the second additional provision of Law 31/2014 of 3 December which amends the Spanish Companies Act and in accordance with the Resolution of 29 February 2016 of the Spanish Accounting and Audit Institute, below are details of the average supplier payment period, ratio of transactions paid, ratio of transactions payable, total payments made and total payments outstanding for the Spanish companies included in the consolidation scope:

	2022 - 23	2021 - 22
Days		
Average supplier payment period	49	40
Transactions paid ratio	52	49
Transactions payable ratio	35	17
In euro		
Total payments made	25,653	23,201
Total payments outstanding	4,682	8,191

Furthermore, pursuant to Law 18/2022 of 28 September, amending Law 3/2004 of 29 December, the Company's Management has calculated the number of invoices paid within the maximum period set out in the late payment legislation, which stands at 5,098 invoices for a total amount of €15,853 thousand in 2022-23, accounting for 66% of all invoices paid during the year.

Notes to the consolidated annual accounts (thousand euro)

13. Capital and reserves

a) Capital and share premium

At 31 January 2023 and 2022, the Parent company's share capital stands at €4,381 thousand , represented by 4,380,572 shares of €1 par value each, all of the same class, subscribed and fully paid, and conferring equal rights to the holders.

At 31 January 2023 and 2022, the legal entity shareholder with a stake of more than 10% is Eudald Holdings, S.L., which holds 55.93%.

Pursuant to the Spanish Companies Act, share premium is freely distributable if net equity is not zero, or if as a result of distribution, is not lower than share capital. At 31 January 2023 and 2022, this heading stands at €17,598 thousand.

b) Reserves

Details of reserves are as follows:

Reserves	31.01.2023	31.01.2022
Legal reserves of the Parent	893	893
Voluntary reserves of the Parent	12,164	12,663
Negative differences on first consolidation	(33)	(33)
Reserves in consolidated companies	63	1,901
Total	**13,087**	**15,424**

Legal reserves of the Parent

In accordance with the rewritten text of the Spanish Companies Act, 10% of profits must be transferred to the legal reserve each year until it represents at least 20% of share capital. The legal reserve may be used to increase share capital, as long as the balance remaining is at least equal to 10% of share capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses. At 31 January 2023 and 2022 this reserve is fully funded.

Voluntary reserves of the Parent

These reserves include prior years' profits of the Group's Parent company that have not been distributed or used for other purposes.

c) Own shares

Details of balances and movement under own shares held by the Parent company at 31 January 2023 and 2022 are as follows:

Own shares	Number	Nominal amount	Average acquisition price	Total acquisition cost
At 31 January 2021	29,731	23	23.88	710
Change in the year	(9,042)	-	23.20	(210)
At 31 January 2022	**20,689**	**23**	**24.16**	**500**

Change in the year	(2,204)	-	19,06	42
At 31 January 2023	**18,485**	**23**	**23,99**	**542**

Within the regulatory framework of the EURONEXT GROWTH market, the Parent company has a liquidity facility, whereby a broker hired and authorised in accordance with EURONEXT regulations, purchases and disposes of the Company's shares, in order to provide liquidity to the security in the market.

The company has maintained a stock option plan in the last few years, which started in June 2017 and with the last movements in 2022-23.

At the end of the year ended 31 January 2023, the company no longer has any shares assigned to any of the plan beneficiaries.

The company granted loans to employees for the purchase of stock option plans. At 31 January 2023 and 2022 the following remaining balance is recorded on the balance sheet:

Company	**31.01.2023**	**31.01.2022**
Quadpack Industries, S.A.	28	85
Quadpack Manufacturing Division, S.L.U.	9	12
Total	**37**	**97**

d) Earnings per share

The basic and diluted earnings per share calculated by dividing the net profit for the year attributable to the shareholders of Quadpack Industries, S.A. by the weighted average number of shares outstanding during the year:

	2022-23	**2021-22**
Profit/(loss) attributable to Parent (thousand euro)	1,002	(2,341)
Weighted average number of shares outstanding	4,362,087	4,359,883
Basic earnings per share attributable to Parent company (euro per share)	*0.23*	*(0.54)*
Diluted earnings per share attributable to Parent company (euro per share)	*0.23*	*(0.54)*

e) Distribution of Parent company's results.

The distribution of the Parent company's results for 2022-23, pending approval by shareholders at the general meeting, and the distribution of 2021-22 results, approved by shareholders at the general meeting held on 20 July 2022, is as follows:

Basis of allocation:	**2022-23**	**2021-22**
Profit/(loss) for the year	33	585
Distribution/Allocation:		
Voluntary reserve	33	585
Total	**33**	**585**

f) Capital risk management

The Group's capital management objectives are to ensure the Group's capacity to continue as a going concern while providing adequate returns for shareholders, as well as seeking to benefit other stakeholders and maintaining an optimal capital structure to reduce its cost.

The Group manages the capital structure and makes adjustments thereto in accordance with changes in economic conditions. The current capital management policy combines the use of own resources generated by the business activity and resources from banks.

Notes to the consolidated annual accounts (thousand euro)

There have been no significant changes in capital management during 2022-23.

14. Differences on exchange

Details of differences on exchange in the consolidated balance sheet at 31 January 2023 and 2022 are as follows:

Company	31.01.2023	31.01.2022
Quadpack UK Ltd.	(208)	75
Collcap Prime Ltd.	52	(82)
Quadpack Ltd.	(11)	(7)
Quadpack Australia Pty Ltd.	(64)	(79)
Quadpack USA Inc.	(7)	(5)
Quadpack Americas LLC.	(41)	(32)
Quadpack Asia Pacific Ltd.	(25)	(11)
Quadpack Japan LLC	17	1
Total	**(287)**	**(140)**

15. Non-controlling interests

Details of the balances and movements under this heading are as follows:

Balance at 31.01.2021	**502**
Other movement	(1)
2021-22 profit/(loss)	(253)
Balance at 31.01.2022	**248**
Other movement	(4)
2022-23 profit/(loss)	(152)
Balance at 31.01.2023	**92**

Details, by company, are as follows:

	2022-23			
Company	**Share in capital and reserves**	**Other movement**	**Profit/(loss) for the year**	**Total**
Quadpack Impressions, S.L.U.	(197)	-	(16)	(213)
Quadpack Manufacturing Division, S.L.	614	-	(4)	610
Quadpack Plastics, S.A.U.	(740)	-	(182)	(922)
Quadpack Wood, S.L.U.	501	-	79	580
Yonwoo Europe, SAS	41	-	(30)	11
Quadpack Asia Pacific, Ltd.	(1)	-	2	1
Quadpack Americas, LLC.	30	(4)	(1)	25
Total	**248**	**(4)**	**(152)**	**92**

Notes to the consolidated annual accounts (thousand euro)

2021-22

Company	Share in capital and reserves	Other movement	Profit/(loss) for the year	Total
Quadpack Impressions, S.L.U.	(178)	-	(19)	(197)
Quadpack Manufacturing Division, S.L.	605	-	9	614
Quadpack Plastics, S.A.U.	(543)	-	(197)	(740)
Quadpack Wood, S.L.U.	499	-	2	501
Yonwoo Europe, SAS	93	(1)	(51)	41
Quadpack Asia Pacific, Ltd.	1	-	(2)	(1)
Quadpack Americas, LLC.	25	-	5	30
Total	**502**	**(1)**	**(253)**	**248**

16. Foreign currency

Details (in euro) of assets and liabilities denominated in foreign currencies are as follows:

31.01.2023

Assets	USD	GBP	RMB	KRW	HKD	AUD	JPY
Receivables	2,838	2,312	509	-	-	-	-
Loans to companies	-	-	-	-	-	-	-
Other assets	1	1,300	-	-	-	-	-

Liabilities	USD	GBP	RMB	KRW	HKD	AUD	JPY
Suppliers and payables	3,985	111	55	3,063	-	4	13
Loans to companies	-	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-

31.01.2022

Assets	USD	GBP	RMB	KRW	HKD	AUD	JPY
Receivables	1,996	3,827	-	-	-	-	-
Loans to companies	-	-	-	-	-	-	-
Other assets	163	1,194	2	8	-	-	-

Liabilities	USD	GBP	RMB	KRW	HKD	AUD	JPY
Suppliers and payables	4,367	101	73	16,029	195	2	14
Loans to companies	161	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-	-

The breakdown (in euro) relating to sales and purchases and to services rendered and received, denominated in foreign currency, are as follows:

2022-23

Transactions	USD	GBP	RMB	KRW	HKD	AUD	JPY

Sales	16,252	10,234	-	47	-	7,473	83
Purchases	20,738	1,325	273	12,230	208	-	13
Services rendered	1,813	2,105	-	-	-	410	-
Services received	3,700	1,373	87	33	-	11	-

2021-22

Transactions	USD	GBP	RMB	KRW	HKD	AUD	JPY
Sales	11,906	8,471	502	-	-	6,202	-
Purchases	17,286	3,620	537	15,780	6	98	10
Services rendered	1,457	1,494	26	-	-	297	47
Services received	3,779	1,905	266	79	175	447	-

17. Hedging operations with financial derivatives

The Group uses financial derivatives to hedge the risks to which its business activities, operations and future cash flow are exposed. Within the framework of these transactions, the Group has arranged derivative financial instruments to hedge exposure to changes in the cash flow arising from the exchange rates of the Korean won, the US dollar, the pound sterling, the Australian dollar and the Chinese renminbi.

The Group complies with the requirements detailed in Note 3.f on accounting policies in order to classify the financial derivatives detailed below as hedges. Specifically, they have been formally designated as such and hedge effectiveness has been verified.

Below are details of the overall position of the foreign exchange hedging swap contracts, classified according to the contract's exchange rate:

	31.01.2023		31.01.2022	
Secured exchange rate	Fair value Asset	Fair value Liability	Fair value Asset	Fair value Liability
AUD CNY	-	-	2	-
AUD KRW	1	2	7	1
AUD USD	-	6	13	-
EUR CNY	-	-	3	-
EUR KRW	2	-	8	3
EUR USD	173	105	337	-
GBP EUR	-	-	-	38
GBP USD	-	34	9	4
Total	**176**	**147**	**379**	**46**

The consolidated statement of recognised income and expense, which forms part of the consolidated statement of changes in equity, includes the amounts recognised during the year in consolidated equity and in the consolidated income statement relating to previous hedging transactions.

The following movements in the cash flow hedge reserve relate to a risk category which are hedges relating to cash flow arising from foreign currency sales:

Notes to the consolidated annual accounts (thousand euro)

Hedge type	Cash flow hedge reserve - USD hedge	Cash flow hedge reserve - KRW hedge	Cash flow hedge reserve - CNY hedge	Cash flow hedge reserve - GBP hedge	Total
Balance at 31 January 2021	(116)	(8)	4	-	(120)
Change in fair value of hedging instrument recognised in Other comprehensive income	355	10	5	(38)	332
Reclassification to profit/(loss)	117	8	(5)	-	120
Deferred tax	(89)	(3)	(1)	10	(83)
Balance at 31 January 2022	**267**	**7**	**3**	**(28)**	**249**
Change in fair value of hedging instrument recognised in Other comprehensive income	27	1	-	-	28
Reclassification to profit/(loss)	(267)	(7)	(3)	28	(249)
Deferred tax	(9)	-	-	-	(9)
Balance at 31 January 2023	**18**	**1**	**-**	**-**	**19**

Note 18 includes further information on the hedging risk management policy.

18. Information on the nature and risk level arising from financial instruments

The Group is exposed to several risks relating to financial instruments. The main risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated from its headquarters in close partnership with the Board of Directors and focuses on actively securing the Group's short and medium-term cash flow by minimising exposure to the volatility of financial markets. Long-term financial investments are managed to generate sustainable returns.

The Group does not actively engage in speculative trading of financial assets or the issue of options.

The Group arranges derivative financial instruments, mainly to reduce exchange rate risk. Note 17 includes information on hedge accounting.

The most significant financial risks to which the Group is exposed are described below.

a) Market risk analysis

The Group is exposed to market risk through the use of derivative financial instruments and, in particular, foreign exchange risk, interest rate risk and inflation risk arising from both its operating and investment activities.

The Group’s aim is to identify, measure and minimise these risks using the most effective and efficient methods to eliminate, reduce or offset these risks. Sometimes, the Group arranges hedging transactions using derivative and non-derivative financial instruments to manage these risks.

<u>Sensitivity to foreign currencies</u>

The Group carries out part of its business in foreign countries, as a result of which it monitors changes in the different currencies in which it operates and assesses the exchange rate risk that could affect its financial statements. Usually, both income and costs in each of the countries where the Group operates are reflected in local currency, so that the foreign exchange risk is limited to an impact on consolidated equity.

Aside from the local currency of the country it operates in, the Group carries out transactions, mainly purchases, in currencies other than the local currency. In these cases there is exposure to exchange rate fluctuations. The most common currencies in which the Group operates are US dollars (USD), Korean won (KRW) and Chinese renminbi (CNY).

To minimise this risk, a combination of natural hedging is used whenever sales and purchases in the same currency can be combined, and in those cases where natural hedging is not possible, the Group uses derivative financial instruments, essentially exchange rate insurance with banks.

The Group believes that the impact on its operations is irrelevant and that its hedging policy mitigates this risk.

Sensitivity to interest rates

It is the Group's policy is to minimise exposure to interest rate risk on cash flow from long-term financing. Long-term financing is therefore usually at a fixed interest rate.

At 31 January 2023, the Group has approximately 54% of the Group's borrowings at fixed interest rates (52% at 31 January 2022). At 31 January 2023 and 2022, there are no interest rate hedges (IRS) on these borrowings.

The sensitivity of the fair value to a 0.5% parallel change in the yield curve at 31 January 2023 and 2022 is as follows:

	Debt denominated in thousand euro	
	+0.5%	-0.5%
At 31 January 2023	79	(79)
At 31 January 2022	98	(98)

Sensitivity to price increases

Despite the long period of historically low inflation, in the second half of 2021-22 and during the 2022-23 financial year, inflation in the euro area rose considerably. A large portion of the Group's operating costs could increase as a result of higher inflation and the European Central Bank's monetary policy. Against this backdrop, the Group has renegotiated terms with its customers, enabling it to reduce this risk.

b) Credit risk analysis

The Group is exposed to credit risk on financial assets, including cash and cash equivalents held at banks, trade and other receivables.

Credit risk in terms of cash balances and deposits held at banks is managed by diversifying bank deposits, and only major reputable financial institutions are worked with.

It is the Group's policy to deal only with solvent counterparties. The credit terms granted to customers range from 30 to 90 days from the invoice date. Deferred payment terms are subject to acceptance of a credit facility from Crédito y Caución S.A. insurance or from Euler Hermes insurance.

The purpose of insurance is to guarantee collection in the event of non-payment due to the insolvency of debtors in commercial credit transactions. The insurer studies, analyses and classifies each customer and notifies which commercial credit facilities are covered by the credit insurance and up to what amount, providing it with a risk assessment of customers and potential customers.

Strategic customers are excluded from the credit risk hedging process, as they are listed companies and consequently carry a lower risk of insolvency.

The Group does not have a significant concentration of credit risk, as exposure is spread across a large number of customers, industries and geographical areas. There is only one customer that exceeds 10% of the Group's net sales and receivables, representing 15% and 13% of total consolidated balances, respectively.

The Group applies the simplified IFRS 9 model for the recognition of expected lifetime losses for all customers, as these items do not have a significant financial component.

To measures expected credit losses, trade receivables have been assessed collectively, as they have shared credit risk characteristics. They are grouped on the basis of days of delay and the geographical location of customers.

The expected loss ratios are based on the payment profile of sales over the last 60 months prior to 31 January 2023 and the historical credit losses during this period. The rate used to calculate Group expected loss is 0.03% of total net sales.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to pay within 180 days of the invoice date or a lack of commitment to the Group of an alternative payment arrangement, among other things, are considered to be indicators that there is no reasonable expectation of recovery.

c) Liquidity risk analysis

The Group's finance department is centrally responsible for providing the necessary liquidity to each of the Group's subsidiaries at all times. In order to manage this process in the most efficient way, the Group manages the excess liquidity of subsidiaries and channels it to the companies with liquidity requirements.

The allocation of cash requirements between Group companies is mainly performed through bilateral cash optimisation agreements between Quadpack Industries S.A. and its subsidiaries.

The Group's corporate finance department monitors the expected cash position of subsidiaries using cash flow forecasts. These forecasts are made for all Group companies and are later consolidated so as to analyse both the liquidity position and the outlook for the Group and its subsidiaries.

At 31 January 2023, the Group has resources of €10,885 thousand, comprising cash and cash equivalents and €6,633 thousand of unused financial instruments available at the date of authorisation of these consolidated annual accounts.

The Group's current assets amount to €49,844 thousand, compared to current liabilities of €46,925 thousand, resulting in a liquidity ratio of 1.1 times.

Last year, current assets and liabilities totalled €61,031 thousand and €51,583 thousand, with a liquidity ratio of 1.2 times

19. Taxation

Balances receivable from and payable to public entities

Details of accounts with public entities are as follows:

31.01.2023

Notes to the consolidated annual accounts (thousand euro)

	Balances receivable		Balances payable	
Category	**Non-current**	**Current**	**Non-current**	**Current**
Deferred tax assets	3,962	-	-	-
Deferred tax liabilities	-	-	4,272	-
Current tax assets	-	639	-	-
Current tax liabilities	-	-	-	344
Value added tax	-	1,223	-	1,493
Personal income tax	-	-	-	566
Social Security	-	-	-	912
Other	-	-	-	107
Total	**3,962**	**1,862**	**4,272**	**3,422**

31.01.2022

	Balances receivable		Balances payable	
Category	**Non-current**	**Current**	**Non-current (*)**	**Current**
Deferred tax assets	3,205	-	-	-
Deferred tax liabilities	-	-	4,489	-
Current tax assets	-	540	-	-
Current tax liabilities	-	-	-	210
Value added tax	-	1,803	-	684
Personal income tax	-	-	-	402
Social Security	-	-	-	610
Other	-	-	-	94
Total	**3,205**	**2,343**	**4,489**	**2,000**

(*) Amounts restated for comparison purposes, as described in Note 4.

The reconciliation of total tax bases in the consolidation scope and the tax base in the consolidation scope is as follows:

2022-23

	Income statement		Recognised directly in equity		
	Increases	**Decreases**	**Increases**	**Decreases**	**Total**
Consolidated profit/(loss) for the year	850	-	-	-	850
Income tax	(469)	-	-	-	(469)
Consolidated profit/(loss) before tax	381	-	-	-	381
Permanent differences	301	(96)	-	-	205
- *from individual companies*	*301*	*(96)*	-	-	*205*
- *from consolidation adjustments*	-	-	-	-	-
Temporary differences	882	(1,005)	-	-	(123)
- *from individual companies*	*882*	*(1,005)*	-	-	*(123)*
originating in current year	*812*	*(130)*	-	-	*682*
originating in prior years	*70*	*(875)*	-	-	*(805)*
- *from consolidation adjustments*	-	-	-	-	-
Tax base	**1,564**	**(1,101)**	**-**	**-**	**463**

2021-22

	Income statement		Recognised directly in equity		
	Increases	**Decreases**	**Increases**	**Decreases**	**Total**
Consolidated profit/(loss) for the year	(2,594)	-	-	-	(2,594)
Income tax	(131)	-	-	-	(131)
Consolidated profit/(loss) before tax	(2,725)	-	-	-	(2,725)
Permanent differences	300	(967)	-	-	(667)
- *from individual companies*	*300*	*(967)*	-	-	*(667)*
- *from consolidation adjustments*	-	-	-	-	-
Temporary differences	154	(885)	-	-	(731)
- *from individual companies*	*154*	*(885)*	-	-	*(731)*
originating in current year	*150*	*(874)*	-	-	*(724)*

Notes to the consolidated annual accounts (thousand euro)

originating in prior years	*4*	*(11)*	*-*	*-*	*(7)*
- *from consolidation adjustments*	*-*	*-*	*-*	*-*	*-*
Tax base	**(2,271)**	**(1,852)**	**-**	**-**	**(4,123)**

Deferred tax assets

Details of registered deferred tax assets are as follows:

	31.01.2023	31.01.2022
Derivative temporary differences	28	87
Temporary differences - amortisation	16	18
Temporary differences - stock impairment	167	30
Temporary differences - tax losses	3,536	2,889
Unused deductions/tax credits	153	112
Temporary difference - stock options plan	-	12
Temporary differences - balances receivables	5	-
Temporary differences – financial investments	57	57
Total	**3,962**	**3,205**

Details of tax loss carryforwards are as follows:

		31.01.2023		
Years	**Spain**	**Germany**	**USA**	**Total**
2014-2015	24	-	-	24
2015-2016	1,783	-	-	1,783
2016-2017	575	-	-	575
2017-2018	1,834	-	-	1,834
2018-2019	3,130	-	-	3,130
2019-2020	1,083	75	-	1,158
2020-2021	1,098	1,351	-	2,449
2021-2022	1,155	323	-	1,478
2022-2023	275	2,824	-	3,099
Total	**10,957**	**4,573**	**-**	**15,530**

		31.01.2022		
Years	**Spain**	**Germany**	**USA**	**Total**
2014-2015	24	-	-	24
2015-2016	1,783	-	-	1,783
2016-2017	575	-	-	575
2017-2018	1,835	-	-	1,835
2018-2019	3,130	-	-	3,130
2019-2020	1,083	75	-	1,158
2020-2021	1,098	1,351	-	2,449
2021-2022	1,155	323	237	1,715
Total	**10,683**	**1,749**	**237**	**12,669**

Notes to the consolidated annual accounts (thousand euro)

The aforementioned deferred tax assets have been recognised in the consolidated balance sheet as the Parent's directors consider that, based on the best estimates of future results for the Group, including certain tax planning measures, it is likely that these assets will be recovered. Unregistered deferred tax assets are not material.

Deferred tax liabilities

Details of registered deferred tax liabilities are as follows:

Item	31.01.2023	31.01.2022 (*)
Deductible temporary differences	18	23
Temporary differences in derivatives	64	109
Temporary differences in business combinations	3,812	4,142
Temporary differences in finance leases	378	215
Total	**4,272**	**4,489**

(*) Amounts restated for comparison purposes, as described in Note 4.

Years open to inspection and tax inspections

In accordance with current legislation, taxes cannot be considered definitive until they have been inspected and agreed by the taxation authorities or before the inspection period applicable in each country has elapsed.

At the 2022-23 reporting date, the Group companies' tax returns for the years that are not statute-barred are open to inspection. The Parent company's directors consider that the aforementioned taxes have been appropriately settled by the different Group companies and, consequently, even if there are discrepancies with respect to the interpretation of current legislation for the tax treatment given to the transactions, any potential resulting liabilities would not have a material effect on the accompanying consolidated annual accounts. At the 2022-23 reporting date, no Group companies are undergoing tax inspections.

Tax rates applicable to the Group

The different companies calculate income tax expense on the basis of the relevant legislation. The main tax rates applicable to the Group are: 25% in Spain, 25% in France, 24% in Italy, and between 26% and 30% in Germany depending on the region.

20. Income and expense

a) Net sales

The breakdown is as follows:

Item	2022-23	2021-22
Sales	137,958	102,324
Services rendered	4,672	4,036
Total	**142,630**	**106,360**

Details of net sales in 2022-23 and 2021-22, by activity, are as follows:

Activity	2022-23	2021-22
Sales of packaging and containers for perfume and cosmetics division	80,920	58,784
Manufacture of wood packaging for perfume and cosmetics division	13,435	12,350

Notes to the consolidated annual accounts (thousand euro)

Manufacture of plastic packaging for perfume and cosmetics division	38,845	31,878
Packaging decoration for perfume and cosmetics division	9,430	3,348
Total	**142,630**	**106,360**

Distribution by geographical market is as follows:

Geographical markets	2022-23	2021-22
Spain	24,490	15,395
Other EU countries	86,058	65,353
Rest of the world	32,082	25,612
Total	**142,630**	**106,360**

b) Supplies

The breakdown is as follows:

Item	2022-23	2021-22
Purchase of goods	(42,611)	(35,040)
Use of raw materials and other consumables	(21,324)	(13,237)
Subcontracting and similar activities	(8,354)	(5,369)
Impairment of goods, raw materials and other supplies	(133)	(56)
Total	**(72,422)**	**(53,702)**

Purchases are broken down as follows:

Item	2022-23	2021-22
Purchases	(63.557)	(44.299)
Change in inventories	(378)	(3.978)
Total	**(63.935)**	**(48.277)**

Details of purchases made by the Group, by source, are as follows:

Geographical market	2022-23	2021-22
Spain	(8,323)	(4,200)
Other EU countries	(15,958)	(11,648)
Rest of the world	(39,276)	(28,451)
Total	**(63,557)**	**(44,299)**

c) Employee benefits expense

The breakdown is as follows:

Item	2022-23	2021-22
Social Security payable by the company	(5,488)	(4,669)
Other employee benefit expenses	(262)	(62)
Total	**(5,750)**	**(4,731)**

d) Other profit/(loss)

Details of Other profit/(loss) in 2022-23 and 2021-22 are as follows:

Item	2022-23	2021-22

Compensation insurance	-	152
Employment contingencies	3	17
Donations	(4)	(137)
Other	3	(46)
Total	**2**	**(14)**

e) EBITDA and alternative performance measures

The company presents its results in accordance with generally accepted accounting standards (IFRS). Furthermore, in the consolidated directors' report and these consolidated annual accounts, management provides alternative performance measures (APMs) that are not regulated by IFRS. Below is a description of the definitions, reconciliation and reason for use, in line with ESMA (European Securities and Markets Authority) guidelines. Management uses these APMs in decision-making and as metrics to assess the performance of the Group's activities.

Operating profit/(loss) and EBITDA (earnings before interest, tax, amortisation and depreciation) are presented by the Group in the consolidated income statement. Similarly, the Group regularly uses recurring EBITDA as the main metric to assess the various Group companies, excluding those activities that do not represent a change in cash flow and the results from non-recurring activities in the Group's operations, such as acquisition costs, gains/(loss) on the sale of fixed assets, as well as restructuring costs resulting from business transformation processes.

The reconciliation between operating profit/(loss) and recurring EBITDA is as follows:

	2022-23	2021-22
Operating profit/(loss)	**2,738**	**(987)**
additions:		
Amortisation/depreciation	9,203	7,566
Non-recurring profit/(loss)		
Costs related to corporate acquisitions	51	132
Impairment and gains/(losses) on disposals of fixed assets	(34)	486
Other non-recurring profit/(loss)	676	456
Recurring EBITDA	**12,634**	**7,653**

Recurring EBITDA allows for an analysis of the Group's operating profit/(loss), excluding depreciation and amortisation and gains/(losses) on the sale of fixed assets, as these variables do not represent cash flow movements and can vary substantially from company to company, depending on accounting policies and the carrying amount of assets. Items that are not part of the Group's on-going operations, due to their nature, are also excluded.

The Group presents comparative information for prior years and the calculation methodology is also consistent and coherent with that used in previous years. This methodology is also used to calculate the financial ratios to be met as part of the financing agreement arranged by the Group (see Note 11).

21. Environmental information

Quadpack ensures the sustainability of its business and feels responsible for acting on climate change and supporting the transition to a low carbon economy through both its products and its process management.

Climate change offers opportunities and may generate different risks for the Group's business. The main objective of the Group is to mitigate such risks and identify potential opportunities to maximise the value generated for the Group through responsible business management, integrating the interests and expectations of the Parent Company's stakeholders.

The Group has successfully transitioned to 100% renewable electricity at its facilities and continues working to improve energy efficiency by acquiring more sustainable and efficient equipment. It also monitors energy consumption data to help analyse energy efficiency and adopt the measures needed to minimise consumption peaks.

Notes to the consolidated annual accounts (thousand euro)

At 31 January 2023 and 2022, the Group has the following significant items of property, plant and equipment aimed at minimising environmental impact and protecting and improving the environment:

31.01.2023

Heading	Cost	Accumulated depreciation	Carrying amount
Technical installations and machinery	2,503	(634)	1,869
Other installations, equipment and furniture	298	(112)	186
Total	**2,801**	**(746)**	**2,055**

31.01.2022

Heading	Cost	Accumulated depreciation	Carrying amount
Technical installations and machinery	2,503	(447)	2,056
Other installations, equipment and furniture	298	(74)	224
Total	**2,801**	**(521)**	**2,280**

The main property, plant and equipment items aimed at minimising environmental impact and protecting and improving the environment refer to the Biomass system installed at Quadpack Wood, S.L.U. This is an energy plant that uses heat provided by its own waste to generate cold and heat to air condition the factory for the drying ovens in the wood and paint section.

The Group believes it meets applicable environmental protection legislation and has procedures in place to ensure compliance therewith. At 31 January 2023 and 2022, the Group has not recorded any provisions to cover liabilities and charges deriving from environmental action, as it believes that there are no significant contingencies relating to the protection and improvement of the environment.

22. Related party transactions

During the year the Group has carried out transactions with the following related parties:

Eudald Holdings. S.L. (shareholder)
Anlomo Societé Civil. S.A.S. (shareholder)
Estate Management. S.L.(other related parties)
Zuncasol Solar 2007. S.L.(other related parties)
QPnet Technologies S.L. (other related parties)
Advanced World. S.L.(other related parties)
McDermott commercial Property Ltd (other related parties)
The Beauty Makers S.L. (other related parties)
Vallo & Vogler GmbH (other related parties)
Inotech Kunststofftechnik GmbH (shareholder)
Pas Arquitectura Interior, S.L. (other related parties)
Tenohas Investment, S.L. (other related parties)
Quadpack Foundation (other related parties)
Daimon Grundstücksverwaltungsgesellschaft GmbH (other related parties)
Philippe Louis Joseph Lenglart (other related parties)
Alba Andrea Divisio, S.L. (other related parties)

Notes to the consolidated annual accounts (thousand euro)

Details of transactions performed with related parties in 2022-23 and 2021-22 are as follows:

2022-23

Item	Shareholders	Other related parties	Board of Directors	Senior management
Service costs	(11)	(1,376)	-	-
Consultancy fees	-	(487)	(644)	-
Remuneration	(354)	(113)	(369)	(612)
Rentals	(561)	(308)	-	-
Interest	-	(2)	-	-
Dividends paid/received	-	-	-	-
Life insurance premiums	-	-	(1)	-
Total	**(926)**	**(2,286)**	**(1,014)**	**(612)**

2021-22

Item	Shareholders	Other related parties	Board of Directors	Senior management
Service costs	(24)	(616)	-	-
Consultancy fees	-	(435)	(675)	-
Remuneration	(386)	(116)	(345)	-
Rentals	(497)	(352)	-	-
Interest	-	(15)	-	-
Dividends paid/received	-	-	(529)	-
Life insurance premiums	-	-	(1)	-
Total	**(907)**	**(1,534)**	**(1,550)**	**-**

At 31 January 2023, the Board of Directors comprises 4 men (4 men and 2 women at 31 January 2022).

The Group hired a new Chief Executive Officer as of 1 September 2022, formalizing her and her team as Senior Management. Prior to this date, senior management functions were performed by the members of the Board of Directors.

Remuneration of Board members for their attendance at Board meetings in 2022-23 amounted to €369 thousand (€345 thousand in 2021-22) and €467 thousand for other functions (€502 thousand in 2021-22). Remuneration of senior management personnel from 1 September 2022 to 31 January 2023 amounts to €612 thousand.

Details of related party balances at 31 January 2023 and 2022 are as follows:

31.01.2023

	Balances receivable	Balances payable
Non-current loans (Note 8.b)	450	-
Current loans (Note 8.b)	148	-
Trade receivables (Note 10)	185	-
Non-current debt	-	175
Current debt	-	935
Trade payables (Note 12)	-	707
Total	**783**	**1,817**

31.01.2022

	Balances receivable	Balances payable
Non-current loans (Note 8.b)	450	-
Current loans (Note 8.b)	146	-
Trade receivables (Note 10)	205	-
Non-current debt	-	175
Current debt	-	324
Trade payables (Note 12)	-	578

Notes to the consolidated annual accounts (thousand euro)

Total	**801**	**1,077**

Non-current and current debt relates to balances for loans and credit, which have been arranged under agreements and where interest rates are index-linked to the Euribor.

At 31 January 2023 and 2022, no advances or loans had been granted to the Parent company's directors, and there were no pension or third-party liability commitments. At 31 January 2023, loans granted to senior management personnel total €28 thousand.

The Group has paid third-party liability insurance premiums for the Parent company's directors in the exercising of their duties in 2022-23 in the amount of €15 thousand (€14 thousand in the previous year).

The Parent company's directors and their related parties, as referred to in Article 229 of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and the amendments introduced by Act 31/2014 of 3 December, modifying the Spanish Companies Act to improve corporate governance, have not disclosed any conflicts of interest, either directly or indirectly, with the Parent company. Furthermore, the Directors declare that they have not been appointed to any position and that they have no shareholdings in any companies with an identical, similar or complementary corporate purpose to that of the Parent company.

23. Other information

Employees

The average number of employees during 2022-23 and 2021-22 distributed by category, as well as a breakdown by gender at the 31 January 2023 and 2022 reporting dates, is as follows:

2022-23

Professional category	Number of employees at the reporting date			Average number of employees during the year	Average number of employees with a disability > 33%
	Female	Male	Total		
Senior management	2	4	6	3	-
Management	11	13	24	30	1
Administration	46	18	64	55	1
Sales people and similar	63	30	93	96	-
Operators and technicians	263	219	482	459	2
Total	**385**	**284**	**669**	**643**	**4**

2021-22

Professional category	Number of employees at the reporting date			Average number of employees during the year	Average number of employees with a disability > 33%
	Female	Male	Total		
Management	13	24	37	41	-
Administration	43	16	59	50	-
Sales people and similar	76	36	112	100	-
Operators and technicians	218	208	426	360	1
Total	**350**	**284**	**634**	**551**	**1**

Audit fees

Notes to the consolidated annual accounts (thousand euro)

In 2022-23, fees charged for auditing services provided by the auditor of the Group's consolidated annual accounts, Deloitte, S.L., and by companies belonging to the Deloitte network, amount to €201 thousand (€245 thousand in 2021-22 for the previous auditor of the consolidated annual accounts). Auditing fees for the individual annual accounts charged by other firms amount to €92 thousand (€35 thousand in 2021-22).

Fees accrued for other assurance services provided by the auditor of the Group's consolidated annual accounts, Deloitte, S.L., and by companies belonging to the Deloitte network during 2022-23 amount to €12 thousand. In 2021-22, the previous auditing firm rendered services amounting to €20 thousand.

24. Segment reporting

The Group is organised internally by operating segments which generally coincide with the various companies' activities. The products and services are managed separately in operational terms, since they require different technologies and market strategies, although the Group's financial management is common to all Group companies.

At 31 January 2023 and 2022, the allocation criteria used to determine and provide information on each segment is consistent with the Group's business lines and are as follows:

- Sales of packaging and containers for perfume and cosmetics division
- Manufacture of wood packaging for perfume and cosmetics division
- Manufacture of plastic packaging for perfume and cosmetics division
- Packaging decoration for perfume and cosmetics division

Details of the financial statements by segment for 2022-23 and 2021-22 are summarised below:

2022-23

Item	Sales of packaging and containers for perfume and cosmetics division	Manufacture of wood packaging for perfume and cosmetics division	Manufacture of plastic packaging for perfume and cosmetics division	Packaging decoration for perfume and cosmetics division	Total
Net sales	80,920	13,435	38,845	9,430	**142,630**
Change in stocks of finished products and work in progress	-	69	1,414	28	**1,511**
Self-constructed assets	335	10	256	133	**734**
Other income	148	6	256	3	**413**
Supplies	(45,789)	(4,506)	(19,887)	(2,240)	**(72,422)**
Employee costs	(13,359)	(4,120)	(11,064)	(3,879)	**(32,422)**
External services	(15,560)	(2,686)	(7,840)	(2,453)	**(28,539)**
Amortisation/depreciation	(3,502)	(1,388)	(3,130)	(1,183)	**(9,203)**
Losses, impairment and changes in provisions	(3)	-	13	24	**34**
Other profit/(loss)	60	(1)	27	(84)	**2**
Operating profit/(loss)	**3,250**	**819**	**(1,110)**	**(221)**	**2,738**
Finance income	467	(200)	(210)	(39)	**18**

Notes to the consolidated annual accounts (thousand euro)

Finance cost	(1,348)	(112)	(456)	(96)	**(2,012)**
Differences on exchange	(374)	1	9	1	**(363)**
Impairment and gains/(losses) on disposals of financial instruments	-	-	-	-	**-**
Pre-tax profit/(loss)	**1,995**	**508**	**(1,767)**	**(355)**	**381**
Segment assets	**51,619**	**9,582**	**52,355**	**8,770**	**122,326**
Segment liabilities	**50,891**	**5,972**	**25,632**	**4,481**	**86,976**

2021-22

Item	**Sales of packaging and containers for perfume and cosmetics division**	**Manufacture of wood packaging for perfume and cosmetics division**	**Manufacture of plastic packaging for perfume and cosmetics division**	**Packaging decoration for perfume and cosmetics division**	**Total**
Net sales	58,784	12,350	31,878	3,348	**106,360**
Change in stocks of finished products and work in progress	-	(47)	1,377	16	**1,346**
Self-constructed assets	813	178	371	62	**1,424**
Other income	24	6	6	-	**36**
Supplies	(32,040)	(4,223)	(16,761)	(678)	**(53,702)**
Employee costs	(11,545)	(4,229)	(9,175)	(1,504)	**(26,453)**
External services	(12,225)	(2,483)	(6,029)	(1,195)	**(21,932)**
Amortisation/depreciation	(2,493)	(1,427)	(3,146)	(500)	**(7,566)**
Losses, impairment and changes in provisions	-	-	(486)	-	**(486)**
Other profit/(loss)	(96)	141	(145)	86	**(14)**
Operating profit/(loss)	**1,222**	**266**	**(2,110)**	**(365)**	**(987)**
Finance income	114	(27)	(38)	(21)	**28**
Finance cost	(874)	(202)	(410)	(24)	**(1,510)**
Differences on exchange	(177)	24	28	-	**(125)**
Impairment and gains/(losses) on disposals of financial instruments	(92)	(18)	(21)	-	**(131)**
Pre-tax profit/(loss)	**193**	**43**	**(2,551)**	**(410)**	**(2,725)**
Segment assets	**60,041**	**12,372**	**51,740**	**7,921**	**132,074**
Segment liabilities	**54,914**	**11,521**	**27,030**	**3,690**	**97,155**

25. Events after the reporting period

On 27 January 2023, Group management decided to restructure the plastic packaging manufacturing division by consolidating all activity into Louvrette GmbH design x packaging so as to increase efficiency through economies of scale and to offer an optimal service to customers. As a result, the Parent Company's Board of Directors has decided to terminate the activities of Quadpack Plastics, S.A.U. so that during the first few months of 2023, it can carry out the production orders in progress and undertake the necessary internal operations prior to closure. The carrying amount of this unit's industrial assets is already recorded at their recoverable value as at 31 January 2023.

On 28 March 2023, the resolution to dissolve the company was raised to the status of a public deed and the winding up process began. At the date of authorisation of the consolidated annual accounts, an agreement has been reached with the company's employees: part of the workforce will continue to work on reorganising production in the coming months.

Quadpack Plastics, S.A.U.'s contribution to the Group's net assets as at 31 January 2023 is €2,723 thousand. Moreover, losses contributed to the Group's consolidated profit/(loss) for the year ended 31 January 2023 are €911 thousand (€982 thousand for the year ended 31 January 2022).

Other than the foregoing, no relevant events have taken place after the 31 January 2023 reporting date.

26. Explanation added for translation to English

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2.a). Certain accounting practices applied by the Group that conform to that regulatory framework may not conform to other generally accepted accounting principles and rules.

These consolidated annual accounts are a translation of the financial statements originally issued in Spanish. In the event of a discrepancy, the Spanish language version prevails.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

AUTHORISATION FOR ISSUE OF THE CONSOLIDATED ANNUAL ACCOUNTS BY THE GOVERNING BODY

The Directors of Quadpack Industries, S.A. have authorised for issue the consolidated annual accounts of Quadpack Industries, S.A. and Subsidiaries (consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and the notes to the consolidated annual accounts) for the year ended 31 January 2023.

Furthermore, they declare that it is their signature on these documents by signing this page attached to the notes to the annual accounts, which are issued on pages 1 through 62.

Barcelona, 28 April 2023.

Timothy John Eaves

John McDermott

Marc Sahonet

Steven Philip Lewis

QUADPACK

Quadpack Industries, S.A. and Subsidiaries

Consolidated directors' report for the year ended 31 January 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

CONSOLIDATED DIRECTORS' REPORT

QUADPACK INDUSTRIES, S.A. AND SUBSIDIARIES

for the year ended 31 January 2023

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Group's business and financial performance

Financial indicators	2022-23	2021-22	%
Net sales	142,630	106,360	34%
Recurring EBITDA	12,634	7,653	65%
Operating profit/(loss)	2,738	(987)	376%
Profit/(loss) for the year attributable to Parent company	1,002	(2,341)	142%
Cash flow from operating activities	13,001	2,875	352%
Cash flow from investments	5,841	9,081	-36%
Net financial debt	45,975	48,454	-5%

Financial ratios	2022-23	2021-22	%
Leverage (net financial debt/EBITDA)	3.6x	6.3x	-43%
Gearing (financial debt/capital and reserves)	1.3x	1.4x	-6%

The year ended 31 January 2023 was characterised by recovery, following two years in which the Group suffered the consequences of the global health pandemic caused by Covid-19. **Net sales** for the companies making up the consolidated group stood at €142,630 thousand, increasing turnover by 34% on the prior year when the figure was €106,369 thousand.

The recovery in net sales was seen in all the Group's divisions, with 37.7% in the marketing division (34.3% at stable exchange rates), followed by 21.9% and 8.8% in the plastic packaging manufacturing and wood packaging manufacturing divisions, respectively. Lastly, the container decoration division grew 182% thanks to the consolidation of the German company, Stefan Wicklein Kunststoffveredelung GmbH (acquired in September 2021).

Recurring EBITDA in 2022-23 stands at €12,634 thousand, increasing 65% compared to the previous year (€7,653 thousand in 2021-22). Once adjusted for the operating losses of Quadpack Plastics, S.A.U., the Group's EBITDA would have amounted to €13,461 thousand in 2022-23 (€8,689 thousand in 2021-22).

Operating profit/(loss) for 2022-23 amounts to €2,738 thousand compared to an operating loss of €987 thousand in 2021-22, an increase of 377%.

Profit/(loss) for the year attributable to the Parent company in 2022-23 amounts to €1,002 thousand, compared to losses of €2,341 thousand in 2021-22 attributable to the Parent company.

Cash flow from operating activities for 2022-23 amount to €13,001 thousand, up 352% on cash flow from operating activities in 2021-22, which amounted to €2,875 thousand.

In the year ended 31 January 2023, **cash flow from investing activities** stood at €5,841 thousand, a decrease of 36% compared to the previous year's investments of €9,081 thousand. Last year's investment figure includes €3,025 thousand for the acquisition of the German company Stefan Wicklein Kunststoffveredelung GmbH.

At 31 January 2023, **net financial debt** amounts to €45,975 thousand, representing a 5% decrease compared to €48,454 thousand at the 31 January 2022 reporting date.

The **leverage** ratio has decreased in the year ended 31 January 2023 to 3.6x, down 43% from leverage of 6.3x in the year ended 31 January 2022. This decrease is due to the considerable improvements in net financial debt and EBITDA, both described in the previous sections.

Similarly, the **gearing** ratio for the year was 1.3x, a slight improvement of 6% compared to the same ratio of 1.4x in the previous year.

For the coming year, the Group expects the positive developments at the 31 January 2023 reporting date to continue, supported by the ongoing global recovery of the cosmetics sector, a solid policy of investing in manufacturing capacity, preferably for sustainable products, the optimisation of processes through digitalisation and the restructuring of the plastic packaging manufacturing division described in Note 25 of the accompanying notes to the consolidated annual accounts.

Share information	2022-23	2021-22
Total number of shares (thousands)	4,381	4,381
Weighted average number of shares outstanding (thousands)	4,362	4,360
Share price (euro/share)	19.10	23.60
Profit per share (euro/share)	0.23	(0.54)

The market value of Quadpack Industries, S.A.'s shares on EURONEXT GROWTH is also worth mentioning, with a unit value of €19.10 at the end of January 2023. The share price has dropped compared to unit value at the end of the previous year, when it was €23.60 per share.

Profit per share reached €0.23 compared to a loss per share of €0.54 in the previous year.

Research and development activities.

The Company has not carried out any research and development activities.

Acquisition of own shares

Within the regulatory framework of the EURONEXT GROWTH market, the Parent company has a liquidity facility, whereby a broker hired and authorised in accordance with EURONEXT regulations, purchases and disposes of the Company's shares, in order to provide liquidity to the security in the market.

The company has maintained a stock option plan in the last few years, which started in June 2017 and with the last movements in 2022-23.

At the end of the year ended 31 January 2023, the company no longer has any shares assigned to any of the plan beneficiaries.

Financial data

At the 2022-23 reporting date, the Group's average payment period to suppliers is 49 days (44 days in 2021-22) for Spanish companies included in the consolidation scope.

Events after the reporting period

On 27 January 2023, Group management decided to restructure the plastic packaging manufacturing division by consolidating all activity into Louvrette GmbH design x packaging so as to increase efficiency through economies of scale and to offer an optimal service to customers. As a result, the Parent Company's Board of Directors has decided to terminate the activities of Quadpack Plastics, S.A.U. so that during the first few months of 2023, it can carry out the production orders in progress and undertake the necessary internal operations prior to closure. The carrying amount of this unit's industrial assets is already recorded at their recoverable value as at 31 January 2023.

On 28 March 2023, the resolution to dissolve the company was raised to the status of a public deed and the winding up process began. At the date of authorisation of the consolidated annual accounts, an agreement has been reached with the company's employees: part of the workforce will continue to work on reorganising production in the coming months.

Quadpack Plastics, S.A.U.'s contribution to the Group's net assets as at 31 January 2023 is €2,723 thousand. Moreover, losses contributed to the Group's consolidated profit/(loss) for the year ended 31 January 2023 are €911 thousand (€982 thousand for the year ended 31 January 2022).

Other than the foregoing, no relevant events have taken place after the 31 January 2023 reporting date.

Non-Financial Information Statement ("Impact Report")

In accordance with the provisions of articles 49.7 of the Code of Commerce and 262.5 of the Spanish Companies Act, the directors of Quadpack Industries, S.A., as Parent company, have authorised for issue the Group's Statement of Non-Financial Information in a separate report ("Impact Report"), which forms part of the Group directors' report.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

AUTHORISATION FOR ISSUE OF THE CONSOLIDATED DIRECTORS' REPORT BY THE GOVERNING BODY

The directors of Quadpack Industries, S.A. have authorised for issue the consolidated directors report for Quadpack Industries, S.A. and Subsidiaries for the year ended 31 January 2023.

Similarly, they declare that it is their signature on the aforementioned document by signing this page attached thereto, which is issued on pages number 1 to 3.

Barcelona, 28 April 2023.

Timothy John Eaves

John McDermott

Marc Sahonet

Steven Philip Lewis